Fisher

James Fisher and Sons plc

→ Annual Report and Accounts 2014

Overview

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.

James Fisher employs 2,500 people across 15 countries. Our companies and services are diverse but with a focus on marine services operating 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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	2014	2013	change
Group revenue	**£444.8m**	£413.7m	+8%
Underlying operating profit*	**£51.5m**	£46.6m	+11%
Underlying profit before tax*	**£46.9m**	£41.4m	+13%
Underlying diluted earnings per share*	**74.0p**	65.6p	+13%
Dividend per share	**22.0p**	20.0p	+10%
Statutory profit before tax	**£49.2m**	£46.2m	+6%
Statutory diluted earnings per share	**79.2p**	75.7p	+5%

- Revenue of Marine Service divisions (Marine Support, Offshore Oil, Specialist Technical) up by 11%;
- Strong growth at Specialist Technical and Offshore Oil;
- Enhanced order book at Specialist Technical;
- Strong cash conversion at 109%, balance sheet gearing of 31% (2013: 30%);
- Dividend raised for 20th consecutive year to 22.0p (2013: 20.0p).

* 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. The narrative in the Annual Report and Accounts is based on these alternative performance measures.

> 2014 was a further year of progress for the Group with underlying profit before tax increasing by 13%.

Charles Rice, Chairman

Group results and dividend

I am pleased to report that James Fisher and Sons plc continued to progress in 2014 achieving a strong overall result with Group revenue increasing by 8% to £444.8m and underlying profit before tax up 13% to £46.9m. Underlying diluted earnings per share was 74.0 pence, an increase of 13% over 2013.

Three of the Group's four divisions achieved a strong financial performance. Specialist Technical increased its profit by over 50% with the combined Divex and Defence businesses performing well and our Nuclear business continuing to build its contract order book. Offshore Oil had another successful year boosted by substantial equipment sales to Brazil as well as a generally strong performance across all sectors other than Norway which slowed in the second half. Tankships maintained the positive trend of recent years with a further improvement in contract utilisation rates. The strength of these three divisions outweighed a lower result in Marine Support where volumes in the ship-to-ship transfer market were down and trading at the division's Australian and Brazilian subsidiaries was weak. A combination of fixed cost reductions and some firming of volumes placed this division on a better footing by year end.

Cash conversion in 2014 remained strong at 109% and year-end balance sheet gearing was 31% compared to 30% at 31 December 2013.

The continued good progress of the Group has led the Board to propose a 10% increase in the final dividend to 14.9 pence per share which together with the 7.1 pence interim will bring the total dividend for the year to 22.0 pence per share (2013: 20.0 pence). This will be the 20th consecutive year that the Group has increased the dividend paid to its shareholders.

Strategic developments

The Group continues to apply a consistent strategy of investing in niche businesses which operate in demanding environments where their strong marine service and specialist engineering skills are valued and rewarded. All divisions have a broad international presence with growth in recent years coming principally from new markets in Africa, Asia and the Far East. The strong cash flow generated by the Group has been reinvested in both organic projects and bolt-on acquisitions. This has helped strengthen the market presence and product range of our companies, providing a stronger platform for further development. This enhanced operational capability shows through in the increased size of contracts being won, often for multi-year periods.

During 2014, the Group made three bolt-on acquisitions for an initial gross consideration of £14.1m. In January, Subsea Vision Ltd, an operator of underwater remotely operated vehicles (ROVs) was acquired to strengthen our Marine Support division's survey and underwater handling capability. In March, Defence Consulting Europe AB (Sweden) was acquired to reinforce our presence in the swimmer delivery vehicle segment of our Specialist Technical defence business. Testconsult Limited joined the Group in June to complement our existing Strainstall business in stress monitoring and testing both offshore and on land. Since the year end a further two acquisitions have been completed: National Hyperbaric Centre Limited in Aberdeen, which will strengthen Divex's market leading position in the saturated diving sector and Subtech Group Holdings (Pty) Limited of South Africa, which will greatly enhance our marine project capability in the growing markets of Southern Africa. These acquisitions demonstrate our continued ability to find sensibly priced businesses which reinforce our market presence and capability while enhancing their own growth prospects via their access to the capital resources and international network of the James Fisher Group.

The Board

Michael Everard retired from his Non-Executive position on the Board in April after seven years of service - I would like to thank Michael for his contribution during that time and for his help in shaping the integration of the FT Everard business into the Group. In November 2014, I was delighted to welcome Aedamar Comiskey to the Board as a Non-Executive. Aedamar is a partner in Linklaters LLP and brings wide commercial and international experience, adding further strength to the Board in these areas.

Staff

The growth of James Fisher and the increasing complexity of its operations require a corresponding step-up in the management and staff development activities of the Group. A senior management development programme commenced in 2014 together with a skills focused training programme across our businesses. Increased attention to the graduate programme will see over 40 new graduates join the Group this year. These training and development programmes help build coherence across the Group's operations as well as enhancing the skills and capability of our staff. We intend to invest further in this area as we go forward.

The continued growth of the Group reflects the dedication and professionalism of our staff, many of whom work away from home in demanding environments. On behalf of the Board, I would like to thank all our staff for the tremendous commitment they have shown throughout the year and for the success which they have achieved. The development of James Fisher over the past decade has been remarkable and bears testament to their effort.

Outlook

Performance in 2014, where the Group has delivered a strong overall result despite a downturn in one sector, underlines our broad geographical spread and range of specialist services. The Group is not overly dependent on any one regional market or business sector.

In 2015, we expect some slowing in our Offshore Oil division as a result of the recent reduction in oil prices, particularly as this division benefitted from some major one-off contracts last year. However, our businesses in this division are focused on the production and development sectors rather than on exploration and appraisal. Demand in these sectors is driven primarily by the volume of production and is less sensitive to cut-backs in capital investment budgets. Our businesses' geographical focus is mainly on areas of the world where production levels are forecast to grow in the medium term. Therefore, while we have seen some softening in Norway and Aberdeen, our larger international businesses continue to show resilience.

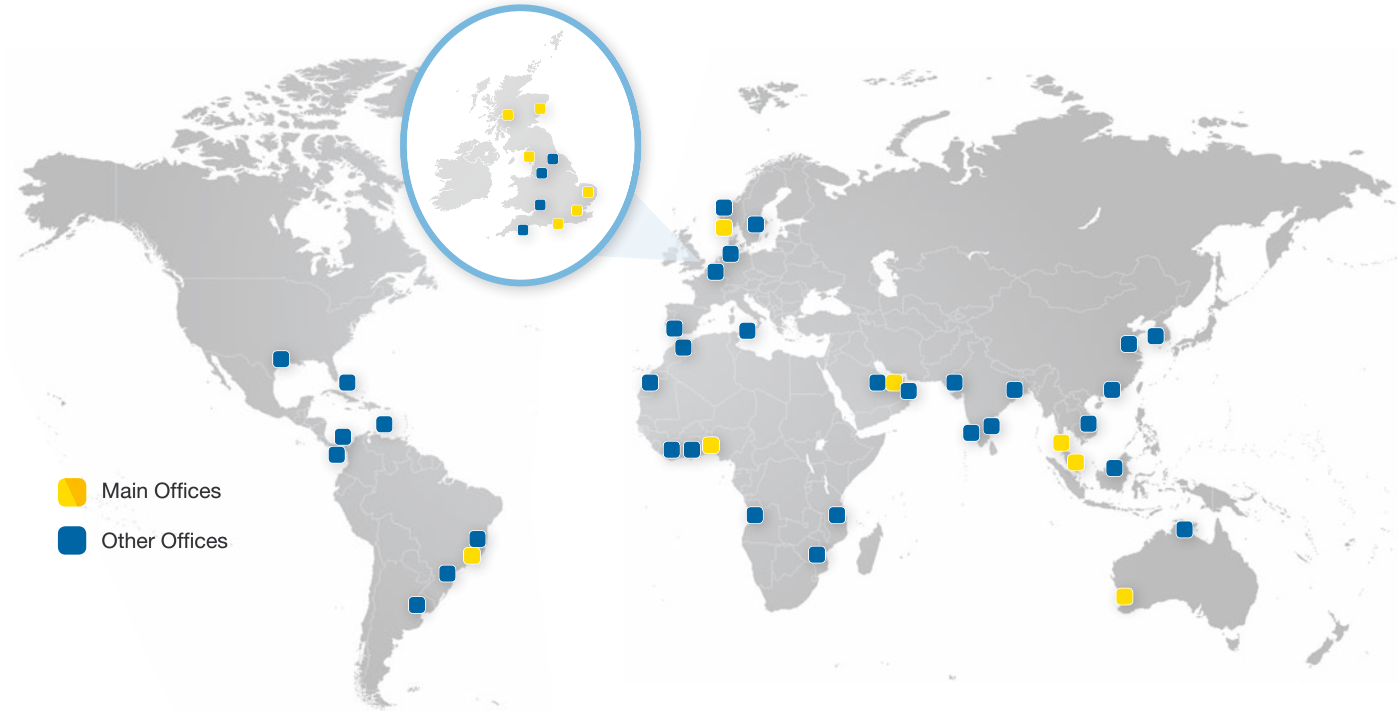
Our other three divisions are well placed. Specialist Technical has a strong order book which is substantially underpinned by its Nuclear and Defence businesses. It has demonstrated its ability to win major contracts and we would hope for further significant contract wins in these sectors in 2015. Tankships has performed well in recent years and now has a well-balanced contract base to its business. Marine Support disappointed in 2014 but we would expect to see recovery in 2015 boosted by its project businesses and a firmer STS market.

The Group has strong cash flow and a conservatively geared balance sheet. This puts James Fisher in a good position both to continue to invest organically and to be alert for further incremental acquisition opportunities.

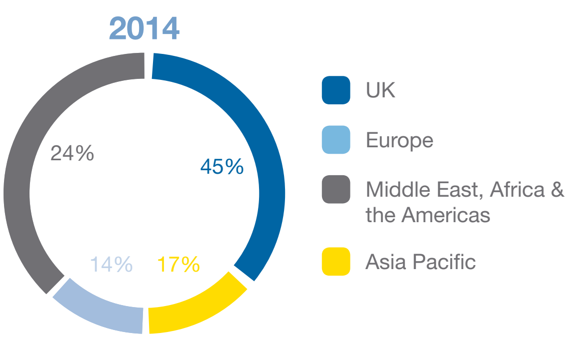
We therefore look forward to 2015 with measured confidence and believe that we continue to be well placed to provide further growth and value for our shareholders.

Charles Rice
2 March 2015

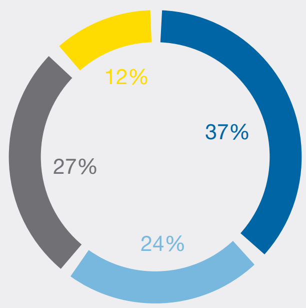
Geographical locations



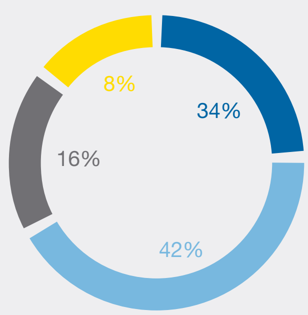
Revenue by geography



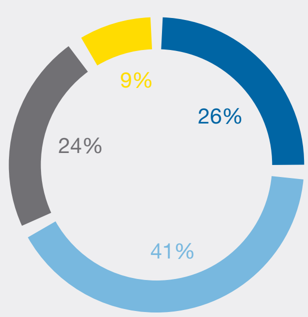
Revenue by division



Assets by division



Profit by division



- Marine Support
- Offshore Oil
- Specialist Technical
- Tankships

2014 in focus

January

- **Acquired Subsea Vision for £2.2m**

February

- **HRH The Princess Royal opened new JF Defence and Divex facility in Glasgow, UK**

March

- **Acquired DCE (now JFD Sweden) for £3.9m**

April

- **Purchased multi-purpose SMV 24 offshore support vessel**
- **Ship to turbine gearbox oil change system for the offshore wind industry successfully trialled**
- **Michael Everard retired from the Board**

May

- **Strainstall supplies vessel motion monitoring system to the Carbon Trust**

June

- **Acquired Testconsult for £8.0m**

July

- **JF Mass Flow Excavation launched to provide subsea excavation capability to the offshore industry**

August

- **JF Divex awarded a contract to supply a saturation diving system for the BP Exploration Shelf Deniz II Project in the Caspian Sea**

September

- **Secured contract for offshore installation of tidal turbines in the Pentland Firth**
- **Acquired trade and intellectual property of Solvapli**

November

- **Secured 5 year submarine rescue and escape contract for the Royal Australian Navy**
- **Aedamar Comiskey joined the Board**

December

- **Secured on a consortium basis, a share of a £150.0m Sellafield decommissioning project**

Business model

Our business model comprises a number of high quality niche businesses offering a range of marine services predominantly to large multinational customers and governments on an international basis.

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 on an international basis and focuses on servicing less mature markets.

Addressing such customer demands for quality and improvement entails 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 we are responsive 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. Our focus is to provide solutions to our customers in the less mature and fast growing markets where they value trusted and quality suppliers.

Our businesses providing such specialist services are expected to:

- be 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 resources.

Corvette warships

In 2007James Fisher Marine Services (JFMS) signed a six month contract to look after three corvette warships at Barrow-in-Furness docks and prepare them for sale. The ships were still under JFMS' care seven years later, when in August 2014, the three 95-metre warships set sail for Indonesia to serve in that country's navy.

Throughout this period JFMS has maintained the warships in a state of 'hot lay-up' (leaving a reduced crew in place to keep all systems running on minimum power), and taken them on demonstration sea voyages for potential buyers.

Since 2007, the warships had become a familiar part of the Cumbrian sky-line and more recently, a large accommodation unit and training facility was established by JFMS to cater for the influx of Indonesian Navy representatives during the transfer process, prior to the ships' departure.

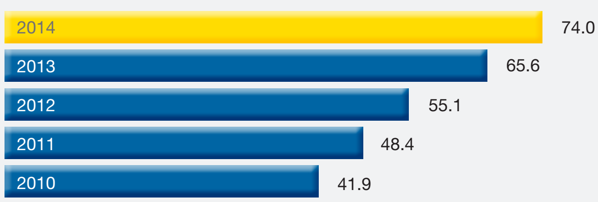
Arthur Todd, Corvette project director, commented: "We're very proud to have been involved in a project of this scale and of how we've been able to extend JFMS's expertise into so many diverse areas, from caring for state-of-the-art defence technology to the wellbeing of 160 overseas personnel."

> The Group has pursued a consistent strategy over the past decade of growing its Marine Service businesses by concentrating on niche high value services which have been marketed internationally.

Nick Henry, Chief Executive Officer

Principal corporate objectives

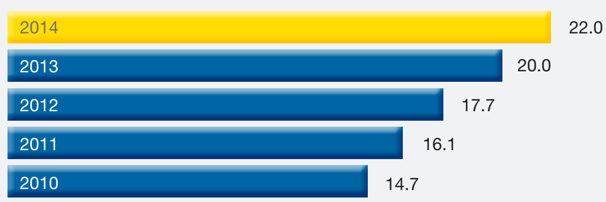
Deliver progressive long-term growth in underlying earnings per share



Underlying earnings per share (p)

Underlying diluted earnings per share has grown over the last five years by a compound rate of 15% per annum largely through organic growth supplemented by a number of niche acquisitions.

Deliver progressive dividend growth



Total annual dividend per share (p)

The Group's dividend policy is progressive by reference to underlying growth and dividend cover. Dividends have grown by a compound rate of 10% over the last five years and this continues the trend of increasing dividends in each of the last 20 years.

2014 results

The Group had a further year of consistent growth with underlying operating profit increasing by 11% to £51.5m and underlying diluted earnings per share increasing by 13%. Our Specialist Technical and Offshore Oil divisions produced strong growth, whereas the result in our Marine Support division was lower following several years of strong growth and impacted by strong Sterling compared to the US Dollar. Tankships produced an improved result as a consequence of reducing capacity in recent years.

In 2014 the Group completed 3 further bolt-on acquisitions for total consideration of £14.1m whilst organic growth represented 80% of the increase in underlying operating profit. As part of our buy and build strategy, the Group invested £32.2m (2013: £24.9m) in capital expenditure. The majority was spent within Offshore Oil on equipment for multi-year rental contracts.

Business model and strategy

The Group has pursued a consistent strategy over the past decade of growing its Marine Service businesses (Marine Support, Specialist Technical and Offshore Oil) by concentrating on niche high value services which have been marketed internationally. Over the past 5 years revenue has increased by a compound growth rate of 17% in these service businesses. The Group has acquired 10 privately owned businesses during this period and organic growth has accounted for around 60% of the growth in underlying operating profit.

Our strategic aim is to deliver long-term growth in earnings per share. This is reflected in a 13% increase in 2014 and a compound annual growth rate (cagr) over the last five years of 15%. The proposed 10% increase to the annual dividend in 2014 will be the 20th consecutive year of dividend increases and a cagr since 1995 of 14% per annum.

Major strategic developments during 2014 have been the merger of our submarine rescue business with Divex, which was acquired in 2013. A combined manufacturing facility was acquired in January 2014 which was substantially operational by the end of the first quarter. This facility significantly increases the efficiency of our project build capability.

Our Nuclear decommissioning business continued to progress and further invested in Deeside and consolidated its headquarters into new premises in Preston in early 2015.

Our Scantech Offshore business increased its assembly capability with a new purpose built facility in Great Yarmouth, UK. The business successfully completed the supply of equipment to Brazil in the first half of 2014 following a successful tender for a major well testing contract. Sales of its 'Pyro Sentry' fire detection product made significant progress in 2014 and we supplied our weak link bail safety equipment to a project in Australia with a potential second order expected in early 2015.

Our Specialist Technical division completed the development of its 'Cobra' rebreather for the subsea market which offers divers a fully independent breathing system which lasts four times longer than existing technology. We have developed further products for the renewables sector which are expected to bear traction in coming years.

Business reviews

Marine Support

	2014	2013
Underlying operating profit	**£14.2m**	£18.3m
Underlying operating margin	**8.6%**	10.7%
Return on capital employed	**14.4%**	29.4%

Marine Support had a slower start to the year. The first quarter saw lower market activity for ship-to-ship operations in South East Asia. Whilst activity picked up in the second quarter, volumes at the end of the year reflected the current surplus of oil on the global market. The division also had pressure on margins since it has significant exposure to the effect of strong Sterling compared to the US Dollar.

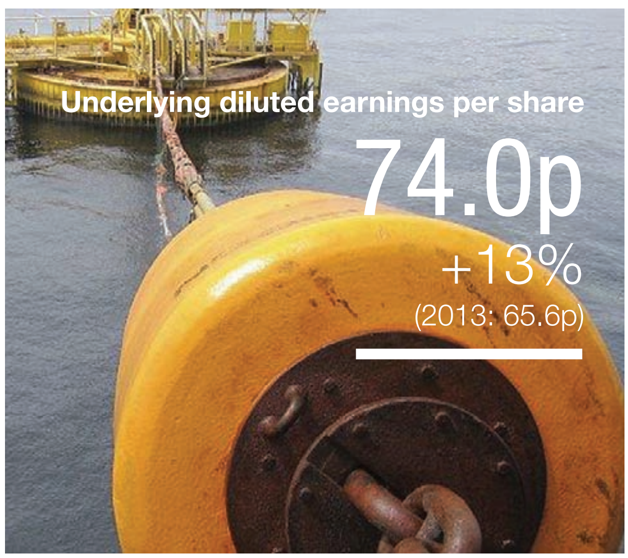
Subsea Vision was acquired in January 2014 for £2.2m. Subsea Vision is an operator of remotely operated vehicles (ROVs) used for inspection in support of floating production, storage and offloading (FPSO) operations. This broadened our range of services in this market and the company has traded well in its first year with the Group.

The renewables market provided further contract growth in the support and maintenance of offshore wind farms. In addition a contract was secured from Meygen to install four tidal energy turbines in the Pentland Firth in Scotland, which should be completed in 2015. This is the initial phase of the first commercial tidal energy project.

In August, the three naval corvettes which James Fisher has managed on behalf of Luerssen for the past seven years in Barrow-in-Furness, were delivered to the Indonesian Navy. This represented a successful completion to this challenging project in UK waters.

Structural monitoring services continued to grow, particularly in South East Asia and the Middle East. In the UK the contract for the new Forth Bridge has made good progress but slippage in our project delivery milestones means that the benefit will now fall predominantly into 2015.

In June, Testconsult was acquired for £8.0m. Testconsult provides monitoring, instrumentation and testing services in the UK. In some areas of the UK, Testconsult were a competitor of our Strainstall Monitoring business. However, their combination will extend the range of services provided by the Group and will provide opportunities for the international expansion of Testconsult's services through our bases in Singapore, Malaysia and the Middle East.



Offshore Oil

	2014	2013
Underlying operating profit	**£22.4m**	£19.7m
Underlying operating margin	**21.4%**	19.9%
Return on capital employed	**18.3%**	16.4%

The Offshore Oil division had another excellent year, producing strong growth with revenue increasing by 6% and profit by 14%. This was principally as a result of success in winning long-term contracts of 3-4 years in Latin America, Africa and South East Asia. Our downhole and subsea tooling company RMSpumptools also saw further sales growth from these markets. This growth was partly driven by our investment in research and development in recent years.

The performance in the first half was boosted by a contract for the sale of equipment for the Brazilian market which represented a one-off benefit. This was announced last year.

The Norwegian market since May 2014 has been particularly disrupted by the restructuring of the industry there which has affected our customers and delayed decisions on new projects. Our business in Aberdeen has relocated equipment to Malaysia to support growth in South East Asia and further reduced our exposure to the North Sea market.

Further capital expenditure of £16.6m was invested in the division during the year. The majority of this was to support the long-term contract gains which will drive organic growth in future years.

Specialist Technical

	2014	2013
Underlying operating profit	**£13.3m**	£8.5m
Underlying operating margin	**11.0%**	10.5%
Return on capital employed	**31.6%**	21.8%

Specialist Technical produced another strong set of results with revenue increasing by 48% and underlying operating profit by 56%. This reflected growth in James Fisher Defence, Divex and James Fisher Nuclear. The order book for each company grew significantly during the year, although some opportunities to provide hyperbaric reception facilities to the Russian Navy are currently not possible due to EU sanctions.

The merger of James Fisher Defence and Divex was completed during the year, with consolidation of offices in Glasgow, Singapore and Perth (Australia). The management team has been strengthened during this process. The new company (JFD) has a strong order book and made good progress with the design and production of saturated diving system projects. In August a further contract was awarded by Keppel Singmarine to supply an 18 man saturation diving system for the BP Exploration Shah Deniz II Project in the Caspian Sea. The vessel is being built in Singapore and will be completed in Baku, Azerbaijan in 2017.

In November, a five year contract was signed with the Royal Australian Navy for the provision of submarine escape and rescue capability. This consolidates into one of the contracts already held by JFD and also extends the scope of the contract to include submarine escape training and hyperbaric reception. The contract has options to extend to 2024. In March, the acquisition in Sweden of Defence Consulting Europe AB (DCE) for £3.9m was completed. DCE provides a range of specialist swimmer delivery vehicles which are complementary to those developed by JFD. This broadens our range of equipment in this niche market.

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 had a good year of growth and is now established as a specialist tier 2 supplier to the UK nuclear power industry. Further contract gains in monitoring services and non-destructive testing were supplemented by an improved order book from decommissioning. At the end of the year a consortium led by M+W Group, of which we represent 25%, was awarded a £150.0m decommissioning contract by Sellafield Limited for the design and delivery of a purpose built nuclear waste store by 2017.

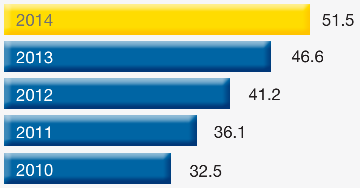
Tankships

	2014	2013
Underlying operating profit	**£4.7m**	£3.2m
Underlying operating margin	**8.7%**	5.2%
Return on capital employed	**19.9%**	10.0%

Tankships produced an encouraging result with profits increasing by 47%. This reflected the benefits of reducing capacity in previous years which improved utilisation and further reduced the proportion of cargo fixed on the spot market where rates remain suppressed. The capacity is geared towards supporting the distribution contracts held. The level of demand under these contracts has remained stable. The financial result also benefited from the continuation of charters for two vessels for the whole year for the Ministry of Defence.

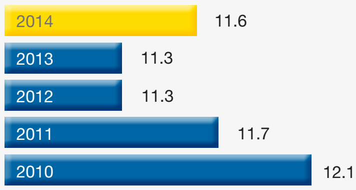
In December 2014, m.v. Humber Fisher was sold for £2.1m. This vessel had been chartered out over the past 2 years to Turkey to reduce capacity in the UK market. This further reduces the capital employed in the Tankships division to 8% of the Group's assets.

Key Performance Indicators



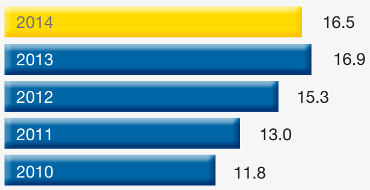
Underlying operating profit (£m)

Underlying operating profit is after adjusting for separately disclosed items and is the underlying profit from operations before interest. The Group has increased underlying operating profit by a compound rate of 12% over the last five years.



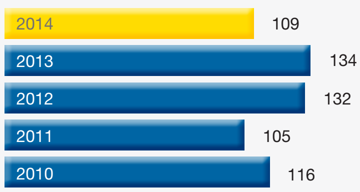
Operating margin (%)

Operating margin is the ratio of underlying operating profit to revenue. The Group's operating margin in 2014 was 11.6% (2013: 11.3%).



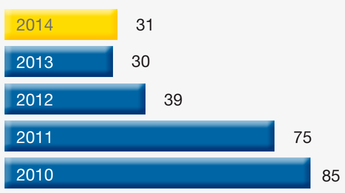
Return on operating capital employed (%)

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 was 16.5% (2013: 16.9%) at 31 December 2014.



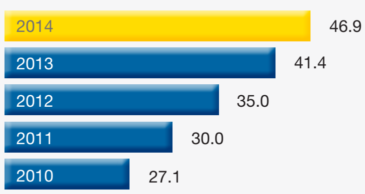
Cash conversion (%)

Cash conversion is defined as the ratio of underlying 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 109% in 2014 (2013: 134%).



Gearing (%)

Gearing is defined as the ratio of net borrowings to net assets. The gearing of the Group has reduced significantly over the last three years and at 31 December 2014 was 31% (2013: 30%).



Underlying profit before tax (£m)

Underlying profit before taxation is after interest and before separately disclosed items and taxes. The compound annual growth rate in underlying profit before taxation over the last five years is 14%.

Stuart Kilpatrick,
Group Finance Director

	Revenue		Underlying operating profit	
	2014 £m	2013 £m	2014 £m	2013 £m
Marine Support	164.1	171.3	14.2	18.3
Offshore Oil	104.9	99.2	22.4	19.7
Specialist Technical	121.5	81.9	13.3	8.5
Marine Support	390.5	352.4	49.9	46.5
Tankships	54.3	61.3	4.7	3.2
Common costs	–	–	(3.1)	(3.1)
Group	444.8	413.7	51.5	46.6

James Fisher reported further strong progress in 2014 with an 8% increase in revenue and an 11% uplift in underlying operating profit. Underlying operating profit increased in three divisions, Offshore Oil, Specialist Technical and Tankships which more than offset a lower result from Marine Support. Cash conversion was 109% which compares to an average of 119% over the last 5 years and the Group's return on operating capital employed after tax remained strong at 17% (2013: 17%).

Revenue in the Group's marine service divisions (Marine Support, Offshore Oil and Specialist Technical) increased by 11% to £390.5m in the year. Tankships revenue was lower than 2013 in line with our continued strategy to reduce capacity. Overall, Group revenue increased by 8% to £444.8m. Underlying percentage increases after adjusting for the impact of exchange rates and businesses acquired were similar to those reported above.

The Group is exposed to fluctuations in exchange rates, primarily in respect of US Dollar transactions and the translation of business results in Norwegian Kroner and the Australian Dollar. The table below sets out average exchange rates in 2014 and 2013:

	2014	2013	% change
US Dollar	1.65	1.57	(5)%
Norwegian Kroner	10.44	9.37	(11)%
Australian Dollar	1.83	1.66	(10)%

Group underlying operating profit increased by 11% in the year to £51.5m and after adjusting for the impact of exchange rates and businesses acquired, increased by 15%. The underlying operating profit of the marine services businesses rose by 7% to £49.9m in 2014. After excluding the impact of businesses acquired and exchange rate changes the increase was 11%.

Divisional results

Marine Support revenue was 4% lower as ship-to-ship transfers decreased, particularly in South East Asia and West Africa and sales of marine products suffered from challenging market conditions in certain regions. In addition, the effect of exchange rate changes reduced Marine Support revenue by around 4%. These factors more than offset growth in marine service project revenue and the renewables sector together with the contribution from businesses that were acquired in the year.

Offshore Oil revenue increased by 6% after a particularly strong first half which benefitted from one-off equipment sales into the Brazilian market. Organic growth after adjusting for the impact of currency translation was 13%. Underlying operating profit increased by 14% with a particularly strong contribution from Scantech Offshore, a leading supplier of zone II equipment to the well testing market.

Specialist Technical increased revenue and underlying operating profit by 48% and 57% respectively. A strong contribution from saturation diving systems projects, an improved contribution from our Defence business and further progress at JF Nuclear all contributed to the performance in 2014.

An 11% reduction in revenue from the Tankships division reflected on average two fewer vessels in operation. Improved vessel utilisation and a higher proportion of contract cargoes improved underlying operating profit by 47% to £4.7m.

Interest and taxation

Net interest was £0.5m lower than previous year as the overall cost of borrowing reduced. Although interest rates were broadly similar, the margin above those rates at which the Group borrows was lower.

The effective tax rate on underlying profit before tax was 19.2% (2013: 18.6%). The rate is lower than the standard

UK rate of 21.5% due to its Tankships' operations which are taxed on a tonnage basis rather than on profitability and adjustments in respect of previous years.

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.

Earnings per share and dividends

Underlying diluted earnings per share increased by 13% in the year to 74.0p per share (2013: 65.6p) in line with the increase in underlying profit before taxation. Diluted earnings per share after separately disclosed items increased by 5% to 79.2p per share (2013: 75.7p).

The Board are recommending a 10% increase to the final dividend for the year to 14.90p per share (2013: 13.54p), which makes a total for the year of 22.0p per share (2013: 20.0p). The final dividend will be paid on 8 May 2015 to shareholders on the register on 10 April 2015. Dividend cover based on the ratio of underlying earnings per share divided by the dividend per share was 3.4 times (2013: 3.3 times).

Separately disclosed items

The Group consistently discloses certain items that are included within the income statement which it considers assists in gaining a clear understanding of the underlying trading performance of the businesses. These items comprise gains or losses on the sale of businesses, material impairments, costs incurred in making business acquisitions, adjustments to contingent consideration provisions and the amortisation of acquired intangible assets.

	2014 £m	2013 £m
Costs incurred on acquiring businesses	**(0.7)**	(0.9)
Amortisation of acquired intangible assets	**(0.8)**	(0.6)
Adjustments to contingent consideration provisions	**4.1**	–
Profit on sale of business	**–**	6.6
Separately disclosed items	**2.6**	5.1

In 2014, provisions for contingent consideration were revised mainly in respect of Divex where the period to achieve certain orders expired on 31 December 2014. As a result £4.1m was released to the income statement. Statutory operating profit, which is after separately disclosed items, rose by 20% to £53.9m (2013: £44.9m) and profit before tax on the same basis was 7% higher at £49.2m (2013: £46.2m).

Cash flow and borrowings

The Group continued its track record of cash generation with cash conversion, the ratio of underlying operating cash to underlying operating profit of 109% (2013: 134%). This was lower than prior year due to a working capital outflow of £11.9m (2013: inflow of £7.7m) which was partly offset by lower contributions to legacy pension schemes. As a result the cash flow from operating activities was £49.7m (2013: £53.3m).

Investing activities was an outflow of £39.1m (2013: £25.6m) comprised of net cash outflows on businesses acquired of £11.3m and capital expenditure, net of assets sold of £28.6m (2013: £22.7m) as the Group continued to invest in both organic opportunities and bolt-on businesses into its existing marine service activities. Financing activity outflows of £15.8m (2013: £17.6m) included dividend payments of £10.3m (2013: £9.1m).

Net borrowings increased in the year by £8.0m to £62.3m (2013: £54.3m). Free cash flow, which is before expenditure on acquisitions or returns to shareholders was £15.8m (2013: £27.2m) and represented 42% of adjusted profit after tax (2013: 82%).

At 31 December 2014, the ratio of net borrowings (including guarantees) to earnings before interest, tax, depreciation and amortisation (EBITDA) was 1.0 times (2013: 1.0 times). Net gearing, the ratio of net debt to equity, was 31% (2013: 30%). At 31 December 2014, the Group had £82.5m (2013: £68.8m) of undrawn committed banking facilities.

Pensions

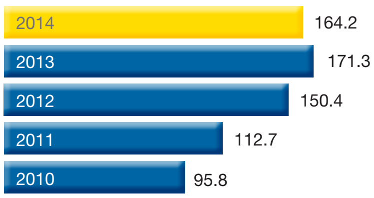
The majority of the Group's pension arrangements are defined contribution arrangements where the Company's liability is limited to the contributions it agrees on behalf of each employee. The Group has a small number of legacy defined benefit schemes and as a consequence of its history in shipping is required to contribute to industry-wide Merchant Navy Pension Funds.

During the year, the Group made contributions to defined benefit schemes of £4.7m. Total defined benefit pension deficits at 31 December 2014 were £21.8m (2013: £23.1m). The annual instalment on pension schemes in 2015 is estimated at £3.5m.

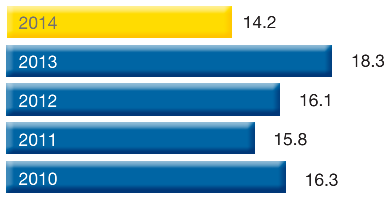
As reported previously, following a Court process in 2010 and 2011, the trustees of the ratings fund (MNRPF) were given permission to extend the requirement for deficit contributions beyond current employers to both current and past employers. On 25 February 2015, the trustees of the MNRPF received ratification from the Court on its proposed methodology for future deficit contributions. The extent to which James Fisher will be required to make additional contributions is expected to be clarified therefore during 2015.

Marine Support

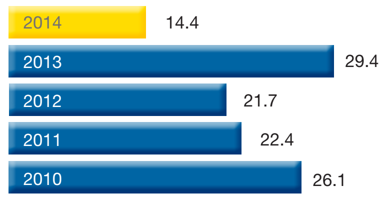
Revenue (£m)



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, Dubai, Brazil, Nigeria
Strainstall and Testconsult	Products and services that measure and monitor structural stress, instrumentation and materials testing	Marine, oil and gas, renewables, civil and construction	UK, Dubai, Qatar, Singapore, Malaysia
James Fisher Marine Services	Integrated marine service contracts	Marine, oil and gas and renewables	UK

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 petroleum 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 the production from countries who do not have the port infrastructure to accommodate large tankers.

Strainstall Marine 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.

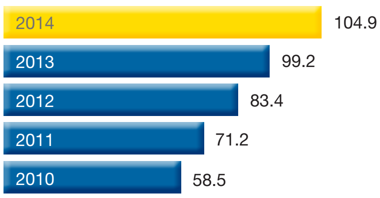
Strainstall Monitoring and Testconsult are leading providers of specialist testing and monitoring services to the UK construction and maintenance sectors. They also design and manufacture testing and monitoring equipment, supporting customers worldwide.

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

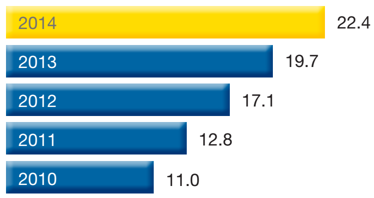
James Fisher Marine Services delivers a service offering that utilises the wide range of marine skills across the Group companies to provide added value to its customers. Demand for its services is driven by the operation and maintenance activities in the marine, oil and gas and renewables sectors.

Offshore Oil

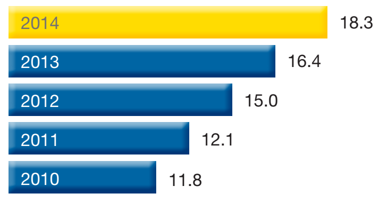
Revenue (£m)



Underlying operating profit (£m)



Return on capital employed (%)



Sector

Our Offshore Oil services supply a range of services and equipment to the global oil and gas industry. Our services include 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, Dubai, Brazil, Australia, Malaysia
RMSpumptools	Artificial lift specialist completion technology and innovative accessory tools for electrical submersible pumps	Oil and gas	UK, Dubai
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 drivers for the business are the number of offshore rigs in operation and the level of operating expenditure within the Norwegian sector.

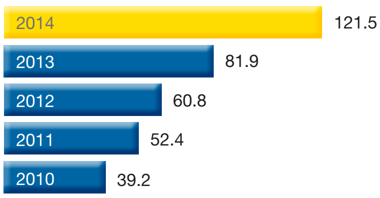
Scantech Offshore is the leading provider of air compressors, steam generators, heat suppression equipment and qualified personnel for the well testing market worldwide. It rents equipment to the large multinational oil service companies along with qualified personnel to operate the equipment. The driver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

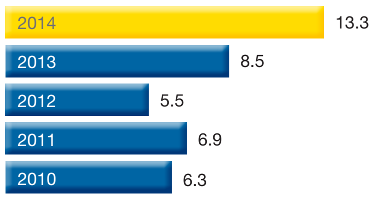
The Offshore Oil division operates in niche areas of the oil and gas services market. These are predominantly focused on the operation and maintenance phases of the market with limited exposure to exploration expenditure.

Specialist Technical

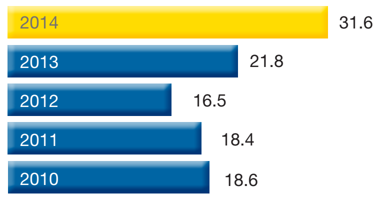
Revenue (£m)



Underlying operating profit (£m)



Return on capital employed (%)



Sector

Our Specialist Technical businesses supply the subsea market with diving equipment and services and the submarine rescue services market. We also provide services to the UK and the 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 to the oil and gas sector. Saturation diving systems are installed onto dive support vessels and support deep subsea diving activities.

Our principal businesses

	Operations	End markets	Locations
JF Divex and Defence	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 power plants	UK

Market drivers

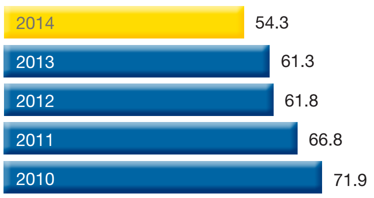
JF Divex is the world's leading supplier of saturation diving systems and related diving equipment. Its end markets are oil and gas and defence. Saturation diving systems are both fixed and portable. Fixed systems are usually built into dive support vessels (DSV). Divex provides the equipment and the 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. Divex's defence market is based on service, repair and calibration on-going requirements and on projects requiring specialist diving equipment.

JF Defence is 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.

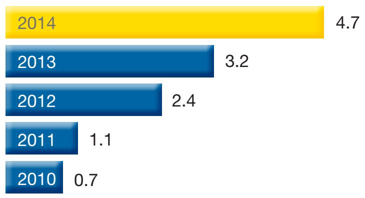
JF Nuclear provides products and services to the nuclear industry both in the operation of nuclear power plants and decommissioning. Its products and services operate in hazardous environments. The business provides instrumentation, non-destructive testing, calibration and digital radiography to the 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

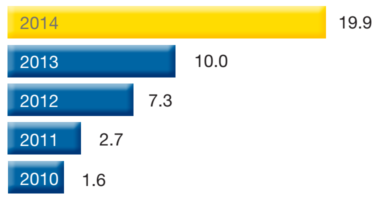
Revenue (£m)



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 34,000 voyages since the year 2000, carrying in excess of 70 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. CO_2 emissions are halved for shipping compared to road freight and just one full ship keeps more than 100 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.

Principal risks

Risk management framework

The Board is ultimately responsible for the management of risk in the Group. 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 management team and business leaders who have delegated authority and specific responsibility for ensuring compliance with and implementing policies at corporate, divisional and business unit level. Each operating unit is required to operate within this control environment and in accordance with established policies and procedures which includes ethical, anti-bribery and corruption, treasury, employment, health and safety and environmental issues. The Board retains an oversight role and has a schedule of matters specifically resolved 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.

A list of the principal risks to the business that were assessed by the Board during the year is shown below.

Risk description and potential impact	Mitigation
Contractual	
As the Group continues to grow both organically and by acquisition there is a risk that contracts are accepted on unsatisfactory terms. The failure to deliver a contract in accordance with its terms or customer requirements could have potentially significant commercial and financial risk and 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 contracts are subject to on-going review at levels and frequencies appropriate to performance and potential risks.
Recruitment and retention of key staff	
Our success depends on recruiting and retaining the right people in all areas of our business. James Fisher relies heavily on established strong management teams within its operational businesses and on the skills, experience and competence of all of its people to drive the business forward in established and new markets. The failure to attract or retain personnel of the requisite calibre could have an adverse impact on the business.	Succession and talent development is regularly discussed at Board and trading company level. Our strategy to attract and retain talent includes succession planning, identifying and developing future leaders, regular appraisals, formal and informal training plans, graduate recruitment and appropriate remuneration incentives including the extension of share schemes to key individuals. These strategies are designed to retain and motivate individuals and to ensure their commitment to the success of the business.
Reputational risk from operational incidents	
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 commercially.	The Group places a particular emphasis on the health, safety and security of its operations which are regularly monitored and reported to the Board. We have policies and processes to safely and compliantly manage our operations and to protect our employees and others.
Financial	
The Group is exposed to 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 manages interest rate and foreign exchange rate risks through hedging arrangements where appropriate. The Group maintains relationships with a small key group of banks and reviews its funding mix and requirements at each Board meeting.
Energy prices	
The Group has significant operations in the oil and gas sector. A marked fall in the price of oil or gas leading to reduced investment in these markets could indirectly affect demand for the Group's products and services.	The Group has limited exposure to the exploration phase and seeks longer term contracts in the production and maintenance cycles in the oil and gas sector. The diverse nature of the Group's markets, customers, and the territories in which it operates help to mitigate the potential impact of a fall in energy prices.
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 local 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.

Corporate responsibility

Introduction

The Company is committed to operating its business 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 CR 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, whistle-blowing 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.

Employees

The Board recognises that as a service business, our talented and diverse workforce is our most valuable asset. The long-term success of the Group is dependent on the quality, skill, dedication and motivation of our people and keeping them inspired is 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 seeking out, 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 and by the distribution of Preliminary and Interim Announcements and press releases. In April this year the Company also launched 'Compass' an intranet resource enabling further exchanges of information and sharing throughout the Group. 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.

Key employee statistics

	2014	2013
Average number of employees	**2,494**	2,190
Females as % of total	**20.0%**	21.1%

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 2014, 287 employees were participants of the James Fisher Savings Related Share Option Scheme (2013: 251).

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. During 2014 the Board took practical steps to ensure that the issue of gender diversity was addressed as part of the Board's succession and development.

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

	2014		2013	
	Male	Female	Male	Female
Main Board Directors	6	1	7	-
Senior Managers	37	9	37	6
Employees	2,007	434	1,691	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 Company 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 providing very high standards of safety to its employees and to contractors and visitors to the Group's premises. Our ultimate aim is to have no accidents or injuries. The Group promotes a safety culture of continuous improvement. The Chief Executive Officer, Nick Henry, has overall responsibility for health and safety and the review of health and safety performance is usually the first agenda item at each Board and business board meeting. 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 2014 was 4 (2013: 6). 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 2014 the Group incurred 3 LTA's (2013: 2).

In addition the Group monitors its overall RIDDOR reportable frequency rate. The Group's RIDDOR reportable frequency rate was 0.7 in 2014 (2013: 0.9).

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.

Our principal operating companies are ISO 14001 compliant or are in the process of achieving accreditation. 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) in 2014, was 78,400 tonnes of CO_2 (2013: 82,600 tonnes of CO_2). This is largely made up of emissions from the combustion of oil and gas in vessels, which amount for 94% of our total emissions (2013: 96%), although one 4,000 tonne vessel can carry over one hundred times the volume of fuel transported by a single road tanker, significantly reducing congestion and emissions to air.

Emissions total (mtk)

	2014	2013
CO_2 equivalent from electricity consumption in facilities	**2.8**	1.7
CO_2 from combustion of fuel at facilities and road vehicles	**1.6**	1.9
CO_2 from combustion of fuel in vessels	**74.0**	79.0
Total emissions (CO_2)	**78.4**	82.6

Our GHG emissions have been calculated using UK Government guidelines for conversion of fuels and electricity. The Group's carbon intensity ratio calculated against Group revenue is 0.02% (2013: 0.02%). Our goal is to reduce our GHG emissions, where possible. To help do so we have identified a 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 as part of its clear desk policy the Company seeks to minimise the use of paper and electronic scanning is actively encouraged throughout the business.

Human rights

Whilst we do not have a separate human rights policy, James Fisher is committed to supporting and respecting human rights wherever our business operates. Our everyday work practices and policies throughout the Group 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

Our business ethics policy aims 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 reflecting the requirements of the UK Bribery Act 2010 and has introduced an extensive compliance programme which has top level commitment from 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

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 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 deliver client satisfaction.

Suppliers

The Group has a wide range of suppliers and whilst the Group does not operate centralised procurement, it continues to promote social responsibility, trade compliance and anti-corruption within its global supplier base. Key suppliers are vetted to ensure that they adhere to our codes of conduct and where appropriate operate recognised international quality, health and safety and management systems.

Communities

The Sir John Fisher Foundation 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 the Foundation retain a significant shareholding in the Company and support charitable causes, particularly in relation to maritime, medical and disability, education, music, arts and community projects. In 2014 the Foundation was able to make grants or commitments to charitable causes of £1.5m.

The Group continues to encourage its trading companies to support local communities and charities within their operational areas and during the year companies and employees throughout the Group have given their time and money undertaking a wide range of charitable giving and fund raising activities, including:

- An employee ran the Berlin Marathon for Macmillan Cancer Support and James Fisher Offshore made a £300 donation to the charity;
- An employee abseiled off the Forth Rail Bridge in aid of the Scottish Association for Mental Health raising nearly £800;
- James Fisher Defence donated £1,000 to Glasgow's Riding for the Disabled Association;
- Divex sponsored the Northern Diving Group's Guinness World Record breaking underwater cycle by donating £500 to Sports Relief.

Windermere Steamboat Museum

The Windermere Steamboat Museum which owns an historic collection of steam launches and other boats, was taken over by The Lakeland Arts Trust in 2007. The collection includes vessels dating back to the 13th Century and what is reputed to be the world's oldest mechanically-powered boat, the SL Dolly.

It was decided that a complete overhaul of the site and restoration of the craft was required and The Sir John Fisher Foundation committed the first major donation of £300,000. This allowed approaches to national funders and to the public to raise £2.5m to match fund a Heritage Lottery grant of £9.4m.

During his life, Sir John Fisher, who lived on Windermere, took a personal interest in the steamboats, which were collected by a neighbour George Pattinson, the museum's founder. The wet dock in the refurbished museum is to be named after Sir John Fisher.

Work has now commenced to redevelop the site into a working museum, where the steamboat collection will be preserved. An integral part of the museum will be a conservation workshop, where visitors can watch boat conservation work carried out by experts, apprentices and volunteers. A programme for school and college students will actively involve hands-on science, technology, engineering and mathematics together with local and nautical history.

Chairman

Charles Rice

Chairman of the Board and Nominations Committee (aged 61) +

Joined the Board in April 2004 and was appointed as Non-Executive Chairman on 1 August 2012. He 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. Following a number of other outside directorships, he is currently Chairman of the Transport Research Foundation.

Executive Directors

Nick Henry

Chief Executive Officer (aged 53)

Joined James Fisher in February 2003 as Managing Director of James Fisher Tankships Limited and was appointed Chief Executive Officer in December 2004. He 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. His experience encompasses a wide range of commercial and operational roles, including fleet management and information technology. He is a member of the Supervisory Board of the UK Chamber of Shipping.

Stuart Kilpatrick

Group Finance Director (aged 52)

Joined the Group in July 2010 and was appointed to the Board as Group Finance Director in December 2010. 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. Stuart is a member of the Institute of Chartered Accountants of England and Wales and qualified with BDO Binder Hamlyn.

Non-Executive Directors

Malcolm Paul

Senior Non-Executive Director and Chairman of the Audit and Remuneration Committees (aged 63) *#+

Joined the Board in February 2011. He 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 he was a Principal at the corporate finance boutique Financial Decisions and an equity partner at Longcrofts, Chartered Accountants. He is currently Chairman of Anthesis Consulting Group, a private equity backed international company providing global clients with environmental and sustainable business solutions.

Aedamar Comiskey

Non-Executive Director (aged 48) *#

Joined the Board in November 2014. Aedamar has been a partner at Linklaters LLP since 2001 and was recently elected to the firm's International Board. She 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.

David Moorhouse CBE

Non-Executive Director (aged 67) *#+

Joined the Board in August 2013. Formerly Executive Chairman of Lloyds Register and earlier in his career, CEO of John Brown plc, Director of Trafalgar House plc and Executive Vice President of Kvaerner where he had particular responsibility for their engineering and process businesses. David is currently a Non-Executive Director of OAO Sovcomflot and Braemer Shipping plc as well as holding a number of senior voluntary posts. He is also a life member of the UK's Foundation for Science and Technology.

Michael Salter

Non-Executive Director (aged 67) *#+

Joined the Board in August 2013. 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. Michael is a Non-Executive Director of SAR Gruppen AS and Director of ASV Pioneer Limited.

** Audit Committee*
 # Remuneration Committee
+ Nominations Committee

Chairman's introduction

I am pleased to present this report on behalf of the Board. James Fisher and Sons plc 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. This report, the Audit Committee and Directors' remuneration reports are intended to give a clear and meaningful explanation of how the Board and its Committees discharge their corporate governance duties and apply the principles of good governance as set out in the UK Corporate Governance Code issued by the Financial Reporting Council (FRC) in September 2012 (Code).

Michael Everard retired from the Board on 30 April 2014 and Aedamar Comiskey was appointed to the Board on 1 November 2014. Aedamar Comiskey's appointment took into account the need for a diversity of skills, knowledge, background, experience and gender.

I am pleased to report that at the date of this report, the Company is able to comply fully with all of the principles of the Code.

I would encourage all shareholders to attend our AGM on 30 April 2015 as it provides an excellent opportunity to meet the Executive Directors and the independent Non-Executive Directors.

Charles Rice
Chairman

2 March 2015

Statement of compliance

The Board is committed to maintaining high standards of corporate governance and to ensuring that values and behaviours are consistent across the Group. The Board confirms that throughout the year ended 31 December 2014 through to the date of this report, the Company complied with all relevant provisions of the Code without exception. We are also cognisant of the 2014 update to the Code, which is effective for year ends commencing after 1 October 2014.

Leadership

Chairman and Chief Executive roles

The Directors are collectively responsible for the long-term success of the Company. The roles of the Chairman and Chief Executive Officer are separate and clearly distinct and are set out in writing and approved by the Board. Charles Rice, the Chairman, is responsible for the leadership of the Board and ensuring the Board is effective in all aspects of its role. Nick Henry, the Chief Executive Officer, has direct responsibility for the Group on a day to day basis which includes 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 was satisfied that the roles of Chairman and Chief Executive Officer operated effectively.

During the year, pursuant to the Code, 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.

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, strategy, control and management. The Board has adopted a formal schedule of matters detailing key aspects of the Company's affairs reserved for it to approve, including:

- strategy and management;
- long-term objectives;
- 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 and capital expenditure;
- review of performance in light of strategy, objectives, business plans and budgets;
- financial reporting and controls;

- major investments, including acquisitions and disposals;
- material contracts;
- the Group's systems of internal control and risk management;
- key policies; and
- reporting to shareholders.

The schedule is reviewed annually 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 2014. 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 of the services and products offered, which in turn acts to strengthen their contribution to Board debate.

The Board is responsible for determining whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary to enable shareholders to assess the Company's position and performance, business model and strategy. In coming to its view, the Board took into account its own knowledge of the Group, its strategy and performance in the year, a detailed review of the overall content of the Report and the recommendation of the Audit Committee.

Other matters specifically considered during the year included Group strategy and long-term objectives, acquisitions and disposals, financing, taxation, risk management, key Group risks, the approval of new long-term incentive arrangements, succession planning, Board composition and a detailed review of risks associated with the Group's overseas subsidiary and joint venture operations.

The Board has adopted established procedures to address the management of potential and actual conflicts of interest. 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 if necessary.

Effectiveness

Size and composition of the Board

There are currently 7 Directors on the Board comprising the Non-Executive Chairman, the Chief Executive Officer, the Group Finance Director and 4 other Non-Executive Directors. 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 a range of experience and is of the calibre necessary to support and develop the Company's long-term strategy and success, 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.

Aedamar Comiskey joined the Board as a Non-Executive Director on 1 November 2014. Michael Everard retired from the Board on 30 April 2014 after 7 years' service.

Role of the 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 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.

In compliance with the Code 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. The Board considers that Charles Rice, up to the date of his appointment as Chairman, was independent for the purposes of the Code. 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-Executives where necessary.

Board Committees

The Board has Remuneration, Nominations and Audit Committees. Each Committee has formal written terms of reference which are reviewed annually. In addition to the formal Committees, the Board has appointed an Executive Committee consisting of the Chairman and the Executive Directors. This has written terms of reference and reports to the Board. Subject to the Company's Articles, it 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 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. The Executive Directors meet with the Chairman at least once a month. The Executive Directors also meet at least monthly with the Group's central senior management 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.

Effective development

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.

Performance evaluation

The Board undertakes an annual evaluation of its own performance and that of the Remuneration, Nominations and Audit Committees and of each individual Director. This year the Board determined, after due consideration, that an external facilitation of the annual review of performance was not necessary.

The evaluation requires each Director to complete in confidence a detailed questionnaire relating to all aspects of Board performance and performance of the Board's principal Committees. The results of the evaluation are collated in January by the Company Secretary and reported to the Board via the Chairman with recommendations for further consideration and action as appropriate. The review includes an analysis of the Board's and Committees' performance in key areas including corporate governance, structure and procedures, strategy and its effectiveness, risk control and communications with stakeholders.

The performance of each Director is also reviewed following the end of each year. The Chairman's performance is 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 is also reviewed by the Non-Executive Directors with the Chairman in attendance. The Chairman and the Executive Directors review the performance of each of the other Non-Executive Directors. The performance evaluations are designed to assist the Board in identifying strengths and weaknesses and areas for further improving performance.

Re-election of Directors

All Directors are subject to election by the shareholders at the first AGM following their appointment to the Board and in accordance with the Code, all of the other Directors will also stand for re-election at the 2015 AGM.

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 objectives and for ensuring that the Company maintains sound risk management and internal control procedures. On behalf of the Board, the Audit Committee monitors and reviews the effectiveness of the Group's risk management and internal control process. This is part of an established process in accordance with the guidance of the Turnbull Committee on internal control, 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 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.

In 2014, the Board reviewed the effectiveness and consistency of the Group's risk management process at all levels of the organisation and confirms that the Group's processes accord with the Turnbull guidance. Further information on the Group's risk management and internal control processes are set out in the Audit Committee report.

The Board carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. Details of the principal risks and the Group's approach to mitigating them are set out in the Strategic report on page 18.

Whistle-blowing policy

As part of its internal control, the Group has a whistle-blowing 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 may be raised in the first instance with the Company Secretary in confidence.

Anti-bribery and corruption

In accordance with the UK Bribery Act 2010, 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 Group-wide compliance reviews.

Relations with shareholders

The Company communicates with shareholders through the annual report, interim 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. 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.

Remuneration Committee

The Remuneration Committee reports to the Board and its members are appointed by the Board. The Committee members are Malcolm Paul, David Moorhouse, Michael Salter and Aedamar Comiskey. 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 Committees' meetings by invitation and is not present when his own terms and conditions are discussed. During the year the Committee had 2 scheduled meetings. The work of the Committee including the Chairman's overview is described in the Directors' remuneration report on pages 33 to 46.

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, David Moorhouse and Michael Salter. The Committee is chaired by Charles Rice. 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 Board recognises the importance of diversity in general and has increased the Board's gender diversity during 2014. However, the Board does not consider that targets or quotas are appropriate.

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

The Committee had one meeting in 2014 and its work included making a recommendation to the Board on the appointment of a new independent Non-Executive Director. In accordance with the Board's practice the Committee on behalf of the Company engaged Odgers Bernstein, external search consultants, to assist with the identification, screening and appointment of a Non-Executive Director. Odgers Bernstein has no other connection to the Company. Odgers Bernstein was provided with a detailed brief against objective criteria and they undertook a search to identify suitable candidates. Those shortlisted were interviewed by the Committee and other Board members and having determined her suitability, Aedamar Comiskey was invited to join the Board as a Non-Executive Director.

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, David Moorhouse, Michael Salter and Aedamar Comiskey. The Committee is chaired by Malcolm Paul and met three times during the year. The Audit Committee report on pages 29 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	3	2	1
Charles Rice	6/6	–	–	1/1
Nick Henry	6/6	–	–	–
Stuart Kilpatrick	6/6	–	–	–
Malcolm Paul	6/6	3/3	2/2	1/1
Aedamar Comiskey*	1/1	0/1	–	–
Michael Everard**	3/3	1/1	2/2	–
David Moorhouse	6/6	3/3	2/2	1/1
Michael Salter	6/6	3/3	2/2	1/1

*Aedamar Comiskey joined the Board on 1 November 2014.

**Michael Everard retired and ceased to be a member of the Board and of the Remuneration, Nominations and Audit Committees on 30 April 2014.

Approved by the Board of Directors and signed on its behalf by

Michael Hoggan
Company Secretary

2 March 2015

I am pleased to introduce the report of the Audit Committee for the year ended 31 December 2014.

The 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 Company 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.

Of particular importance is the requirement to ensure that the Company's financial reporting is fair, balanced and understandable. We therefore review all of the Company'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 Company's position and prospects.

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 were Michael Everard, David Moorhouse, Michael Salter and Aedamar Comiskey. Committee attendance is shown on page 28. Michael Everard retired from the Committee on 30 April 2014 and Aedamar Comiskey was appointed to the Committee on 1 November 2014.

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

At each 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 Company. 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 assists the Board in its oversight and monitoring of financial reporting, risk management and internal controls. In addition, the Committee reviews the effectiveness and objectivity of the external audit process, assesses the independence of the auditor, reviews and assesses the risk profile of the business and the adequacy of the Group's systems of risk management and internal controls.

The Committee's work in each of these areas is summarised below together with a report on the significant issues considered by the Committee in relation to the financial statements for the year ended 31 December 2014.

The Committee's primary responsibility in relation to the Group's financial reporting is to review and challenge where necessary, both with management and the external auditor the appropriateness of the Group's half-year 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 taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Significant issues considered by the Committee

The significant areas of focus considered by the Committee in relation to year ended 31 December 2014 and how these were addressed are outlined below:

Revenue recognition and long-term contracts

Many of the Group projects often span a period end and as a result judgements have to be made on the stage of completion of these contracts to fairly present revenue and profit recognition. The Company uses an established and consistent accounting policy in respect of accounting for long-term contracts. The Committee received reports on a number of long-term contracts and were able to challenge 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 policy.

Goodwill valuation

The Committee considered the carrying value of goodwill and the assumptions related to the impairment review which relate to 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.

Overseas operations

The Group has seen an increase in overseas activity particularly in emerging markets sometimes in association with local shareholders. This potentially increases the financial and governance risk exposure of 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. The Group has outsourced the internal audit function in several overseas territories to Deloitte. On review the Committee was satisfied that the reports and explanations received supported the treatment of the performance of these overseas businesses in the financial statements.

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 Annual Report and Accounts were appropriate.

External audit

The Audit Committee advises the Board on the appointment of the external auditor, approves the auditor's fees and reviews the auditor's performance.

For the audit the Committee receives and discusses with the external auditor a plan identifying the proposed strategy, approach, objectives, significant risk areas and other areas of focus drawing on input from the Group's senior management.

Following the conclusion of the audit, the Committee conducts an assessment of the audit of the financial statements based on its own experience and that of the Group's senior management using 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.

For the 2014 audit, the Committee considered that the performance of the auditor and the interaction with the Company, senior management and the Committee was good. Accordingly, the Committee has recommended to the Board that KPMG should be re-appointed as auditor and a resolution to this effect will be put forward at the forthcoming AGM.

Audit tendering

The Audit Committee has noted the changes to the UK Corporate Governance Code published by the Financial Reporting Council in September 2014 and the Statutory Audit Services Order 2014 published by the Competition and Markets Authority in 2014 (Order) which came into effect on 1 January 2015. The Order requires the Company to put its external audit services contract out to competitive tender at least every ten years. KPMG has been the Company's auditor since 2008 and therefore the latest date the Committee would need to put the audit out to tender is 2018. However, the Committee will continue to give consideration to the need to tender the audit annually, dependent on the auditor's performance, and plans to complete a competitive tender for the audit services contract in 2017 at the latest.

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 2014, KPMG carried out due diligence work on acquisitions, gave corporate tax advice and advice on VAT and research and development. Due diligence work in connection with the Group's acquisition of Testconsult was placed with another firm. Non-audit fees paid to KPMG represented 22% of the audit fee in 2014.

Internal audit

Internal audit programmes and risk management and internal control questionnaires are used to monitor the effectiveness of the Group's risk management and internal control systems and processes. The internal audit is managed by an experienced professional and primarily consists of a peer group review process, whereby a senior manager from within the Group conducts an audit of a non-related area of the Group in accordance with an annual programme approved by the Committee. The scope of each internal audit is agreed in advance to try to ensure that key areas for each business are addressed. Internal audit identify, report and address key commercial and financial risk and control issues and their reports are presented to the Committee for review. The internal audit reports are shared with local and Group managers for review and action as appropriate, and provided to the external auditor.

In 2014, internal audits of Scantech Offshore Brazil, JF Nuclear and Strainstall Malaysia were outsourced to Deloitte which also assists with the Group's internal audit planning process.

The effectiveness of the Group's internal audit function is reviewed annually by the Board and the Committee. Following the 2014 review, the Committee recommended and the Board concluded that the internal audit process was appropriate and effective.

Risk management and internal controls

The Board has overall responsibility for risk management and the system of internal control and for reviewing their effectiveness. Certain of these responsibilities have been delegated to the Audit Committee, in particular the monitoring and review of internal control procedures. The Committee received reports throughout the year and has reviewed the systems of risk management and internal controls and is satisfied that the systems are sound and effective.

Key features of internal control systems

The Company has an organisation structure which has clear lines of communication and accountability and delegation of authority rules. Business strategies are reviewed and approved by the business board and reported to each Board meeting by the Chief Executive Officer. All major items of capital expenditure, significant treasury transactions and significant contracts are subject to approval. The Group has established policies for ethics, employment, health and safety, environmental, whistle-blowing and anti-bribery and corruption which are reviewed annually. A schedule of matters reserved for the Board is in place for approving major transactions and strategic or organisational changes.

Key features of risk management systems

Key risks, both financial and non-financial, are reviewed by the Board as well as by central and divisional management on an on-going basis. The Executive Directors meet at least quarterly with the trading company managing directors to review their business performance, strategy and risk management. Business unit managers submit reports to the Executive Directors including details of the significant risks facing their business and how they are being controlled. All companies are required to have processes to identify and measure risks and, so far as possible, take action to reduce those risks. This includes maintaining and regularly updating risk registers and formally submitting an annual risk management review for analysis and review by the Executive Directors, who report any material issues to the Board and are responsible for ensuring that necessary actions are identified and undertaken.

The Board also undertakes a risk assessment before any decision on major projects is made and commercial, legal and financial due diligence is carried out on any potential acquisition.

The Group's Risk Committee which is chaired by the Chief Executive Officer and includes the Group Finance Director, the Company Secretary and Group functional heads meets quarterly. The Risk Committee's terms of reference include the identification and monitoring of risks company-wide and ensuring that cross functional risks are identified and actively managed. The Risk Committee's findings are reported to the Board.

Malcolm Paul
Chairman of the Audit Committee

2 March 2015

Annual Statement

Introduction by Malcolm Paul, Chairman of the Remuneration Committee

I am pleased to present the Directors' remuneration report for the year ended 31 December 2014. This report describes how the Board, as advised by the Remuneration Committee which I chair, has applied the Principles of Good Governance relating to Directors' remuneration.

Remuneration policy for 2015

As can be seen from the rest of the Annual Report and Accounts, the financial performance of the Group throughout the year has been strong with continued growth in profits, earnings per share and dividends which reflects well on our Chief Executive and his senior management team.

The James Fisher and Sons plc 2005 Executive Share Option Scheme (ESOS) will reach the end of its ten year life in April 2015 and the Remuneration Committee has had to consider a replacement or alternative arrangement. After taking advice from our external remuneration adviser, New Bridge Street, we have concluded that it is in the best interests of all our stakeholders to merge our two long-term share incentive award schemes into a single Long-Term Incentive Plan (LTIP). In addition, we are taking this opportunity to move the remuneration policy closer to best market practice in a number of areas. Details of the proposed changes are as follows:

- The Committee is proposing that the ESOS, which previously comprised market value options based on 100% of salary, is not renewed but is replaced by additional nil priced LTIP awards equivalent to 50% of salary. This is deemed to be an approximate like for like replacement.
- The existing 2011 LTIP Scheme will therefore continue to operate albeit amended (and known as the 2015 LTIP) to reflect the consolidation of ESOS awards. The Committee intend that combined award levels in 2015 will reflect the equivalent value of prior years at 125% of salary. Any awards above this level in future will be subject to stretch targets.
- The performance criteria to be applied to future LTIP awards will be dependent on meeting earnings per share (EPS) targets (the majority of awards) and on meeting relative total shareholder return (TSR) targets (the minority of awards). The current intention is that awards to be granted under the amended LTIP from 2015 onwards will be 70% based on EPS and 30% based on TSR. The Committee considered alternative ratios between EPS and TSR targets however, on the basis that the Company's share price is affected by factors outside of the control of its executives and there is not a clear comparator group to benchmark the Company against, the Committee concluded that the performance of the Company's Executive Directors would be better judged by their impact on delivering growing EPS rather than on TSR and in our view the 70/30 split is fair to both the Executive Directors and shareholders.
- The annual bonus scheme which was previously limited to 70% of salary and entirely paid in cash is considered to be below market and now unusual in not deferring an element into shares. It is therefore proposed that bonus potential is increased to 100% of salary but with the additional 30% of salary over the existing 70% to be paid in the form of deferred shares which will normally vest three years from the date of the award. The annual bonus scheme will remain 70% payable on the delivery of pre-set financial targets and 30% on meeting non-financial objectives.
- Malus and clawback provisions will be introduced so that where there has been a material misstatement of the Company's financial performance; where there is an error in the calculation of the bonus or where the executive is dismissed for gross misconduct, the Company may reduce future deferred remuneration or recover remuneration awarded or paid out.
- Dividend equivalent provisions will be introduced in respect of LTIP and deferred bonus awards.
- Shareholding guidelines for Executive Directors will be introduced at 200% of salary for the Chief Executive and 100% of salary for any other Executive Director.

The Remuneration Committee believes that these changes are in the best interests of the Company and fully align the interests of the Executive Directors with those of our shareholders. Major investors were consulted on the changes presented above.

In addition, the Committee intends to replace the 2005 Saving Related Share Option Scheme (SRSOS) which expires on 29 April 2015 with an updated Sharesave arrangement.

No other changes are being proposed to the policy for which shareholder approval was received at the 2014 AGM. To implement the above changes the Company is seeking shareholder approval for the revised remuneration policy which is set out on pages 35 to 39. Details of how the policy will be applied in practice for the 2015 financial year are set out on page 40. A summary of the principal terms of the amended LTIP and new 2015 Sharesave, for which shareholder approval is being sought at the 2015 AGM is set out in Notice of the AGM on pages 110, 111, 113-116.

2014 remuneration

During the year ended 31 December 2014, James Fisher and Sons plc delivered another strong trading performance. The key highlights are as follows:

- Revenue increased by 8%;
- Underlying profit before tax was 13% ahead of previous year;
- Diluted underlying earnings per share was 13% up on 2013; and
- Cash conversion exceeded 100%.

The decisions made by the Committee in relation to executive remuneration outcomes were taken in the context of this performance.

On 1 January 2015 the basic salaries of the Chief Executive Officer and Group Finance Director increased by 4.5%. The Chief Executive Officer's salary increased from £410,000 to £428,500, and the Group Finance Director's salary increased from £275,000 to £287,400. These increases, which are above the average workforce increase, reflect both an inflationary increase and the strong performance of both individuals during 2014. The maximum annual bonuses of 70% of salary were awarded to the Chief Executive Officer and to the Group Finance Director in respect of the 2014 financial year reflecting the results that the Group has achieved.

Awards under the LTIP granted in 2012 will vest in full on 6 April 2015 having achieved the maximum target of EPS growth over the Retail Prices Index (RPI) over the three year period to 31 December 2014. Awards under the ESOS granted in 2012 are expected to vest at 100% in 2015 subject to exceeding the upper quartile target for TSR on 8 March 2015.

The annual fee of the Chairman and Non-Executive Directors increased by 2.5% on 1 January 2015.

Shareholder feedback

The Company will continue to engage and communicate to 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 30 April 2015.

Malcolm Paul
Chairman of the Remuneration Committee

2 March 2015

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 replaces the policy approved by shareholders at the AGM held on 1 May 2014 and, if approved by shareholders at the AGM on 30 April 2015, will apply for a term of three years. 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 (operating for the financial year commencing 1 January 2015)	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
2015 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 on the Committee's behalf by New Bridge Street 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 is 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.

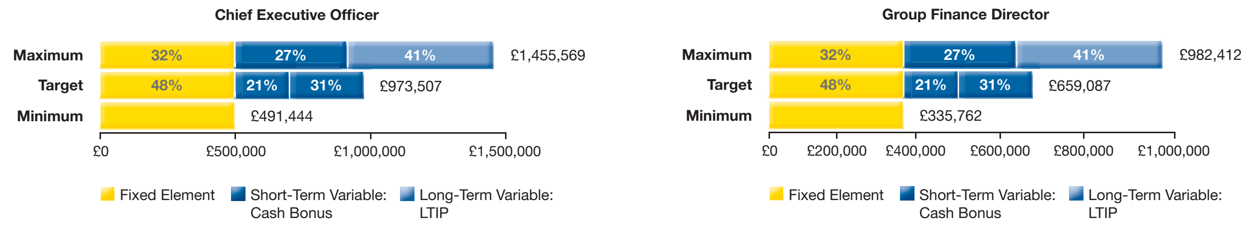
(6) Subject to approval at the AGM, the Committee's intention is that the changes to the remuneration policy are effective from the date of the AGM.

Principal changes to the remuneration policy

The Remuneration Committee is seeking approval for the following changes to the remuneration policy:

- The existing two share schemes, the ESOS which is based on TSR targets, and the LTIP, which is based on EPS are to be replaced by the current (amended) LTIP, with part based on EPS targets and part based on TSR targets. Initial awards to be granted in 2015, subject to shareholder approval, will be 70% based on EPS and 30% based on TSR;
- The threshold LTIP vesting level will be reduced from 33.3% to 25%;
- Malus and clawback provisions will be introduced to the annual bonus and share award schemes in line with current best practice which allow the Committee to recover cash paid or cancel deferred share awards in certain circumstances;
- In line with current best practice, share deferral will be introduced into the annual bonus;
- To accommodate the bonus deferral, annual bonus opportunity will be increased from 70% of salary to 100% of salary;
- Dividend equivalent provisions will be introduced.

Potential value of 2015 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 2015 and the estimated value of pension and benefits for 2015);

(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; (b) in line with intended practice, an LTIP award of 125% of basic salary (presented at face value);

(4) No share price appreciation 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 2015
Malcolm Paul	1 February 2011	1 January 2015
Aedamar Comiskey	1 November 2014	1 January 2015
David Moorhouse	1 August 2013	1 January 2015
Michael Salter	1 August 2013	1 January 2015

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 on a quarterly basis 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 2014. The Committee also comprised four other independent Non-Executive Directors: Aedamar Comiskey, Michael Everard, David Moorhouse and Michael Salter. Michael Everard retired on 30 April 2014 and Aedamar Comiskey joined the Committee on 1 November 2014.

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 D of the 2012 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 twice during the year. Details of attendance at Committee meetings during 2014 are set out on page 28. 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 on Directors' 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 £20,167.

Implementation of the Executive Directors' remuneration policy for 2015

Nick Henry's salary was increased by 4.5% to £428,500 on 1 January 2015 and Stuart Kilpatrick's salary was increased by 4.5% to £287,400. These increases, which are above the average workforce increase, reflect both an inflationary increase and the strong performance of both individuals during 2014. For 2015, Company pension contributions or cash supplement in lieu of pension remain unchanged at 13% and, subject to approval at the 2015 AGM, awards under the 2015 LTIP will be granted to the Executive Directors over shares worth up to 125% of base salary. 70% of LTIP awards will be based on EPS growth targets and 30% will be based on relative TSR targets. To reflect the circa two month delay in granting the 2015 LTIP awards until after the 2015 AGM, the vesting period for LTIP awards granted in 2015 will be shortened slightly (by no more than two months). The performance period will continue to be measured over three years.

Otherwise, Executive Directors' remuneration for 2015 is as set out in the policy section.

Non-Executive Directors

Fees	2015 £	2014 £	Increase
Chairman	231,650	226,000	2.5%
Other Non-Executive Director fees:			
Basic fee	49,900	48,700	2.5%
Additional fee for Audit Committee Chairman	10,000	7,500	33.3%
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	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Base salary/fees	**410**	375	**275**	255
Benefits	**14**	15	**11**	11
Pension	**47**	49	**36**	33
Cash bonus	**287**	263	**193**	179
Short-term remuneration	**758**	702	**515**	478
LTIP – performance	**211**	192	**141**	128
LTIP – share appreciation	**216**	210	**144**	141
LTIP – total	**427**	402	**285**	269
ESOS	**301**	289	**201**	193
Total remuneration	**1,486**	1,393	**1,001**	940

Benefits

	2014			2013		
	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**	14	1	15
Stuart Kilpatrick	**10**	**1**	**11**	10	1	11
	23	**2**	**25**	24	2	26

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.

	2014			2013		
	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	**47**	**–**	**47**	11	38	49
Stuart Kilpatrick	**–**	**36**	**36**	–	33	33
	47	**36**	**83**	11	71	82

Annual bonus awards for 2014

The maximum annual bonus for Executive Directors was 70% 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 in 2014	Assessment against targets
Adjusted profit before tax	Growth of 6%-12% on previous year	Adjusted profit before tax exceeded target

(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/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.

Based on the financial performance set out above and their assessment of the Executives against their personal objectives, the Committee determined that each Executive Director should be paid the maximum annual performance award.

Vesting of LTIP awards

The LTIP values included in the table below relate to awards granted on 21 March 2012 which vest on 6 April 2015 dependent on EPS performance over the three year period ended 31 December 2014. 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 2014	EPS growth	Threshold RPI +9%	Maximum RPI +18%
Adjusted EPS	48.4p	74.0p	52.9%	16.6%	25.6%

As a result of meeting the above performance conditions, the gross value of LTIPs that will vest on 6 April 2015 are as follows:

	Share price at date of grant(3)	Share price at 31 December 2014(3)	Proportion vesting	Shares vested	Performance element(1) £000	Share appreciation element(2) £000	Total £000
Nick Henry	582p	1,174p	100%	36,340	211	216	427
Stuart Kilpatrick	582p	1,174p	100%	24,280	141	144	285

(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 2014.

(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 2014 is based on a three month average.

Vesting of ESOS awards

The ESOS values included in the table below relate to the awards granted on 9 March 2012 which are expected to vest on 30 March 2015 dependant on TSR performance over the three year period. The vesting percentage has been estimated based on performance up to 31 December 2014. For the 2012 ESOS, the comparator group comprises companies forming the FTSE Small Cap Index as a whole, excluding investment trusts. If at the end of the performance period the Company ranks in the upper quartile of the comparator group, all of the options will vest.

Performance target	TSR at 31 December 2014	Median	Upper quartile	Vesting
TSR	145.7%	68.6%	126.9%	100%

As a result of meeting the above performance conditions, the gross value of the ESOS options that are expected to vest on 9 March 2015 are as follows:

	Share price at date of grant(1)	Share price at 31 December 2014(1)	Shares granted	Proportion vesting	Shares vested	Total £000
Nick Henry	568p	1,174p	49,696	100%	49,696	301
Stuart Kilpatrick	568p	1,174p	33,204	100%	33,204	201

(1) The share price at grant is based on a three day average immediately prior to the date of grant and the share price at 31 December 2014 is based on a 3 month average.

Share awards granted in 2014

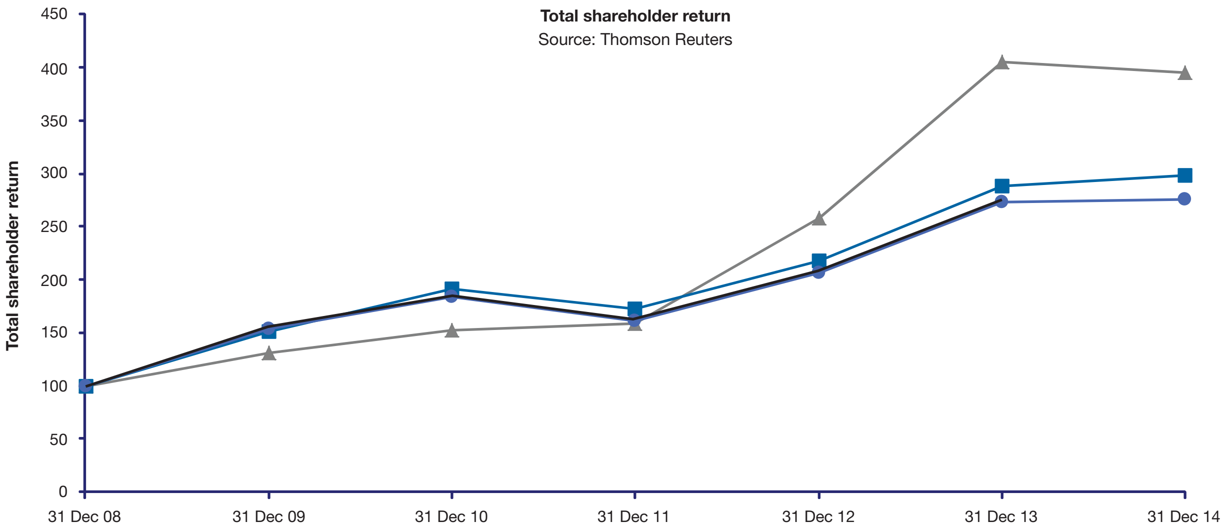
	Proportion of salary	Maximum shares awarded	Share price at grant	Exercise price at grant
LTIP granted on 18 March 2014				
Nick Henry	75%	20,656	1,489p	–
Stuart Kilpatrick	75%	13,854	1,489p	–
ESOS granted on 10 April 2014				
Nick Henry	100%	29,099	1,465p	1,409p
Stuart Kilpatrick	100%	19,517	1,465p	1,409p

Vesting of the 2014 share awards is subject to achievement of performance targets over a three year period. The LTIP is subject to EPS performance over the three year period ending on 31 December 2016. No awards vest if EPS growth does not at least equal the RPI increase over the period plus 9%. Full vesting is achieved at 18% growth in excess of the RPI increase over the vesting period. The ESOS is subject to the Company's TSR performance relative to the FTSE 250 index excluding investment trusts, over the three year period from the date of grant. If at the end of the period the Company ranks in the upper quartile all of the options will vest. If the ranking is at median level, 25% of options will vest. No options will vest for performance below the median. For intermediate ranking, a proportionate number of options will vest reducing on a straight-line basis. Options that do not vest at the end of a performance period 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 six years



The above graph shows James Fisher & Sons plc's total shareholder return over the 6 years to 31 December 2014 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.

James Fisher & Sons plc   FTSE 250   FTSE Small Cap

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

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

2010 and 2011 represent the remuneration of former Executive Chairman, Tim Harris. 2012 - 2014 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 2013 and the year ended 31 December 2014 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	+9%(1)	(5%)	+9%
Average increase for the Group's UK employees	+3%	+1%	+15%

(1) Transitional increase as noted in the 2013 Directors' remuneration report.

Relative importance of remuneration (unaudited)

	2014 £m	2013 £m	Change £m
Total employee remuneration	111	98	13
Total dividends paid	10	9	1

Interests in shares

The interests of Directors and their connected persons in ordinary shares as at 31 December 2014, including any interests in share options and shares provisionally awarded under the LTIP, ESOS and SRSOS are as follows:

	Beneficial Number	LTIP Number	ESOS Number	SRSOS Number	Vested but unexercised share options ESOS Number	Exercised during the year Number
Charles Rice	16,781	–	–	–	–	–
Nick Henry	139,657	84,201	115,285	1,750	179,434	9,174
Stuart Kilpatrick	15,289	56,634	77,534	–	32,808	–
Malcolm Paul	5,000	–	–	–	–	–

Executive Directors' interest in options over shares

	Number of share options						
	1 January 2014 Number	Granted during the year Number	Exercised during the year Number	31 December 2014 Number	Exercise price	Date from which exercisable	Expiry date
Nick Henry	9,174	–	(9,174)	–	327p	22.06.08	22.06.15
	29,615	–	–	29,615	468p	23.03.09	23.03.16
	17,647	–	–	17,647	596p	02.04.10	02.04.17
	26,314	–	–	26,314	354p	20.03.12	20.03.19
	56,753	–	–	56,753	410p	19.03.13	19.03.20
	49,105	–	–	49,105	522p	30.03.14	30.03.21
	49,696	–	–	49,696	567p	09.03.15	09.03.22
	1,750	–	–	1,750	602p	01.06.17	30.11.17
	36,490	–	–	36,490	1,028p	09.04.16	09.04.23
	–	29,099	–	29,099	1,409p	10.04.17	10.04.24
	276,544	29,099	(9,174)	296,469			
Stuart Kilpatrick	32,808	–	–	32,808	522p	30.03.14	30.03.21
	33,204	–	–	33,204	567p	09.03.15	09.03.22
	24,813	–	–	24,813	1,028p	09.04.16	09.04.23
	–	19,517	–	19,517	1,409p	10.04.17	10.04.24
	90,825	19,517	–	110,342			
Total	367,369	48,616	(9,174)	406,811			

All options relate to the 2005 ESOS scheme other than 1,750 share options held by Nick Henry under the SRSOS scheme.

There was a gain of £112,382 (2013: £194,488) on exercise of the options set out in the table above. The interest of the Directors' options over ordinary shares under the ESOS and SRSOS have not changed since the year end.

Executive Directors' interest in LTIP share awards

	1 January 2014 Number	Granted during year Number	Vesting during year Number	31 December 2014 Number	Vesting Date
Nick Henry	35,411	–	(35,411)	–	6 April 2014
	36,340	–	–	36,340	6 April 2015
	27,205	–	–	27,205	8 April 2016
	–	20,656	–	20,656	6 April 2017
	98,956	20,656	(35,411)	84,201	
Stuart Kilpatrick	23,659	–	(23,659)	–	6 April 2014
	24,280	–	–	24,280	6 April 2015
	18,500	–	–	18,500	8 April 2016
	–	13,854	–	13,854	6 April 2017
	66,439	13,854	(23,659)	56,634	
Total	165,395	34,510	(59,070)	140,835	

The scheme is unapproved for HM Revenue and Customs purposes. As at 2 March 2015, 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 Association of British Insurers (ABI) and reviews the number of shares committed under share incentive schemes in any rolling 10 year period and the headroom available for granting share based incentives in accordance with ABI guidelines on 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 Benefit Trust (Trust). During the year the Trust purchased 150,000 ordinary shares on the open market (2013: 174,572) and at 31 December 2014 the Trust held 153,192 (2013: 154,170) ordinary shares. During the year 54,070 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 1,007p to 1,549p and at 31 December 2014 was 1,199p.

Non-Executive Directors' remuneration

		Total fees 2014 (£000)	2013 (£000)
Charles Rice		**226**	220
Malcolm Paul		**61**	53
Aedamar Comiskey	– appointed on 1 November 2014	**8**	–
Michael Everard	– retired 30 April 2014	**16**	48
David Moorhouse		**48**	20
Michael Salter		**48**	20

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 2013 Directors' remuneration report at the 2014 AGM:

Resolution	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld (abstentions)
To approve the remuneration policy report	34,052,541	98.1	642,639	1.9	39,697,694	5,002,514
To approve the Directors' remuneration report	34,903,271	99.3	241,001	0.7	39,697,694	4,553,422

Malcolm Paul
Chairman of the Remuneration Committee

2 March 2015

The Directors present their Annual Report and the Group audited financial statements for the year ended 31 December 2014.

Principal activities

James Fisher and Sons plc is incorporated as a public limited company and is registered in England with the registered number 211475. Its registered office is Fisher House, PO Box 4, Barrow-in-Furness, Cumbria, LA14 1HR.

The principal activities of the Group are the provision of marine and specialist engineering services.

Strategic report

A description and review of the Group's activities during the financial year and an indication of the likely future trends and factors that might affect the development and performance of the Group is described in the Strategic report on pages 1 to 22, which together with Board of Directors, Corporate governance report, the Audit Committee report, the Directors' remuneration report and Directors' responsibilities statement 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 (DTR 4.1.8R).

Results and dividends

The Group's profit for the financial year attributable to equity shareholders of the parent was £40.1m (2013: £38.3m).

The Directors recommend a final dividend of 14.9p per share (2013: 13.54p) making a total of 22.0p per share (2013: 20.0p) for the year. The final dividend, if approved, will be paid on 8 May 2015 to ordinary shareholders who were on the register on 10 April 2015.

Post balance sheet events

Since 31 December 2014, the Group acquired High Technology Sources Ltd on 15 January 2015 for £2.2m, The National Hyperbaric Centre Ltd on 10 February 2015 for an initial cash consideration of £3.5m, and Subtech Group Holdings (Pty) Ltd on 2 March 2015 for an initial cash consideration of £3.4m.

Directors

Charles Rice, Nick Henry, Stuart Kilpatrick, Malcolm Paul, Aedamar Comiskey, Michael Everard, David Moorhouse and Michael Salter all served as Directors of the Company during the year.

Directors' interests

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

	Holdings of ordinary shares of 25p each	
	At 31 December 2014 Number	At 31 December 2013 Number
Charles Rice	**16,781**	12,222
Nick Henry	**139,657**	126,013
Stuart Kilpatrick	**15,289**	2,289
Malcolm Paul	**5,000**	5,000

(1) Between 31 December 2014 and 2 March 2015, there were no changes to the holdings of serving Directors;

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

(3) At no time in the year did any Director hold a material interest in any contract with the Company or any of its subsidiary undertakings other than the service contracts between each Executive Director and the Company.

Re-election of Directors

The provisions within the Company's Articles of Association (Articles) require any Director who has held office for more than three years since his last appointment to offer himself or herself for re-election at the Annual General Meeting (AGM) and at least one third of the Board is subject to re-election at each AGM. However, in accordance with the requirements of the Code in respect of FTSE 350 companies, all of the Directors offer themselves for re-election or election at the forthcoming AGM.

No contract in relation to the Group's business in which the Directors of the Company had an interest, existed at 31 December 2014 or at any time during 2014.

Share capital

The structure and details of the Company's share capital are set out in note 20 on page 85.

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 report 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 Articles, copies of which can be obtained from the Company Secretary. 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.

During the year the Company did not purchase any of its own shares.

As at 31 December 2014, the James Fisher Employee Share Ownership Trust, held 153,192 ordinary shares (2013: 154,170) of the Company in trust against future Company obligations for share incentive schemes referred to in this report. The rights attaching to these shares are controlled by independent trustees, who may take into account any recommendation by the Company.

Financial instruments

Information on the Group's financial risk management objectives and policies, including its exposure to credit risk, liquidity risk, interest rate risk and foreign currency risk can be found in note 26.

Listing rules

The information required by LR9.8.4 R(1), (2) and (7) to (14) are detailed in this report and the requirements of LR 9.8.4.R (4), (5) and (6) can be found in the Directors' remuneration report on pages 33 to 46.

Additional information for shareholders

The Articles may only be amended by a special resolution at a general meeting of the shareholders. Directors are reappointed by ordinary resolution at a general meeting of the shareholders. The Board can appoint a director but anyone so appointed must be elected by an ordinary resolution at the next general meeting.

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 by the Articles 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 their authorities at the forthcoming AGM. Any shares purchased may be cancelled or held as treasury shares.

Purchase of own shares

At the AGM held on 1 May 2014, 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.

Substantial shareholders

As at 23 February 2015 the Company had been notified in accordance with Rule 5 of the Disclosure and Transparency Rules, of the following interests in its issued share capital:

	Ordinary Shares		Preference Shares	
Shareholder	No.	%	No.	%
Rowland Frederick Hart Jackson (non-beneficial)	8,895,763	17.75	–	–
Schroder Investment Management	5,409,638	10.80	–	–
Therapia Investments Limited	3,539,550	7.06	100,000	100.00
Montanaro Investment Managers	2,542,600	5.08	–	–
Aberdeen Asset Management Limited	2,113,664	4.22	–	–
	22,501,215	44.91	100,000	100.00
Total number of shares in issue	50,099,015	100.00	100,000	100.00

Auditor

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

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.

Policy on payment of suppliers

It is the Company's and the Group's policy to agree to terms of payment at the start of business with each supplier and to adhere to these, subject to satisfactory performance by the supplier. Where payment terms are not negotiated the Company endeavours to adhere to suppliers' standard terms. At 31 December 2014 the Group and Company had an average number of 53 days and 49 days purchases outstanding in trade creditors respectively (2013: Group 54 days, Company 75 days).

Donations

No political donations were made during the year (2013: £nil).

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 are available for inspection at the Company's registered office during normal business hours.

Directors' conflict of interest

Stuart Kilpatrick, Group Finance Director, was appointed a trustee of the Group's Shore Staff Pension Scheme in 2012. This role could give rise to a situation where there is a conflict of interest and the Board has reviewed this and has allowed 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.

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 communicates with its employees principally through regular presentations by senior management and by means of publication of a Company newsletter. 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.

Employment of people with disabilities

People with disabilities have equal opportunities 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 and career development 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.

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 following contracts may terminate upon a change of control of the Company or its relevant subsidiary or associated undertaking:

- the Singapore Submarine Rescue Service Agreement dated 17 October 2008, between James Fisher Marine Services Limited and First Response Marine PTE Ltd; and
- The Export Tanker Support Services Contract dated 3 February 2012 made between BP Exploration (Angola) Ltd, and James Fisher Angola Limitada.

The rules of the LTIP, SRSOS and ESOS 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.

Going concern

The Group's business activities, together with the factors likely to affect its future performance, the financial position of the Group and a description of the principal risks and uncertainties are set out in the Strategic report. The Group's primary sources of funding are bilateral facilities with a core group of banks. These bilateral facilities, totalling £162.5m at 31 December 2014 (2013: £147.9m) fall due for renewal over the next 5 years with none falling due for renewal by 31 December 2015. Compliance with banking covenants is reported half yearly and involves tests for the ratio of net debt: EBITDA, interest cover and fixed charge cover. No breaches in covenants were reported during the year.

The Group uses cash flow forecasts derived from budgets, forecasts and medium term planning to identify headroom under the covenant tests and having evaluated the on-going trading of the businesses, the Directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future as a going concern. As a result, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the Annual Report and Accounts.

UK Corporate Governance Code

In accordance with the requirements of the September 2012 version of the Code, the Board has carried out a thorough review of the Annual Report and Accounts and the processes involved in compiling the accounts and is satisfied that the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Annual General Meeting

The AGM of the Company will be held on 30 April 2015. The Notice of AGM is set out on pages 105 to 116. The Directors' report on pages 47 to 50 and the Strategic report on pages 1 to 22 are hereby approved by the Board.

By Order of the Board

Michael Hoggan
Company Secretary

2 March 2015

Directors' responsibilities statement

in respect of the Annual Report and the Financial Statements

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 Parent Company will continue in business.

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

2 March 2015

Independent auditor's report

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 2014 set out on pages 55 to 102. 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 2014 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 as follows:

Goodwill (£114.4m)

Refer to page 30 (Audit Committee report), page 64 (accounting policy) and page 77 (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 individual 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 of 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 have 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 (£444.8m)

Refer to page 30 (Audit Committee report), page 62 (accounting policy) and page 72 (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.

Operating in overseas jurisdictions with uncertain legislation

Refer to page 30 (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.
- 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 non-compliance 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.

Accounting for acquisitions

Refer to page 30 (Audit Committee report), page 62 (accounting policies) and page 82 (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.

- Our response:
  - We challenged the assumptions and methodologies used by the Group to derive the fair value of intangible assets. We used our valuation specialists to assist us in considering the approach taken by the Group and 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 have also considered the adequacy of the disclosure of the fair value of acquired intangible assets.
  - 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 considered the adequacy of the Group's disclosures in relation to contingent consideration and the factors relevant in determining this balance.

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 £2.2m, determined with reference to a benchmark of Group profit before tax of £49.2m, of which it represents 4.5%.

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

Of the Group's 107 reporting components, we subjected 51 to audits for Group reporting purposes.

We conducted reviews of financial information (including enquiry) at a further 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	51	90%	87%	87%
Reviews of financial information (including enquiry)	30	8%	7%	9%
Total	81	98%	94%	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 £0.2m to £1.0m, having regard to the mix of size and risk profile of the Group across the components. The work on 48 of the 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.

5 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' responsibilities 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 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; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 50, in relation to going concern; and
- the part of the Corporate governance report on page 24 relating to the Company's compliance with the ten provisions of the 2012 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 page 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 2015

Consolidated income statement

for the year ended 31 December 2014

		Year ended 31 December 2014			Year ended 31 December 2013 restated (note 1)		
	Notes	Before separately disclosed items £000	Separately disclosed items (note 4) £000	Total £000	Before separately disclosed items £000	Separately disclosed items (note 4) £000	Total £000
Group revenue	3	444,799	-	444,799	413,667	-	413,667
Cost of sales		(307,290)	-	(307,290)	(294,807)	-	(294,807)
Gross profit		137,509	-	137,509	118,860	-	118,860
Administrative expenses		(86,158)	-	(86,158)	(74,601)	-	(74,601)
Share of post tax results of joint ventures	15	186	-	186	2,378	-	2,378
Acquisition related income and (expense)	4	-	2,381	2,381	-	(1,738)	(1,738)
Operating profit	5	51,537	2,381	53,918	46,637	(1,738)	44,899
Profit on sale of joint venture	17	-	-	-	-	6,613	6,613
Finance income	7	197	-	197	256	-	256
Finance costs	7	(4,881)	-	(4,881)	(5,545)	-	(5,545)
Profit before taxation		46,853	2,381	49,234	41,348	4,875	46,223
Income tax	8	(8,994)	243	(8,751)	(7,745)	270	(7,475)
Profit for the year		37,859	2,624	40,483	33,603	5,145	38,748
Profit attributable to:							
Owners of the Company		37,447	2,624	40,071	33,109	5,145	38,254
Non-controlling interests		412	-	412	494	-	494
		37,859	2,624	40,483	33,603	5,145	38,748
Earnings per share				pence			pence
Basic	10			80.2			76.6
Diluted	10			79.2			75.7

Consolidated statement of other comprehensive income

for the year ended 31 December 2014

	Notes	Year ended 31 December 2014 £000	Year ended 31 December 2013 £000
Profit for the year		40,483	38,748
Other comprehensive income			
Items that will not be classified to profit or loss			
Remeasurements of defined benefit plan liabilities	22	(2,126)	(5,541)
Income tax on items that will not be reclassified to profit or loss		316	617
		(1,810)	(4,924)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(4,372)	(6,093)
Net gain on hedge of net investment in foreign operations		-	(366)
Effective portion of changes in fair value of cash flow hedges	26	(2,367)	1,531
Effective portion of changes in fair value of cash flow hedges in joint ventures	15	(133)	703
Net changes in fair value of cash flow hedges transferred to profit or loss		(35)	14
Income tax on items that may be reclassified subsequently to profit or loss	8	450	(442)
		(6,457)	(4,653)
Other comprehensive income for the year, net of income tax		(8,267)	(9,577)
Total comprehensive income for the year		32,216	29,171
Attributable to:			
Owners of the Company		31,761	28,716
Non-controlling interests		455	455
		32,216	29,171

Consolidated and Company statement of financial position

at 31 December 2014

		Group		Company	
	Notes	**31 December 2014 £000**	31 December 2013 £000	**31 December 2014 £000**	31 December 2013 £000
Non-current assets					
Goodwill	12	**114,378**	104,176	**-**	-
Other intangible assets	13	**12,752**	9,482	**-**	-
Property, plant and equipment	14	**116,629**	108,202	**6,320**	6,199
Investment in joint ventures	15	**9,147**	9,467	**-**	-
Investments in subsidiaries	16	**-**	-	**278,000**	247,918
Available for sale financial assets	16	**1,478**	1,378	**1,368**	1,368
Deferred tax assets	9	**2,694**	2,770	**5,207**	5,266
		257,078	235,475	**290,895**	260,751
Current assets					
Inventories	18	**40,656**	46,476	**-**	-
Trade and other receivables	19	**117,644**	91,673	**4,673**	2,509
Corporate tax receivable		**-**	-	**3,123**	2,395
Derivative financial instruments	26	**49**	1,413	**49**	1,413
Cash and short-term deposits		**17,719**	23,982	**402**	2,846
		176,068	163,544	**8,247**	9,163
Total assets		**433,146**	399,019	**299,142**	269,914
Equity and liabilities					
Capital and reserves					
Called up share capital	20	**12,525**	12,525	**12,525**	12,525
Share premium		**25,238**	25,238	**25,238**	25,238
Treasury shares		**(1,988)**	(1,392)	**(1,988)**	(1,392)
Other reserves		**(7,684)**	(1,183)	**(3,043)**	(919)
Retained earnings		**174,663**	147,716	**120,948**	102,316
Equity attributable to owners of the Company		**202,754**	182,904	**153,680**	137,768
Non-controlling interests		**1,436**	903	**-**	-
Total equity		**204,190**	183,807	**153,680**	137,768
Non-current liabilities					
Other payables	21	**9,585**	12,503	**-**	-
Retirement benefit obligations	22	**21,806**	23,141	**19,133**	19,561
Cumulative preference shares	20	**100**	100	**100**	100
Loans and borrowings	24	**79,899**	78,020	**79,865**	77,949
Deferred tax liabilities	9	**545**	1,132	**-**	-
		111,935	114,896	**99,098**	97,610
Current liabilities					
Trade and other payables	21	**105,991**	93,656	**20,079**	17,299
Current tax		**8,635**	5,866	**-**	-
Derivative financial instruments	26	**2,341**	654	**2,341**	565
Loans and borrowings	24	**54**	140	**23,944**	16,672
		117,021	100,316	**46,364**	34,536
Total liabilities		**228,956**	215,212	**145,462**	132,146
Total equity and liabilities		**433,146**	399,019	**299,142**	269,914

These accounts were approved by the Board of Directors on 2 March 2015 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 2014

	Notes	Group 31 December 2014 £000	Group 31 December 2013 £000	Company 31 December 2014 £000	Company 31 December 2013 £000
Profit before tax		49,234	46,223	30,250	43,482
Adjustments to reconcile profit before tax to net cash flows					
Depreciation and amortisation		18,904	17,761	744	597
Acquisition costs and amortisation of acquired intangibles		1,719	1,738	-	-
Loss/(profit) on sale of property, plant and equipment		1,044	(476)	(1)	(110)
Profit on disposal of subsidiary and joint venture undertakings	4	-	(6,613)	-	-
Adjustment to provision for contingent consideration	4	(4,100)	-	-	-
Reduction in provision against investments		-	-	(348)	(40)
Finance income	7	(197)	(256)	(3,453)	(3,761)
Finance costs	7	4,881	5,545	3,917	5,232
Dividends received from subsidiaries		-	-	(39,607)	(51,101)
Share of post tax results of joint ventures	15	(186)	(2,378)	-	
Share based compensation		1,226	1,205	838	877
(Increase)/decrease in trade and other receivables		(17,535)	6,474	(2,164)	3,939
Decrease in inventories		7,092	1,167	-	-
Decrease in trade and other payables		(1,422)	(2)	3,773	(4,644)
Defined benefit pension cash contributions less service costs		(4,665)	(10,102)	(2,466)	(2,417)
Cash inflow/(outflow) from operations		55,995	60,286	(8,517)	(7,946)
Cash outflow from acquisition costs	4	(700)	(939)	-	-
Income tax (payments)/receipts		(5,610)	(6,054)	1,565	2,090
Cash inflow/(outflow) from operating activities		49,685	53,293	(6,952)	(5,856)
Investing activities					
Dividends from subsidiaries		-	-	39,607	51,101
Dividends from joint venture undertakings		641	2,337	-	-
Proceeds from the sale of property, plant and equipment		5,814	3,574	1	162
Finance income		197	256	3,453	3,761
Acquisition of subsidiaries, net of cash acquired	17	(11,337)	(18,329)	-	-
Proceeds from the sale of business	17	-	12,820	-	-
Recapitalisation of subsidiaries		-	-	-	(5,339)
Acquisition of property, plant and equipment	14	(32,157)	(24,907)	(865)	(794)
Development expenditure	13	(2,233)	(1,370)	-	-
Cash flows (used in)/from investing activities		(39,075)	(25,619)	42,196	48,891
Financing activities					
Proceeds from the issue of share capital		-	102	-	102
Finance costs		(3,694)	(4,317)	(4,337)	(5,045)
Net loans advanced to subsidiaries		-	-	(29,347)	(3,428)
Purchase less sales of own shares by ESOP		(2,936)	(2,259)	(2,936)	(2,259)
Capital element of finance lease repayments		(546)	(332)	-	-
Proceeds from other non-current borrowings		16,968	5,500	24,240	5,500
Repayment of borrowings		(15,248)	(7,198)	(15,248)	(24,441)
Dividends paid	11	(10,331)	(9,142)	(10,331)	(9,142)
Cash flows used in financing activities		(15,787)	(17,646)	(37,959)	(38,713)
Net (decrease)/increase in cash and cash equivalents	25	(5,177)	10,028	(2,715)	4,322
Cash and cash equivalents at 1 January		23,982	18,339	2,846	48
Net foreign exchange differences		(1,086)	(4,385)	271	(1,524)
Cash and cash equivalents at 31 December		17,719	23,982	402	2,846

Consolidated statement of movements in equity

for the year ended 31 December 2014

	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
Profit for the period	-	-	40,071	-	-	40,071	412	40,483
Exchange differences on translation of foreign operations	-	-	-	(4,416)	-	(4,416)	44	(4,372)
Net gain on hedge of net investment in foreign operations	-	-	-	21	-	21	-	21
Effective portion of changes in cash flow hedges	-	-	-	(1,938)	-	(1,938)	-	(1,938)
Effective portion of changes in fair value of cash flow hedges in joint ventures	-	-	-	(133)	-	(133)	-	(133)
Net changes in fair value of cash flow hedges transferred to profit or loss	-	-	-	(35)	-	(35)	-	(35)
Remeasurements of defined benefit plan liabilities	-	-	(1,810)	-	-	(1,810)	-	(1,810)
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	-	-	-	-	(3,366)	(3,366)	-	(3,366)
Sale of shares	-	-	-	-	430	430	-	430
Transactions with shareholders	-	-	(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

Consolidated statement of movements in equity

for the year ended 31 December 2013

	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 2013	12,517	25,144	123,437	3,432	(1,061)	163,469	447	163,916
Profit for the period	-	-	38,254	-	-	38,254	494	38,748
Exchange differences on translation of foreign operations	-	-	-	(6,055)	-	(6,055)	(38)	(6,093)
Net gain on hedge of net investment in foreign operations	-	-	-	(352)	-	(352)	-	(352)
Effective portion of changes in cash flow hedges	-	-	-	1,101	-	1,101	-	1,101
Effective portion of changes in fair value of cash flow hedges in joint ventures	-	-	-	703	-	703	-	703
Net changes in fair value of cash flow hedges transferred to profit or loss	-	-	-	(12)	-	(12)	-	(12)
Remeasurements of defined benefit plan liabilities	-	-	(4,924)	-	-	(4,924)	-	(4,924)
Contributions by and distributions to owners								
Ordinary dividends paid	-	-	(9,142)	-	-	(9,142)	-	(9,142)
Share based compensation	-	-	1,205	-	-	1,205	-	1,205
Tax effect of share based compensation	-	-	814	-	-	814	-	814
Arising on the issue of shares	8	94	-	-	-	102	-	102
Purchase of shares	-	-	-	-	(3,144)	(3,144)	-	(3,144)
Sale of shares	-	-	-	-	885	885	-	885
Transactions with shareholders	8	94	(7,123)	-	(2,259)	(9,280)	-	(9,280)
Transfer on disposal of shares	-	-	(1,928)	-	1,928	-	-	-
At 31 December 2013	12,525	25,238	147,716	(1,183)	(1,392)	182,904	903	183,807

Other reserve movements

Other reserves	Translation reserve £000	Hedging reserve £000	Total £000
At 1 January 2013	5,467	(2,035)	3,432
Other comprehensive income for the period	(6,407)	1,792	(4,615)
At 31 December 2013	(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)**

Company statement of movements in equity

for the year ended 31 December 2014

	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	-	-	-	-	(3,366)	(3,366)
Sale of shares	-	-	-	-	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

for the year ended 31 December 2013

	Capital					
	Share capital £000	Share premium £000	Retained earnings £000	Hedging reserves £000	Treasury shares £000	Total equity £000
At 1 January 2013	12,517	25,144	66,971	(1,847)	(1,061)	101,724
Profit for the period	-	-	47,461	-	-	47,461
Effective portion of changes in cash flow hedges	-	-	-	999	-	999
Net changes in fair value of cash flow hedges transferred to profit or loss	-	-	-	(71)	-	(71)
Remeasurements of defined benefit plan liabilities	-	-	(3,065)	-	-	(3,065)
Contributions by and distributions to owners						
Ordinary dividends paid	-	-	(9,142)	-	-	(9,142)
Share based compensation	-	-	1,205	-	-	1,205
Tax effect of share based compensation	-	-	814	-	-	814
Arising on the issue of shares	8	94	-	-	-	102
Purchase of shares	-	-	-	-	(3,144)	(3,144)
Sale of shares	-	-	-	-	885	885
Transactions with shareholders	8	94	(7,123)	-	(2,259)	(9,280)
Transfer on disposal of shares	-	-	(1,928)	-	1,928	-
At 31 December 2013	12,525	25,238	102,316	(919)	(1,392)	137,768

General information

The consolidated financial statements comprise the financial statements of James Fisher and Sons plc (the Company), all of its subsidiary undertakings and the Group's interest in associates and jointly controlled entities (together referred to as the Group), for the year ended 31 December 2014.

The consolidated 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 described below.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

Further information regarding the Company's business activities, together with the factors likely to affect its future development, performance and position is set out in the Chairman's statement and Strategic report on pages 1 to 22. Further information regarding the financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the primary statements and in note 24. In addition, note 26 of the financial statements includes the Company's objectives; policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risks.

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 also has £81.4m of undrawn committed facilities none of which expire within twelve months. The Group's forecasts and projections, taking account of reasonable changes in trading performance, show that the Group should be able to operate within the level of its current banking facilities.

The Group and Company present their financial statements under International Financial Reporting Standards (IFRS), adopted by the European Union (adopted IFRS). The Company is a limited liability company incorporated and domiciled in England & Wales. The Company's shares are listed on the London Stock Exchange. The Company and consolidated financial statements were approved for issue by the Board of Directors on 2 March 2015.

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 holding company was £31.6m (2013: £47.5m).

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.

Statement of compliance

The consolidated financial statements and those of the Company have been prepared in accordance with IFRS adopted by the EU as at 31 December 2014 and are applied in accordance with the provisions of the Companies Act 2006.

1 Significant accounting policies

A summary of the principal accounting policies, which have been applied consistently throughout the year and the preceding year, is set out below.

During the year the Group has adopted the following new and amended IFRS and IFRIC interpretations:

New standards:	
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
Amendments to existing standards:	
IAS 27 (revised)	Separate Financial Statements (2011)
IAS 28 (revised)	Investments in Associates and Joint Ventures (2011)
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Improvements to IFRS 2013	

The adoption of these standards and interpretations had no financial impact on the Group.

Restatement of income statement

In order to provide an improved understanding of the Group's performance, the presentation of cost of sales and administrative expenses has been revised to better reflect those variable and non-variable costs incurred in providing goods and services to our customers separately from those costs of selling, distribution and administration. Cost of sales for the year ended 31 December 2013 has been reduced by £64.0m with administrative expenses increasing by the corresponding amount.

Basis of preparation of Group accounts

The results of subsidiaries acquired or sold are consolidated for the periods from, or to, the date on which control passed. Acquisitions are accounted for under the purchase method of accounting. 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 and profits and losses resulting from intra-group transactions that are recognised in assets and liabilities, are eliminated in full.

1 Significant accounting policies continued

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. 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.

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.

The 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 represent the proportion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. 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.

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. Details of the Group pension schemes, the assumptions underlying their current valuations and sensitivities in respect of these assumptions are set out in note 22. 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

The Group tests annually whether goodwill has suffered any permanent impairment in accordance with the accounting policy on page 64.

Impairment of other assets

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 (including ultimate realisation on disposal).

Intangible assets

The measurement of intangible assets other than goodwill on business combinations requires the performance of a review of the acquired business to assess whether such assets exist and can be identified separately and reliably measured.

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.

Foreign currency

(i) *Group*

The Group financial statements are presented in Sterling which is the Company's functional and presentational currency. The assets and liabilities of overseas subsidiary undertakings are translated from their functional currency into Sterling at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets are taken directly to the translation reserve.

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. Exchange differences on other 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.

Exchange differences on the net investment in overseas subsidiary undertakings are recognised in the translation reserve until such time as the subsidiary is disposed of at which time they are included in the calculation of the profit or loss on disposal.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated into Sterling at the period end exchange rate. The income and expenses arising in foreign operations 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. 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.

Tax charges and credits attributable to exchange differences included in the translation reserve are also dealt with in the translation reserve.

(ii) *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.

The Company's 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.

Financial assets

The Group recognises three classes of financial assets:

- Loans and receivables
- Available for sale financial assets
- Derivatives

(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 may have 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 or impaired, as well as through the amortisation process.

If there is evidence of an impairment loss on assets carried at amortised cost, the amount of the loss is measured as the difference between the carrying amount of the asset and the estimated future cash flows (after excluding amounts already provided against), discounted at the original effective interest rate. Impairment losses are recognised in the income statement.

If in a subsequent period the factors which indicated the original decision to impair the asset cease to exist, or are mitigated then the previously recognised impairment loss can be 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 profit or loss.

A provision is made against a trade receivable only when there is objective evidence that the Group may not be able to recover all of the amount due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of a provision for doubtful debts account. Impaired debts are derecognised when they are assessed as uncollectable.

1 Significant accounting policies continued

(b) *Available for sale financial assets*

These are non-derivatives that are either designated or not classed as another category. These are included as non-current assets unless intended to be disposed of within twelve months of the balance sheet date. After initial recognition, available for sale financial assets are measured at fair value with gains and losses being recognised as a separate component 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.

Where investments are held in unlisted equity shares where there is no active market the investment is held at cost within non-current assets and is subject to annual impairment.

If an available for sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any previously recognised impairment loss, is transferred from other comprehensive income to profit or loss. Reversal of impairment provisions are not recognised in profit or loss.

(c) *Derivatives*

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.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired as part of a business combination are recorded at cost which represents the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets having finite lives are amortised over their useful economic life and are assessed for impairment whenever there is an indication that they are impaired. The amortisation period is reviewed at the end of each accounting period. The amortisation of intangible assets is recognised in the income statement.

The principal rates used are:

Development costs	20% or over the expected period of product sales
Intellectual property	5% to 33%
Patents and licences	20% or over the period of the licence
Other intangibles	20%

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits arising from that specific asset.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and business units from 1 January 2010 represents the excess of the fair value of the consideration payable to the vendor plus the recognised amount of any non-controlling interest in the acquiree, over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Goodwill on acquisitions between 1 January 2004 and 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

Goodwill is stated at cost less provision for impairment. The carrying value of goodwill arising on each acquisition is reviewed annually for impairment but more regularly if events or changes in circumstances indicate that it might be impaired. When an impairment loss is recognised it cannot be reversed in a subsequent accounting period, even if the circumstances which led to the impairment cease to exist.

In assessing any potential impairment of purchased goodwill it 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 assets and liabilities and related goodwill. Recoverable amount is measured as the higher of the CGU's fair value less cost to sell and the value in use. Where relevant, in order to assess the value of goodwill, the Group combines a number of CGUs. Where the recoverable amount of the CGU is less than its carrying amount including goodwill, an impairment loss is recognised in the income statement.

Goodwill that arose on acquisitions prior to 1 January 2004 is carried at its amortised cost as at 1 January 2010, the date of transition to IFRS and subject to provision for impairment.

Goodwill arising on acquisitions prior to 31 December 1997 was written off to reserves in accordance with the accounting standard then in force, has not been reinstated in the balance sheet and will continue to be accounted for in reserves even if the business to which it relates is subsequently disposed.

Separately disclosed items

Separately disclosed items are those which management believe would provide a clearer indication of the underlying trading performance of the Group if they are removed from the underlying results and shown separately. These are usually items which are significant in size or non-recurring in nature.

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 2014 were £1.8m (31 December 2013: £0.9m).

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Refit costs relating to vessels are capitalised when incurred and amortised over 30 months, which is deemed to be the useful economic life of the asset. Other subsequent expenditure is capitalised only when it increases the future economic benefits associated with the asset to which it relates.

Depreciation is provided to write-down the cost of property, plant and equipment less accumulated depreciation to their residual value in equal annual instalments over their remaining estimated useful lives.

The principal rates used are:

Freehold property	2.5%
Leasehold improvements	2.5% or over the period of the lease
Plant and equipment	5% to 20%
Ships	4% to 10%

No depreciation is charged on assets under construction.

Residual values for 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.

The cost of property, plant and equipment includes expenditure incurred during construction, delivery and modification. Where a substantial period of time is required to bring the asset into use attributable finance costs are capitalised and included in the cost of the relevant asset. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of assets

At each reporting date the Group assesses whether there are any indications that an asset has been impaired. If any indication exists, the Group makes an estimate of the recoverable amount of the asset concerned. The recoverable amount 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. 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. To assess the value in use the 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. Impairment losses on continuing and discontinued operations are recognised in the income statement.

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.

Research and development costs

Expenditure undertaken by the Group on research is recognised 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 amortised over its expected useful life on a straight line basis. Capitalised development costs are measured at costs less accumulated amortisation and impairment losses. Other development costs are recognised in the income statement as incurred.

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, as follows:

Raw materials, consumables stores and finished goods for sale - purchase cost on a first in first out basis;

Work in progress and finished goods - 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.

Long-term service contracts

(i) *General*

Where the outcome of a long-term contract can be estimated reliably, revenue and costs relating to the construction contract are recognised in accordance with the stage of completion of the contract, in the period in which the work is performed. 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. Revenue from the contract is recognised under the percentage of completion method whereby recognition is determined by reference to the stage of completion of the contract.

Contract costs incurred that relate to future activity are deferred and recognised as inventory.

When a loss is expected to be incurred on a long-term contract it is recognised as an expense immediately in the income statement.

When the outcome of a long-term 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.

1 Significant accounting policies continued

(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.

Taxation

Tonnage tax payable by those Group entities who have entered the tonnage tax regime is provided by reference to net tonnage of qualifying vessels at the current rate.

Corporation tax is provided on taxable profits from activities not qualifying for the tonnage tax regime and is recognised in the income statement except to the extent that it relates to a business combination or 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 the 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.

No deferred tax is recognised on vessels which are subject to the tonnage tax regime.

Derivatives and other financial instruments

The Group operates in international markets and is exposed to foreign exchange risk arising from various currency exposures, primarily relating to the US Dollar, Euro and Norwegian Kroner. The Group is also exposed to interest rate risk arising from long-term borrowings. The Group uses derivative financial instruments to manage or hedge 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. The fair value of interest rate swaps is 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 highly probable forecast transactions or recognised assets or liabilities (cash flow hedge).
- Hedges of the fair value of recognised assets or liabilities or an unrecognised firm commitment (fair value hedge);

Cash flow hedges

These can include forward foreign currency contracts which the Group will enter into only if they meet the following criteria:

- The instrument must be related to a foreign currency risk of a firm commitment;
- It must involve the same currency as the hedged item; and
- It must reduce the risk of foreign currency exchange movements on the Group's operations.

These may also include interest rate swaps which must have the following characteristics:

- The instrument must be related to a recognised asset or a liability; and
- It must change 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 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.

Fair value hedges

Where a derivative is designated as a hedge of the variability in the fair value of an asset or liability of the Group it is designated as a fair value hedge.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement at the same time as the related movements in the hedged asset or liability.

Derivatives that do not qualify for hedge accounting

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.

Calculation of fair values

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.

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.

Accounting for leases

(i) *Operating leases*

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Lease payments under operating leases are charged on a straight line basis over the lease term.

(ii) *Finance leases*

A lease arrangement under which substantially all the risks and rewards incidental to ownership of the leased item rest with the lessee are 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.

Pension plans

(i) *Defined contribution scheme*

Under this type of pension plan the Group pays a pre-determined contribution to a separate privately administered pension plan. Other than this contribution the Group has no further legal or constructive obligation to make further contributions to the scheme.

Obligations for contributions to the scheme are recognised as an expense in the income statement in the period in which they arise.

(ii) *Defined benefit scheme*

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 the gain or loss recognised in the income statement during the period in which the settlement or curtailment occurs.

1 Significant accounting policies continued

The interest element of the defined benefit cost represents the change in the present value of scheme obligations resulting from the passage of time and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The return on scheme assets is determined by multiplying the fair value of plan assets by the discount rate, as determined at the start of the annual reporting period, taking account of any changes in the plan assets held during the period as a result of contributions or benefits payments. The return on scheme assets and the interest cost are recognised in the income statement in finance costs.

A liability is recognised in the balance sheet in respect of the Group's net obligations to the schemes which is calculated separately for each scheme.

The liability represents the present value of the defined benefit obligations at the balance sheet date, less the fair value of the scheme assets.

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. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan.

An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. 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 profit or loss.

Actuarial gains and losses on experience adjustments and changes in actuarial assumptions that arise subsequent to 1 January 2004 are recognised in the period in which they arise directly in the statement of comprehensive income.

Share based payments

The Company operates executive share option schemes and a savings related share option scheme under which options have been granted to employees of the Company and its subsidiary undertakings.

For options granted since 7 November 2002, the fair value of employee services rendered in exchange for the grant of options is determined by the fair value of the option at the date of grant. The total amount, which is expensed over the specified period until the options can be exercised (the vesting period), is recognised cumulatively as an expense in the income statement with a corresponding credit to equity.

The fair value of the 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.

The Company re-assesses its estimate 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 the performance of the Group relative to a group or index composed of third party entities). 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 will be expensed in the period in which the option lapses.

When awards are made to employees of a subsidiary, the award is treated as a capital contribution to the subsidiary with a corresponding increase in the cost of investment being reflected in the Company balance sheet. No reversal of previously recognised expense is made when options lapse.

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.

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.

Treasury shares

Shares issued by the Company which are held by the Company or its subsidiary entities (including the Employee Share Ownership 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.

ESOP Trust

Company shares are held in an Employee Share Ownership Plan (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 shares are ignored for the purposes of calculating the Group's earnings per share.

Revenue

Revenue, after excluding trade discounts and value added tax, represents the provision of goods and services by the Group and its subsidiaries 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.

Where services rendered relate to 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. Revenue is not recognised if there are significant uncertainties regarding recovery of the consideration due.

Rentals receivable under operating leases are credited to revenue on a straight line basis over the lease term. There are no rental commitments in respect of long-term leasing arrangements.

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 remeasurement.

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.

Other reserves

Other reserves comprise the following:

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.

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.

2 Segmental information

Operating segments

Management has determined the operating segments reported based on information reviewed by the Board which is utilised to make strategic decisions. The Group has four reportable operating segments, which the Board considers appropriately represent the nature of each division in terms of products, services and customer base.

Marine Support - includes the hire and sale of large scale pneumatic fenders and ship to ship transfer services, and the design and supply of systems for monitoring strain and stress in structures.

Offshore Oil - assembly and rental of equipment for the offshore oil and gas industry and the design and manufacture of specialist downhole tools and equipment for extracting oil.

Specialist Technical - provision of subsea services including submarine rescue and saturation diving including maintenance, asset management and consultancy services and the non-destructive testing, decommissioning and remote operations and monitoring services predominantly to the nuclear industry.

Tankships - engaged in the sea transportation of clean petroleum products in North West Europe.

The Board assess the performance of the segments based on operating profit before corporate costs, costs of business acquisition and the amortisation of acquired intangibles and after the Group's share of the post tax results of associates and joint ventures. This is defined as underlying operating profit in the following tables. 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.

2 Segmental information continued

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)
Group 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
Finance income						197
Finance costs						(4,881)
Profit before income tax						49,234
Income tax						(8,751)
Profit attributable to equity holders						40,483
Share of post tax results of associates and joint ventures	(394)	-	580	-	-	186
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	668	32,185
Depreciation and amortisation	4,855	9,905	3,022	3,975	312	22,069

Year ended 31 December 2013

	Marine Support £000	Offshore Oil £000	Specialist Technical £000	Tankships £000	Corporate £000	Total £000
Revenue						
Segmental revenue	174,918	99,632	84,164	61,312	-	420,026
Inter segment sales	(3,651)	(442)	(2,266)	-	-	(6,359)
Group revenue	171,267	99,190	81,898	61,312	-	413,667
Underlying operating profit	18,262	19,690	8,544	3,200	(3,059)	46,637
Acquisition costs	(150)	-	(789)	-	-	(939)
Amortisation of acquired intangibles	(114)	(137)	(548)	-	-	(799)
Operating profit	17,998	19,553	7,207	3,200	(3,059)	44,899
Profit on sale of subsidiary and joint venture undertaking	(182)	-	6,795	-	-	6,613
Finance income						256
Finance costs						(5,545)
Profit before income tax						46,223
Income tax						(7,475)
Profit attributable to equity holders						38,748
Share of post tax results of associates and joint ventures	831	-	1,547	-	-	2,378
Assets & liabilities						
Segment assets	92,591	136,486	81,078	43,990	35,407	389,552
Investment in joint ventures	7,458	-	2,009	-	-	9,467
Total assets	100,049	136,486	83,087	43,990	35,407	399,019
Segment liabilities	(35,898)	(17,858)	(36,473)	(11,831)	(113,152)	(215,212)
	64,151	118,628	46,614	32,159	(77,745)	183,807
Other segment information						
Capital expenditure	4,293	14,812	3,615	1,243	786	24,749
Depreciation and amortisation	3,430	8,301	2,263	4,427	139	18,560

Geographic information

The following table represents revenue, expenditure and certain asset information regarding the Group's geographic presence for the years ended 2014 and 2013.

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	
	2014 £000	2013 £000	**2014 £000**	2013 £000	**2014 £000**	2013 £000	**2014 £000**	2013 £000	**2014 £000**	2013 £000
Revenue										
Segmental revenue	**202,313**	153,549	**64,730**	91,611	**107,522**	104,167	**75,120**	70,699	**449,685**	420,026
Inter segment sales	**(3,773)**	(4,795)	**(486)**	(857)	**(627)**	(707)	**-**	-	**(4,886)**	(6,359)
Group revenue	**198,540**	148,754	**64,244**	90,754	**106,895**	103,460	**75,120**	70,699	**444,799**	413,667
Segment assets	**130,093**	111,155	**11,223**	24,283	**16,378**	14,800	**18,374**	13,306	**176,068**	163,544
Investment in joint ventures	**114**	-	**212**	135	**4,066**	4,735	**4,755**	4,597	**9,147**	9,467
Financial assets	**1,470**	1,370	**8**	8	**-**	-	**-**	-	**1,478**	1,378
Other non-current assets	**186,156**	171,327	**42,100**	37,933	**5,443**	4,166	**12,754**	11,204	**246,453**	224,630
									433,146	399,019

3 Revenue

Revenue disclosed in the income statement is analysed as follows

	2014 £000	2013 £000
Sale of goods and services	**300,925**	342,485
Rental income	**51,101**	42,130
Contract revenue recognised in the period	**92,773**	29,052
Total revenue	**444,799**	413,667

4 Separately disclosed items

In order for a better understanding of the underlying performance of the Group certain items have been disclosed separately. These comprise costs incurred in acquiring businesses, adjustment to the provision for contingent consideration, the amortisation of acquired intangibles and profits and losses on the disposal of businesses. Amortisation of acquired intangibles relates to the amortisation of the value attributed to customer relationships arising on the acquisition of certain subsidiaries. Acquisition costs relate to businesses acquired during the period.

	2014 £000	2013 £000
Acquisition costs	**(700)**	(939)
Amortisation of acquired intangibles	**(1,019)**	(799)
Adjustment to provision for contingent consideration	**4,100**	-
Acquisition related income and (expense)	**2,381**	(1,738)
Profit on sale of joint venture undertaking	**-**	6,613
Separately disclosed profit before taxation	**2,381**	4,875
Tax on separately disclosed items	**243**	270
	2,624	5,145

The adjustment to the provision for contingent consideration of £4.1m (2013: £nil) relates to Divex Limited where the period to achieve orders for specific equipment expired on the 31 December 2014 and to Osiris, acquired in August 2013, where profitability targets to 30 June 2015 are no longer expected to be achieved.

On 19 August 2013 the Group disposed of its 25% interest in Foreland Holdings Limited for a gross consideration of £11.4m. The gain of £6.8m is included in the Specialist Technical division. In August 2013 the Group disposed of the marine leisure business of Fendercare Australia for a consideration of £1.4m. This resulted in a loss on disposal of £0.2m which is included in the Marine Support division.

5 Operating profit

This is stated after charging/(crediting):

	2014 £000	2013 £000
Loss/(profit) on sale of property, plant and equipment	**1,044**	(476)
Depreciation of property, plant and equipment:		
ships	**4,491**	4,702
other	**15,022**	12,359
Total depreciation charge	**19,513**	17,061
Amortisation of intangible assets	**2,556**	1,499
Research and development costs	**1,364**	1,624
Net foreign currency (gains)/losses	**(234)**	510
Cost of inventories recognised as an expense	**119,621**	119,779
Operating lease rentals:		
property	**3,928**	4,578
ships	**8,844**	10,643
other	**418**	660
	13,190	15,881
hire of vessels	**13,527**	14,186
	26,717	30,067

Auditor's remuneration comprises the following:

	2014 £000	2013 £000
Audit of the financial statements of the parent	129	152
Fees payable to the Company's auditor and its associates for other services:		
Local statutory audits of subsidiaries	406	378
	535	530
Taxation services	96	124
Corporate finance services	20	31
Other services	-	58
Total fees payable to Group auditor	651	743

6 Staff costs and Directors' emoluments

(a) Staff costs including Executive Directors

	Group	
	2014 £000	2013 £000
Wages and salaries	95,784	83,760
Social security costs	9,707	8,636
Pension costs	4,152	4,531
Share based compensation	1,226	1,205
	110,869	98,132

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

	Group	
	2014 Number	2013 Number
Technical and administrative	2,161	1,948
Seafarers	333	242
	2,494	2,190

(b) Directors' emoluments

	2014 £000	2013 £000
Directors' emoluments	1,190	1,098
Aggregate gains made by Directors on the exercise of options	112	194
Pension contributions to defined contribution schemes	83	82
Number of Directors accruing benefits under defined contribution schemes	-	1

Full details of the emoluments of Directors are set out in the Directors' remuneration report on page 41.

Compensation of key management to the Group

	2014 £000	2013 £000
Short-term employee benefits	1,931	1,645
Share based payments	611	545
	2,542	2,190

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

7 Finance income and finance costs

	2014 £000	2013 £000
Bank interest receivable	197	256
Interest payable in respect of:		
Interest on bank loans and overdrafts	(3,396)	(4,175)
Preference dividend	(3)	(4)
Finance charges payable under finance leases	(20)	(36)
Net interest on pension obligations	(976)	(1,097)
Unwind of discount on contingent consideration	(486)	(233)
	(4,881)	(5,545)

8 Taxation

The tax charge is as follows:	2014 £000	2013 £000
Current tax:		
UK corporation tax	(7,636)	(4,808)
Tax overprovided in previous years	947	674
Foreign tax	(3,324)	(4,310)
Total current tax	(10,013)	(8,444)
Deferred tax:		
Origination and reversal of temporary differences	1,262	969
Total taxation on continuing operations	(8,751)	(7,475)

The total tax charge in the income statement is allocated as follows:	2014 £000	2013 £000
Income tax expense reported in Group income statement	8,751	7,475
Share of joint ventures' current tax	228	485
Total income tax expense	8,979	7,960

Income tax on comprehensive income	2014 £000	2013 £000
Current tax:		
Current tax on foreign exchange losses on internal loans	21	14
Current tax on contributions to defined benefit pension schemes	1,134	1,287
Current tax relating to derivatives	-	(26)
Deferred tax:		
Deferred tax relating to remeasurement gains and losses in defined benefit pension schemes	(818)	(670)
Deferred tax relating to fair value of derivatives	429	(430)
	766	175

Reconciliation of effective tax rate

The tax on the Group's profit on continuing activities differs from the theoretical amount that would arise using the rate applicable under UK corporation tax rules as follows:

	2014 £000	2013 £000
Profit before tax from continuing operations	49,234	46,223
Tax arising on interests in joint ventures	228	485
	49,462	46,708
At UK statutory tax rate of 21.5% (2013: 23.25%)	10,634	10,860
Difference due to application of tonnage tax to vessel activities	(583)	(604)
Expenses not deductible for tax purposes	625	930
(Over)/under provision in previous years:		
Current tax	(947)	(674)
Deferred tax	523	192
Tax rates on overseas income	60	(385)
Research and development relief	(151)	(70)
Non-taxable income	(1,228)	(1,657)
Impact of change of rate	-	(682)
Other	46	50
	8,979	(7,960)

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. Any income and profits outside the tonnage tax regime are taxed under the normal tax rules of the relevant tax jurisdiction.

The effective income tax rate on the underlying profit before tax is 19.2% (2013: 18.6%). The effective rate on profit before income and tonnage tax from continuing operations is 17.8% (2013: 16.2%).

Unrecognised tax losses

At 31 December 2014, the Group has unrecognised tax losses of £0.8m (2013: £0.1m). A deferred tax asset has not been recognised in respect of these losses due to the uncertainty relating to their future recovery.

UK corporation tax rates are reducing from 28% to 20% over a period of four years from 2011. The rate reduced to 21% on 1 April 2014 and a further reduction to 20% effective from 1 April 2015 has also been enacted. This will reduce the Group's future current tax charge accordingly. The deferred tax balance at 31 December 2014 has been calculated based on application of the reduced 20% UK corporation tax rate from the relevant date and the impact of the remeasurement has been included in the income statement and other comprehensive income as appropriate.

9 Deferred tax

Deferred tax balances at 31 December relate to the following:

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Deferred tax assets				
Retirement benefits	**3,611**	4,227	**2,749**	2,876
Share based payments	**1,346**	1,554	**1,346**	1,554
Derivative financial instruments	**452**	23	**339**	(92)
Losses carried forward	**-**	107	**-**	107
Temporary differences	**-**	-	**773**	830
	5,409	5,911	**5,207**	5,275
Deferred tax liabilities				
Property, plant and equipment	**(3,127)**	(2,803)	**-**	-
Intangible assets	**(2,812)**	(2,531)	**-**	-
Other items	**2,679**	1,061	**-**	(9)
	(3,260)	(4,273)	**-**	(9)
Net deferred income tax asset	**2,149**	1,638	**5,207**	5,266

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	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Balance at 1 January	**1,638**	1,826	**5,266**	5,246
Charged to comprehensive income	**(389)**	(1,100)	**150**	(737)
Charged to equity	**(178)**	483	**(178)**	483
Credited/(charged) to income statement	**1,262**	969	**(31)**	274
Exchange adjustments	**166**	190	**-**	-
Acquisition of subsidiaries	**(350)**	(730)	**-**	-
Balance at 31 December	**2,149**	1,638	**5,207**	5,266

At 31 December 2014, the Group and the Company have no recognised deferred income tax liability (2013: £nil) in respect of taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries. At 31 December 2014 the unrecognised gross temporary differences in respect of reserves of overseas subsidiaries is £27.7m (2013: £37.4m). 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 2014 relates to the following:

	Group	
	2014 £000	2013 £000
Deferred tax assets	**(66)**	18
Deferred tax liabilities:		
Property, plant and equipment	**324**	(488)
Intangible assets	**196**	93
Other items	**(1,716)**	(592)
Deferred income tax credit	**(1,262)**	(969)

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 ordinary shares held by the Employee Share Ownership Trust (ESOT) and 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 2014 182,124 options (2013: 172,227) 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.

The calculation of basic and diluted earnings per share is based on the following number of shares:

Weighted average number of shares

	2014 Number of shares	2013 Number of shares
For basic earnings per ordinary share*	**49,986,659**	49,921,772
Potential exercise of share options and LTIPs	**606,887**	588,818
For diluted earnings per ordinary share	**50,593,546**	50,510,590

* Excludes 153,192 (2013: 154,170) shares owned by the James Fisher and Sons plc Employee Share Ownership Trust.

Adjusted earnings per share

To provide a better understanding of the underlying performance of the Group, an adjusted earnings per share on continuing activities is provided. Adjusted earnings are before separately disclosed items.

	2014 £000	2013 £000
Profit attributable to owners of the Company	**40,071**	38,254
Adjustments:		
Separately disclosed items	**(2,381)**	(4,875)
Tax on separately disclosed items	**(243)**	(270)
Adjusted profit attributable to owners of the Company	**37,447**	33,109

	pence	pence
Basic earnings per share on profit from operations	**80.2**	76.6
Diluted earnings per share on profit from operations	**79.2**	75.7
Adjusted basic earnings per share on profit from operations	**74.9**	66.3
Adjusted diluted earnings per share on profit from operations	**74.0**	65.6

11 Dividends paid and proposed

	2014 £000	2013 £000
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2013: 13.54p per share (2012: 11.83p)	**6,783**	5,923
Interim dividend for 2014: 7.10p per share (2013: 6.46p)	**3,557**	3,236
Less dividends on own shares held by ESOT	**(9)**	(17)
	10,331	9,142
Proposed for approval at Annual General Meeting (not recognised as a liability at 31 December)		
Equity dividends on ordinary shares:		
Final dividend for 2014: 14.90p per share (2013: 13.54p)	**7,442**	6,766

12 Goodwill

Group

Cost and net book value:	2014 £000	2013 £000
At 1 January	104,176	86,390
Exchange differences	(2,540)	(1,897)
Acquisition of subsidiaries	12,742	19,683
At 31 December	114,378	104,176

Impairment of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to cash generating units (CGU's).

The carrying amount of goodwill allocated to each CGU by segment is:

	2014 £000	2013 £000
Marine Support	32,790	25,717
Offshore Oil	39,105	40,732
Specialist Technical	32,224	27,468
Tankships	10,259	10,259
	114,378	104,176

The recoverable amount of these units has been assessed based on value in use calculations using cash projections based on financial 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 2% and 44% 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 in initial periods before stabilising at a long-term inflationary level of 2%. Administrative costs are anticipated to increase at 1%.

Payroll inflation reflects the fact that the Group provides specialist services in a competitive market. Payroll costs are therefore influenced by the need to retain skilled staff. As a result the initial growth rates for payroll costs range between 2% in mature business to up to 6% for specific posts in businesses located in areas where skilled staff are in short supply.

Discount rates 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), and adjusting it for risks specific to each CGU's cash flows. The range of pre-tax discount rates used is 7.2% to 8.6% (2013: range of 9.5% to 10.6%). An effective tax rate of 18.5% has been assumed.

Based on the value in use calculations performed no impairment of any of the cash generating units is required.

The key assumptions applied to each CGU are as follows:

Marine Support: maximum short-term gross profit growth of businesses of between 3% and 55% with long-term growth of between 2% and 7%, maximum growth in direct costs of 34% with between 2% and 7% increase in the long-term.

Offshore Oil: maximum short-term gross profit growth of 18% with long-term growth of 2%, maximum growth in direct costs of 7% with 2% increase in the long-term.

Specialist Technical: maximum short-term gross profit growth of 32% with long-term growth between 2% and 7%, maximum growth in direct costs of 23% with between 2% and 7% increase in the long-term.

Tankships: maximum short-term gross profit growth of 13% with long-term growth of between 1% and 2% and maximum growth in direct costs between 1% and 2% increase in the long-term.

Sensitivity to impairment

Sensitivity analysis has been performed to determine the impact of a reasonable change in a key assumption (e.g. increase in discount rate by 1%, removal of long-term growth) 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 2013	5,691	590	1,417	7,698
Additions	1,370	57	3,444	4,871
Disposals	(171)	-	-	(171)
Exchange differences	-	(8)	(153)	(161)
At 31 December 2013	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**
Amortisation				
At 1 January 2013	397	374	684	1,455
Charge for the period	647	53	799	1,499
Disposals	(118)	-	-	(118)
Exchange differences	-	(4)	(77)	(81)
At 31 December 2013	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**
Net book value at 31 December 2014	**6,703**	**2,785**	**3,264**	**12,752**
Net book value at 1 January 2014	5,964	216	3,302	9,482
Net book value at 1 January 2013	5,294	216	733	6,243

Intangible assets include intellectual property rights and patents and licences acquired by subsidiary companies relating to technology used in the subsidiary's principal operating activities, the fair value of customer relationships acquired and development costs relating to new products or processes. Intangible assets are amortised evenly over their remaining useful life of between three and twenty years. The amortisation charge is included in cost of sales in the income statement. Based on an assessment of value in use there are no indications that any impairment of these assets has arisen during the period.

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 2013	76,421	1,893	22,537	93,111	193,962
Additions	1,657	606	1,003	21,483	24,749
Reclassifications	-	(1,000)	432	223	(345)
Disposal of subsidiary undertaking	-	-	(1,342)	(51)	(1,393)
Acquisition of subsidiary undertaking	-	698	548	2,134	3,380
Disposals	(6,585)	-	(90)	(3,318)	(9,993)
Exchange differences	(124)	(172)	(513)	(3,604)	(4,413)
At 31 December 2013	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	-
Acquisition of subsidiary undertaking	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**
Group					
Depreciation and impairment:					
At 1 January 2013	47,853	-	3,444	39,181	90,478
Provided during the year	4,702	-	774	11,585	17,061
Reclassifications	-	-	9	(307)	(298)
Disposal of subsidiary undertaking	-	-	(120)	(26)	(146)
Utilisation of impairment provision	(1,355)	-	-	-	(1,355)
Disposals	(3,874)	-	(66)	(1,648)	(5,588)
Exchange differences	(56)	-	(102)	(2,249)	(2,407)
At 31 December 2013	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**
Net book value at 31 December 2014	**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
Net book value at 1 January 2013	28,568	1,893	19,093	53,930	103,484

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 2014 was £0.3m (2013: £0.4m). Included in ships are assets with a cost of £6.2m (2013: £5.2m) and accumulated depreciation of £5.0m (2013: £4.2m) which relate to assets held under operating leases. Included in property, plant and equipment is aggregate interest capitalised of £1.1m (2013: £1.2m).

14 Property, plant and equipment continued

	Vessels £000	Freehold & leasehold property £000	Plant & equipment £000	Total £000
Company				
Cost:				
At 1 January 2013	9,444	1,909	1,235	12,588
Additions	8	20	766	794
Disposals	-	(90)	(204)	(294)
At 31 December 2013	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**
Company				
Depreciation:				
At 1 January 2013	4,747	773	1,014	6,534
Provided during the year	456	66	75	597
Disposals	-	(38)	(204)	(242)
At 31 December 2013	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**
Net book value at 31 December 2014	**3,947**	**1,017**	**1,356**	**6,320**
Net book value at 1 January 2014	4,249	1,038	912	6,199
Net book value at 1 January 2013	4,697	1,136	221	6,054

Included in property, plant and equipment is aggregate interest capitalised of £0.1m (2013: £0.1m).

15 Investment in subsidiaries, associates and joint arrangements

On 19 June 2014, as part of its acquisition of Testconsult Limited, the Group acquired a 50% equity interest in Eurotestconsult Limited, a company which provides monitoring, instrumentation and testing services.

The Group has a 45% equity interest in the ordinary shares of Fender Care Nigeria Limited, Silvertide Navigation Inc, Asteria Navigation Inc and FCN Limited and a 40% equity interest in Fendercare Marine (M) SDN BHD. The Group has a 50% equity interest in the ordinary shares of Fender Care Benelux BV and Fender Care Omega Limited. These joint ventures, which are referred to as the FCM businesses, are marine services companies operating ship to ship transfers principally in the West Africa region and 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.

Details of the principal joint ventures and associated undertakings are set out on page 104. The Group's share of the assets, liabilities and trading results of these joint venture entities at 31 December 2014, which are accounted for under the equity accounting method, are as follows:

	2014 £000	2013 £000
Current assets	23,548	18,678
Non-current assets	23,347	24,759
Current liabilities	(19,373)	(14,969)
Non-current liabilities	(20,129)	(20,734)
Loans to associate	1,754	1,733
	9,147	9,467
Revenue	16,951	23,009
Cost of sales	(13,794)	(15,931)
Administrative expenses	(2,039)	(2,506)
Profit from operations	1,118	4,572
Finance income	3	4
Finance costs	(707)	(1,713)
Profit before income tax	414	2,863
Taxation	(228)	(485)
Profit after tax	186	2,378
Non-controlling interests	(33)	9
Net profit attributable to equity holders	153	2,387
Movement on investment in joint ventures:		
At 1 January	9,467	12,391
Acquisitions	30	-
Disposals	-	(3,342)
Profit for the year	153	2,387
Dividends received	(641)	(2,337)
Share of fair value gains on cash flow hedges	(133)	703
Non-controlling interests	33	(16)
Exchange adjustments	238	(319)
At 31 December	9,147	9,467

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	2014 £000	2013 £000
At 1 January	1,378	1,370
Additions	100	-
Acquisition of business	-	8
At 31 December	1,478	1,378
Company		
At 1 January and 31 December	1,368	1,368

Available for sale financial assets include a 17.2% (2013: 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.

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 2014 (2013: £nil).

16 Financial assets continued

Company

	Subsidiary undertakings		
	Shares £000	Loans £000	Total £000
Cost			
At 1 January 2013	84,371	155,245	239,616
Exchange adjustments	-	549	549
Additions	5,667	74,368	80,035
Recapitalisations	66,888	(66,888)	-
Repayments	-	(71,489)	(71,489)
At 31 December 2013	156,926	91,785	248,711
Exchange adjustments	-	-	-
Additions	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**
Amount provided			
At 1 January 2013	445	388	833
Released	-	(40)	(40)
At 31 December 2013	445	348	793
Released	-	(348)	(348)
At 31 December 2014	**445**	**-**	**445**
Net book value at 31 December 2014	**159,219**	**118,781**	**278,000**
Net book value at 31 December 2013	156,481	91,437	247,918

A list of principal subsidiary undertakings is included on page 104.

17 Business combinations

Year ended 31 December 2014

On 24 January 2014, the Group acquired the entire issued share capital of Subsea Vision Limited (Subsea), for a cash consideration of £2.2m. Subsea owns and operates remotely operated vehicles providing underwater surveys, inspections and construction support to the oil and gas industry including floating production, storage and offtake vessels. Subsea is included in the Marine Support division.

On 14 March 2014, the Group acquired the entire issued share capital of Defence Consulting Europe AB (DCE), for an initial cash consideration of £2.9m. Contingent consideration is payable of up to £1.9m related to the achievement of profit targets and £1.0m is dependent on certain contractual obligations which are expected to be completed in the next twelve months. The contingent consideration relating to future earnings has been discounted to reflect the impact of the time value of money on the expected dates on which the consideration will be paid. DCE provides a range of specialist swimmer delivery vehicles to the defence industry. The business is included in the Specialist Technical division.

On 19 June 2014, the Group acquired the entire issued share capital of Testconsult Limited (Testconsult), for a net cash consideration of £8.0m. Testconsult provides monitoring, instrumentation and testing services and is complementary to the Strainstall Monitoring business in the Marine Support division.

On 24 September 2014, the Group acquired 51% of the issued share capital of Solvapli Limited (Solvapli), for a cash consideration of £50,000. Solvapli provides downhole technological solutions to the offshore oil industry. The Group also acquired intellectual property relating to this technology for a cash consideration of £1.2m. The business is included in the Offshore Oil division.

The provisional fair values of the assets and liabilities acquired are set out below. Included in goodwill are certain intangible assets, including the anticipated impact on these businesses of distributing their products to existing Group customers, that cannot be individually separated and reliably measured due to their nature.

Testconsult	Book value £000	Accounting policy adjustments £000	Fair value adjustments £000	Total £000
Intangible assets	-	-	982	982
Investments	30	-	-	30
Property, plant and equipment	669	-	(25)	644
Inventories	227	-	-	227
Trade and other receivables	1,638	(143)	(161)	1,334
Cash and short-term deposits	1,502	-	-	1,502
Trade and other payables	(1,719)	-	-	(1,719)
Interest bearing loans and borrowings	(35)	-	-	(35)
Deferred tax	(44)	-	(196)	(240)
Fair value of net assets acquired	2,268	(143)	600	2,725
Goodwill arising on acquisition				5,944
Cash consideration				8,669

Other acquisitions	Book value £000	Accounting policy adjustments £000	Fair value adjustments £000	Total £000
Intangible assets	-	-	2,627	2,627
Property, plant and equipment	1,394	-	(17)	1,377
Inventories	1,081	(159)	(314)	608
Trade and other receivables	843	-	-	843
Cash and short-term deposits	2,166	-	-	2,166
Trade and other payables	(4,883)	-	-	(4,883)
Interest bearing loans and borrowings	(394)	-	-	(394)
Deferred tax	(109)	-	-	(109)
Fair value of net assets acquired	98	(159)	2,296	2,235
Non-controlling interests	17	-	-	17
Goodwill arising on acquisitions				6,796
				9,048
Consideration:				
Cash				6,330
Contingent consideration				1,766
Deferred consideration				952
				9,048

The book values of the acquired companies have been adjusted to reflect adoption of the Group's income recognition policy and provision for warranty claims. Fair value adjustments have been recognised in respect of intangible assets relating to customer relationships and intellectual property.

Trade receivables in the acquired entities comprise gross contracted amounts of £1.9m. There is doubt over the collectability of £0.2m of this amount.

None of the goodwill is expected to be deductible for income tax purposes.

Adjustments to provisional fair values

No adjustments have been made to the balance sheet for the year ended 31 December 2013 to incorporate changes to the provisional fair values reported at that date.

Acquisition expenses

The Group incurred acquisition expenses of £0.7m (2013: £0.9m) in relation to these business combinations which have been charged to the income statement and included within administrative expenses.

Contribution to Group results

The overall contribution of the businesses acquired during the period to the Group's profit after tax was £0.6m with £9.5m being contributed to Group revenues. Had the business combinations taken place at the start of the financial year the contribution to Group profit from continuing operations for the year would have been £1.2m and the revenue from continuing operations would have been £14.9m.

17 Business combinations continued

Year ended 31 December 2013

On 5 March 2013, the Group acquired the entire issued share capital of Divex Limited and its subsidiaries (Divex), for an initial cash consideration of £20.8m. The principal activities of Divex are the design, supply and assembly of diving and subsea equipment. Further contingent consideration was payable of up to £13.0m based on the future profitability from certain contracts during the five year period ending in December 2017. Management has reviewed its forecasts at the end of December 2014 and has concluded that not all targets to achieve the full consideration will be achieved, as a result the provision has been revised down to £8.4m.

On 19 August 2013, the Group acquired the entire issued share capital of Osiris Marine Services Limited and Osiris Underwater Engineering Services Limited (Osiris) for an initial consideration of £3.3m. The principal activities of Osiris are the supply of diving and subsea services to the renewable energy sector. Further contingent consideration of up to a maximum of £1.3m was payable, linked to future annual profitability targets for the two years ended 30 June 2015. Management has reviewed its forecasts at the end of December 2014 and concluded that it is unlikely that the target for the year to 30 June 2015 will be achieved. The contingent consideration provided for that period has therefore been released to the income statement.

On 26 July 2013, the Group acquired the trade and assets of The Underwater Centre Freemantle Pty Ltd, a commercial diving training centre for a consideration of £0.7m. During the year the Group also acquired the trade and assets of a maritime engineering consultancy for a consideration of £0.1m.

Disposals

Year ended 31 December 2013

On 19 August 2013, the Group disposed of its 25% interest in Foreland Holdings Limited for a gross consideration of £11.4m. The profit on disposal after related costs and provisions was £6.8m. On 9 September 2013, the Group disposed of the marine leisure business of Fendercare Australia for a gross consideration of £1.4m, resulting in a loss on disposal of £0.2m.

18 Inventories

	Group	
	2014 £000	2013 £000
Work in progress	**7,329**	10,360
Raw materials and consumables	**8,059**	12,137
Finished goods	**25,268**	23,979
	40,656	46,476

	Group	
	2014 £000	2013 £000
Inventories stated at net realisable value	**71**	-
Amount charged to the income statement in respect of inventory write-downs	**778**	547
Reversal of inventory write-downs	**52**	47

19 Trade and other receivables

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Trade receivables	**47,149**	56,307	**14**	97
Amounts owed by group undertakings	**-**	-	**1,476**	997
Amounts owed by joint venture undertakings	**6,069**	1,134	**-**	-
Other non-trade receivables	**7,880**	4,878	**2,895**	1,098
Prepayments and accrued income	**32,769**	19,684	**288**	317
	93,867	82,003	**4,673**	2,509
Construction contracts in progress	**23,777**	9,670	**-**	-
	117,644	91,673	**4,673**	2,509

At 31 December 2014, the aggregated amount of costs incurred and recognised profits (less recognised losses) to date under open construction contracts amounted to £23.5m (2013: £29.4m). Retentions relating to construction contracts included in trade receivables are £0.1m (2013: £nil).

Of the above other non-trade receivables of £0.3m (2013: £0.1m) are expected to be recovered in more than one year.

20 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	**2014**	2013	**2014**	2013
In issue at 1 January	**50,099**	50,068	**100**	100
Exercise of share options	**-**	31	**-**	-
In issue at 31 December	**50,099**	50,099	**100**	100
	2014 £000	2013 £000	**2014 £000**	2013 £000
Issued share capital	**12,525**	12,525	**100**	100

Rights attached to shares

The shareholders have the following rights to receive dividends:

£1 Cumulative preference shares receive 3.5% per annum on the par value; and
25p Ordinary shares 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.

Treasury shares

	2014 £000	2013 £000
153,192 (2013: 154,170) ordinary shares of 25p	**1,988**	1,392

The Company has established an Employee Share Ownership Trust, the James Fisher and Sons plc Employee Share Ownership Trust, in connection with share option and long-term incentive schemes for employees. These shares are classified as treasury shares in the accounts of the Group and Company. The market value of these shares at 31 December 2014 was £1.8m (2013: £1.9m). The Trust has not waived its right to receive dividends.

No ordinary shares of 25p were allotted on the exercise of share options in the year to 31 December 2014. In the year ended 31 December 2013, 31,193 ordinary shares with an aggregate nominal value of £7,798 were issued under the Company's Executive Share Option Scheme at an option price of 327p per share giving rise to total consideration of £102,001.

21 Trade and other payables

Non-current liabilities

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Provision for contingent consideration	**9,086**	12,082	**-**	-
Accruals and deferred income	**499**	421	**-**	-
	9,585	12,503	**-**	-

Current liabilities

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Trade payables	**38,206**	36,659	**2,936**	1,014
Amounts owed to group undertakings	**-**	-	**12,881**	11,077
Amounts owed to joint venture undertakings	**1,506**	2,278	**-**	-
Taxation and social security	**5,371**	3,005	**239**	(63)
Other payables	**11,651**	9,333	**1,001**	2,580
Accruals and deferred income	**49,257**	42,381	**3,022**	2,691
	105,991	93,656	**20,079**	17,299

22 Retirement benefit assets and obligations

The retirement benefit obligations included in the Group and Company balance sheets relate to The James Fisher and Sons plc Pension Fund for Shore Staff (Shore Staff); together with the Group's obligations to the Merchant Navy Officers Pension Fund (MNOPF), an industry wide scheme which is also accounted for as a defined benefit scheme. The Company has obligations under the Shore Staff and under the MNOPF scheme, the balance of which relates to its subsidiary, FT Everard & Sons Limited.

The valuations of the schemes have been updated to 31 December 2014 by qualified actuaries using agreed assumptions as detailed in the table of assumptions included below.

In 2014 the Group disposed of two defined benefit schemes located in Norway to an insurance company and is now operating a defined contribution scheme. These were included in the 2013 table below at their fair value based on an actuarial valuation as at 31 December 2013.

The Group's obligations in respect of its pension schemes at 31 December 2014 were as follows:

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Shore staff pension scheme	**(10,522)**	(9,777)	**(10,522)**	(9,777)
MNOPF pension scheme	**(11,284)**	(13,460)	**(8,611)**	(9,784)
ScanTech pension scheme	**-**	96	**-**	-
	(21,806)	(23,141)	**(19,133)**	(19,561)

Details of the schemes operated by the Group are as follows:

James Fisher and Sons plc Pension Fund for Shore Staff

The assets of this scheme are held in a separate trustee administered account. The scheme was closed to new members in October 2001 when the Company changed to a defined contribution scheme for all new members. The pension cost is assessed in accordance with the advice of professionally qualified actuaries. These financial statements incorporate the latest full actuarial valuation of the Shore Staff Scheme carried out as at 31 July 2013, rolled forward to 31 December 2014. The scheme closed to future accrual on 31 December 2010. Contributions to the scheme from the Company amounted to £1.6m (2013: £1.6m).

Merchant Navy Officers Pension Fund

In 2005 the High Court established that former as well as existing employers are liable to make payments in respect of the funding deficit of the MNOPF. The Company was informed by the trustees as to the level of annual payments it will be required to make into the fund over a period of ten years commencing October 2005 representing its share of the deficit disclosed in the initial actuarial valuation carried out as at 31 March 2003.

As stated in note 27, the trustees have also indicated that they may make calls for further contributions in the future, if new deficits arise or if other employers liable for contributions are not able to pay their share. The MNOPF is valued every three years and further deficits have typically been funded over a ten year period. In May 2013, the trustees of the scheme concluded the triennial valuation of the scheme as at 31 March 2012. The Group's share of the revised deficit was £4,163,000 and this was accounted for in the calculation of its 2013 liability. The new liability will be funded over a ten year period from September 2013.

Since the Company has no control over the calls for contributions made from the MNOPF, it has determined that the fund should be accounted for as a defined benefit scheme and its liability recognised accordingly. The share of the Group and Company in the MNOPF as advised by the trustees is Group 3.0% (2013: 3.0%) and Company 1.4% (2013: 1.4%). 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 is 3.75% (2013: 4.65%). The disclosures below relate to the Group's share of the assets and liabilities within the MNOPF.

Actuarial assumptions

The last actuarial valuations performed have been updated to 31 December 2014 by the Company's actuary. 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:

	2014	2013
Inflation (long-term rate after adjustment for short-term fluctuations) (%)	**3.05**	3.4
Rate of increase of pensions in payment - shore staff (%)	**2.95 - 3.05**	3.3 - 3.4
Discount rate for scheme liabilities (%)	**3.75**	4.65
Expected rates of return on assets (%)	**3.75**	4.65
Post retirement mortality (years):		
Shore staff scheme		
Current pensioner at 65 - male	**21.1**	21.0
Current pensioner at 65 - female	**23.4**	23.3
Future pensioner at 65 - male	**22.9**	22.8
Future pensioner at 65 - female	**25.3**	25.2
ScanTech Produkt		
Current pensioner at 65 - male	**N/A**	21.8
Current pensioner at 65 - female	**N/A**	25.0
Future pensioner at 65 - male	**N/A**	22.4
Future pensioner at 65 - female	**N/A**	26.1

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.

Investments

The schemes’ assets do not include any of the Group’s own financial instruments, nor any property occupied by, or used by the Group.

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 3.2%
Rate of inflation	Increase by 0.25%	Increase by 1.5%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 3.2%

MNOPF

Key measure	Change in assumption	Change in deficit
Discount rate	Decrease of 0.25%	Increase by 1.0%

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

As at 31 December 2014

	Group				Company		
	Shore staff £000	**MNOPF £000**	**ScanTech Produkt £000**	**Total £000**	**Shore staff £000**	**MNOPF £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**
Property	**-**	**75**	**-**	**75**	**-**	**35**	**35**
Other investments	**46,649**	**39,798**	**-**	**86,447**	**46,649**	**18,729**	**65,378**
Cash/net current 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)**

As at 31 December 2013

	Group				Company		
	Shore staff £000	MNOPF £000	ScanTech Produkt £000	Total £000	Shore staff £000	MNOPF £000	Total £000
Equities	20,712	4,356	-	25,068	20,712	2,050	22,762
Gilts/corporate bonds	23,611	7,836	232	31,679	23,611	3,687	27,298
Property	-	954	-	954	-	449	449
Other investments	4,821	61,185	-	66,006	4,821	28,794	33,615
Cash/net current assets	151	2,471	-	2,622	151	1,163	1,314
Fair value of scheme assets	49,295	76,802	232	126,329	49,295	36,143	85,438
Present value of scheme liabilities	(59,072)	(90,262)	(136)	(149,470)	(59,072)	(45,927)	(104,999)
Net pension (liabilities)/assets recognised in the balance sheet	(9,777)	(13,460)	96	(23,141)	(9,777)	(9,784)	(19,561)

22 Retirement benefit assets and obligations continued

Expense recognised in the income statement (included in administrative expenses and finance costs):

Year ended 31 December 2014

	Group				Company		
	Shore staff £000	MNOPF £000	ScanTech Produkt £000	Total £000	Shore staff £000	MNOPF £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 recorded in interest	(2,264)	(3,572)	-	(5,836)	(2,264)	(1,681)	(3,945)
	594	555	-	1,149	594	413	1,007
Actual return on plan assets	5,757				5,757		

Year ended 31 December 2013

	Group				Company		
	Shore staff £000	MNOPF £000	ScanTech Produkt £000	Total £000	Shore staff £000	MNOPF £000	Total £000
Current service cost	27	-	17	44	27	-	27
Settlement gains	-	(610)	-	(610)	-	-	-
Expenses	141	-	2	143	141	-	141
Interest cost on benefit obligation	2,460	3,993	5	6,458	2,460	2,047	4,507
Return on scheme assets recorded in interest	(2,062)	(3,291)	(8)	(5,361)	(2,062)	(1,687)	(3,749)
	566	92	16	674	566	360	926
Actual return on plan assets	4,027				4,027		

Movements in the benefit liability/(asset) during the year:

Year ended 31 December 2014

	Group				Company		
	Shore staff £000	MNOPF £000	ScanTech Produkt £000	Total £000	Shore staff £000	MNOPF £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 losses	1,806	320	-	2,126	1,806	232	2,038
	10,522	11,284	-	21,806	10,522	8,611	19,133

Year ended 31 December 2013

	Group				Company		
	Shore staff £000	MNOPF £000	ScanTech Produkt £000	Total £000	Shore staff £000	MNOPF £000	Total £000
As at 1 January 2013	9,695	17,428	(62)	27,061	9,695	8,944	18,639
Expense recognised in the income statement	566	92	16	674	566	360	926
Contributions paid to scheme	(1,654)	(8,485)	-	(10,139)	(1,654)	(1,689)	(3,343)
Remeasurement loss/(gain)	1,170	4,425	(54)	5,541	1,170	2,169	3,339
Effect of movement in exchange rates	-	-	4	4	-	-	-
	9,777	13,460	(96)	23,141	9,777	9,784	19,561

Remeasurement gains and losses are recognised in the statement of comprehensive income.

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

Year ended 31 December 2014

	Group				Company		
	Shore staff £000	**MNOPF £000**	**ScanTech Produkt £000**	**Total £000**	**Shore staff £000**	**MNOPF £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**

Year ended 31 December 2013

	Group				Company		
	Shore staff £000	MNOPF £000	ScanTech Produkt £000	Total £000	Shore staff £000	MNOPF £000	Total £000
As at 1 January 2013	57,062	91,372	267	148,701	57,062	46,843	103,905
Current service cost	27	-	17	44	27	-	27
Expenses	141	-	2	143	141	-	141
Interest cost	2,460	3,993	5	6,458	2,460	2,047	4,507
Settlement gains	-	(610)	-	(610)	-	-	-
Contributions by scheme participants	7	-	-	7	7	-	7
Remeasurement (gain)/loss							
Actuarial gain arising from scheme experience	(8)	(1,107)	(122)	(1,237)	(8)	(1,208)	(1,216)
Actuarial loss arising from changes in demographic assumptions	1,157	-	-	1,157	1,157	-	1,157
Actuarial loss/(gain) arising from changes in financial assumptions	1,986	(90)	-	1,896	1,986	(66)	1,920
Net benefits paid out	(3,760)	(3,296)	(6)	(7,062)	(3,760)	(1,689)	(5,449)
Effect of movement in exchange rates	-	-	(27)	(27)	-	-	-
	59,072	90,262	136	149,470	59,072	45,927	104,999

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

Year ended 31 December 2014

	Group				Company		
	Shore staff £000	**MNOPF £000**	**ScanTech Produkt £000**	**Total £000**	**Shore staff £000**	**MNOPF £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 gain/(loss)							
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**

22 Retirement benefit assets and obligations continued

Year ended 31 December 2013

	Group				Company		
	Shore staff £000	MNOPF £000	ScanTech Produkt £000	Total £000	Shore staff £000	MNOPF £000	Total £000
As at 1 January 2013	47,367	73,944	329	121,640	47,367	37,899	85,266
Return on scheme assets recorded in interest	2,062	3,291	8	5,361	2,062	1,687	3,749
Remeasurement gain/(loss)							
Return on plan assets excluding interest income	1,965	(5,623)	(67)	(3,725)	1,965	(3,443)	(1,478)
Contributions by employer	1,654	8,487	-	10,141	1,654	1,689	3,343
Contributions by scheme participants	7	-	-	7	7	-	7
Net benefits paid out	(3,760)	(3,297)	(6)	(7,063)	(3,760)	(1,689)	(5,449)
Effect of movement in exchange rates	-	-	(32)	(32)	-	-	-
	49,295	76,802	232	126,329	49,295	36,143	85,438

History of experience gains and losses

Shore staff	**2014 £000**	2013 £000	2012 £000	2011 £000	2010 £000
Fair value of scheme assets	**53,804**	49,295	47,367	44,026	43,555
Defined benefit obligation	**(64,326)**	(59,072)	(57,062)	(54,866)	(52,692)
Deficit in scheme	**(10,522)**	(9,777)	(9,695)	(10,840)	(9,137)
Remeasurement gain/(loss)					
Return on plan assets excluding interest income	**3,493**	1,965	2,262	(490)	1,484
Remeasurement gain on scheme liabilities	**424**	8	-	26	1,752

MNOPF Group	**2014 £000**	2013 £000	2012 £000	2011 £000	2010 £000
Fair value of scheme assets	**80,154**	76,802	73,944	64,835	61,311
Defined benefit obligation	**(91,438)**	(90,262)	(91,372)	(84,054)	(81,973)
Deficit in scheme	**(11,284)**	(13,460)	(17,428)	(19,219)	(20,662)

MNOPF Company	**2014 £000**	2013 £000	2012 £000	2011 £000	2010 £000
Fair value of scheme assets	**37,720**	36,143	37,899	33,231	31,425
Defined benefit obligation	**(46,331)**	(45,927)	(46,843)	(43,097)	(42,035)
Deficit in scheme	**(8,611)**	(9,784)	(8,944)	(9,866)	(10,610)

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 £42.7m (2013: £40.6m). 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.

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 £4.4m (2013: £4.5m).

During the year the Company contributed £0.4m (2013: £0.3m) 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 employees. Details on these schemes are included in the Directors' remuneration report on pages 33 to 46. The Company also operates a Savings Related Share Option Scheme (SRSOS) scheme for eligible employees which is HM Revenue and Customs approved.

Executive Share Option Scheme 2005 (2005 ESOS)

Share options up to a maximum limit 100% of base salary may be awarded to Board Directors and senior executives. The exercise price is equal to the market value at the date of grant. The options vest depending on the Company's total shareholder return relative to the relevant comparator group. If performance over a three year period is in the upper quartile, 100% of the options will vest. For options granted before 31 December 2012, if performance is at the bottom of the median, (second) quartile 40% will vest. For options granted thereafter 25% will vest at the median level. The amount vesting will decrease on a straight line basis between the median and upper quartile. If performance is below the median quartile no shares will vest. A failure to meet these conditions during the performance period causes the options to lapse. The contractual life of each option granted is ten years. There are no cash settlement alternatives. Awards were made under this scheme on 10 April 2014.

Savings Related Share Option Scheme (SRSOS)

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. In order to comply with HM Revenue and Customs' requirements 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 and a half years or greater than seven and a half years. Awards were made under this scheme on 7 May 2014.

Long-Term Incentive Plan (LTIP)

Share options up to a maximum of 100% of base salary may be awarded to main Board Directors and senior executives. The exercise price of the option is £nil. In respect of awards granted up to 31 December 2008, the options vest if the increase in the Company's diluted earnings per ordinary share over the performance period is at least equal to the rate of inflation plus 9%. A failure to meet this target increase during the performance period causes the options to lapse. The contractual life of each option granted is three years. There are no cash settlement alternatives.

For options granted since 31 December 2008, the options vest in full if the increase in diluted earnings per ordinary share over the performance period is at least equal to the rate of inflation plus 18%. If the increase is between 9% and 18% above the rate of inflation the amount of shares vesting reduces on a pro rata basis until at growth of 9% one third of the options granted will vest. Failure to reach the 9% plus the rate of inflation threshold results in all options lapsing. There are no cash settlement alternatives. Awards were made under this scheme on 18 March 2014.

The expense recognised for share based payments relating to equity settled share based payments transactions is £1.2m (2013: £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 scheme (approved at the Annual General Meeting) over 357,933 (2013: 476,317) ordinary shares of 25p each.

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options during the year. In order to avoid distortion of the WAEP options having an exercise price of £nil have been shown separately.

Group

					"Nil" Options	
	2014 Number	**WAEP**	2013 Number	WAEP	**2014 Number**	2013 Number
Outstanding at 1 January	**898,601**	**£5.53**	964,299	£4.69	**476,317**	583,426
Granted during the year	**99,623**	**£14.64**	134,049	£10.40	**86,035**	107,379
Forfeited during the year	**(25,138)**	**£9.20**	(35,317)	£6.58	**-**	-
Exercised	**(35,988)**	**£4.95**	(164,430)	£4.38	**(204,419)**	(214,488)
Outstanding at 31 December	**937,098**	**£6.42**	898,601	£5.53	**357,933**	476,317
Exercisable at 31 December	**559,364**	**£4.47**	415,283	£4.18	**-**	-

The weighted average share price at the date of exercise for the options exercised was £14.15 (2013: £10.25).

For the share options outstanding at 31 December 2014, the weighted average remaining contractual life is 3 years and 7 months (2013: 3 years and 10 months).

The weighted average fair value of options granted during the year was £8.12 (2013: £5.40). The range of exercise prices for options outstanding at the end of the year was £3.27 - £14.89 (2013: £3.27 - £10.50).

Company

					"Nil" Options	
	2014 Number	**WAEP**	2013 Number	WAEP	**2014 Number**	2013 Number
Outstanding at 1 January	**735,158**	**£5.12**	699,293	£4.62	**237,980**	297,085
Granted during the year	**51,221**	**£14.87**	100,154	£10.30	**97,957**	58,540
Forfeited during the year	**-**	**-**	(2,827)	£9.31	**-**	-
Exercised	**(9,775)**	**£3.43**	(61,462)	£3.95	**(112,049)**	(117,645)
Outstanding at 31 December	**776,604**	**£5.79**	735,158	£5.12	**223,888**	237,980
Exercisable at 31 December	**559,364**	**£4.47**	413,159	£4.17	**-**	-

The weighted average share price at the date of exercise for the options exercised was £14.29 (2013: £10.14).

For the share options outstanding at 31 December 2014, the weighted average remaining contractual life is 4 years and 6 months (2013: 4 years and 10 months).

The weighted average fair value of options granted during the year was £14.30 (2013: £5.74). The range of exercise prices for options outstanding at the end of the year was £3.27 - £14.89 (2013: £3.27 - £10.50).

The fair value of equity settled share based payments has been estimated as at the date of grant using statistical models which will most appropriately determine the fair value of each type of scheme. The Black-Scholes model has been used for the SRSOS and the LTIP schemes, the Binomial model for the 1995 ESOS and the Monte Carlo model for the 2005 ESOS.

23 Share based payments continued

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

	2014	2013
LTIP		
Dividend yield (%)	1.50%	2.00%
Expected life of option (years)	3	3
Share price at date of grant	£14.89	£10.25
2005 ESOS		
Dividend yield (%)	1.50%	2.00%
Expected life of option (years)	6.5	6.5
Share price at date of grant	£14.65	£10.46
Expected share price volatility (%)	25%	30%
Risk free interest rate (%)	2.12%	1.11%
SRSOS		
Dividend yield (%)	1.50%	2.00%
Expected life of option (years)	3.26-7.26	3.26-7.26
Share price at date of grant	£13.93	£9.63
Expected share price volatility (%)	25%	30%
Risk free interest rate (%)	1.38%-1.99%	0.45%-0.96%

The expected share price volatility which is based on historic volatility, is the range within which the continuously compounded annual rate of return on the Company's shares is expected to fall approximately two thirds of the time.

24 Loans and borrowings

Non-current liabilities

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Bank loans	79,865	77,949	79,865	77,949
Finance leases	34	71	-	-
	79,899	78,020	79,865	77,949

Current liabilities

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Overdrafts	-	-	23,944	16,672
Finance leases	54	140	-	-
	54	140	23,944	16,672

Bank loans

Loans analysed by currency are repayable as follows:

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

Year ended 31 December 2013

	Group				Company			
Currency	GBP £000	USD £000	NOK £000	Total £000	GBP £000	USD £000	NOK £000	Total £000
Due between one and two years	30,779	7,245	7,962	45,986	30,779	7,245	7,962	45,986
Due between two and five years	21,616	1,932	-	23,548	21,616	1,932	-	23,548
Due after more than five years	6,000	2,415	-	8,415	6,000	2,415	-	8,415
	58,395	11,592	7,962	77,949	58,395	11,592	7,962	77,949

The interest rates charged during the year ranged from 1.75% to 2.5% (2013: 1.9% to 3.4%). 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	
	2014 £000	2013 £000
Future minimum payments due:		
Within one year	**65**	154
Within two to five years	**38**	84
	103	238
Less: finance charges allocated to future periods	**(15)**	(27)
	88	211
Present value of minimum lease payments is analysed as follows:		
Within one year	**54**	71
Within two to five years	**34**	140
	88	211

Company

The Company does not have any outstanding finance lease commitments.

25 Reconciliation of net debt

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

Group	**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)**

	1 January 2013 £000	Cash flow £000	Other non cash £000	Exchange movement £000	31 December 2013 £000
Cash in hand and at bank	18,339	10,028	-	(4,385)	23,982
Debt due after 1 year	(81,065)	-	1,940	1,076	(78,049)
Debt due within 1 year	-	1,698	(2,146)	448	-
	(81,065)	1,698	(206)	1,524	(78,049)
Finance leases	(396)	332	(191)	44	(211)
Net debt	(63,122)	12,058	(397)	(2,817)	(54,278)

25 Reconciliation of net debt continued

Company	1 January 2014 £000	Cash flow £000	Other non cash £000	Exchange movement £000	31 December 2014 £000
Cash in hand and at bank	**2,846**	**(2,715)**	**-**	**271**	**402**
Debt due after 1 year	**(78,049)**	**-**	**(1,667)**	**(249)**	**(79,965)**
Debt due within 1 year	**(16,672)**	**(8,992)**	**1,720**	**-**	**(23,944)**
	(94,721)	**(8,992)**	**53**	**(249)**	**(103,909)**
Net debt	**(91,875)**	**(11,707)**	**53**	**22**	**(103,507)**

	1 January 2013 £000	Cash flow £000	Other non cash £000	Exchange movement £000	31 December 2013 £000
Cash in hand and at bank	48	4,322	-	(1,524)	2,846
Debt due after 1 year	(81,065)	-	1,940	1,076	(78,049)
Debt due within 1 year	(33,915)	18,941	(2,146)	448	(16,672)
	(114,980)	18,941	(206)	1,524	(94,721)
Net debt	(114,932)	23,263	(206)	-	(91,875)

26 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 2014, the Group had £81.4m (2013: £68.8m) of undrawn committed facilities none of which expire within twelve months.

The Group is required 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 has met its covenant ratios for the year ended 31 December 2014. 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 Group has a borrowing covenant which restricts the total amount that it is able to borrow under revolving credit facilities to a maximum of £150.0m (2013: £150.0m).

The Group manages its capital structure through maintaining close relationships with its bankers who provide the majority of funds used for acquisitions. 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 15% pre tax return on the capital invested.

	2014 £000	2013 £000
Interest bearing loans and borrowings	**79,953**	78,160
Less cash and cash equivalents	**(17,719)**	(23,982)
Net debt	**62,234**	54,178
Equity attributable to the equity holders of the parent	**202,754**	182,904
Gearing ratio	**30.7%**	29.6%

The reasons for the change in gearing over the previous year are discussed in the Strategic report on pages 1 to 22.

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

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign exchange risk

Details of the Group's financial instrument risk management objectives, strategies and policies are set out on pages 1 to 22 of the Strategic report. Further information on these risks is presented below and is included in other disclosures throughout these consolidated financial statements.

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.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Available for sale financial assets	**1,478**	1,378	**1,368**	1,368
Receivables	**108,142**	84,655	**4,385**	2,598
Cash and cash equivalents	**17,719**	23,982	**402**	2,846
Interest rate swaps used for hedging:				
Assets	**49**	547	**49**	547
Forward exchange contracts used for hedging:				
Assets	**-**	866	**-**	866
	127,388	111,428	**6,204**	8,225

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 37% of Group revenue (2013: 30%). No customer accounted for more than 7% (2013: 8%) 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.

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				Company			
	2014		2013		**2014**		2013	
	Gross £000	**Allowance £000**	Gross £000	Allowance £000	**Gross £000**	**Allowance £000**	Gross £000	Allowance £000
Not past due	**43,665**	**-**	48,426	-	**14**	**-**	97	-
Past due	**26,075**	**815**	13,018	1,074	**-**	**-**	-	-
	69,740	**815**	61,444	1,074	**14**	**-**	97	-

The Group establishes an allowance for unrecoverable amounts, movements on which are as follows:

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Balance at 1 January	**1,074**	899	**-**	-
Exchange differences	**(1)**	(68)	**-**	-
On acquisition of subsidiaries	**76**	297	**-**	-
Provided in the year	**247**	494	**-**	-
Recoveries	**(343)**	(197)	**-**	-
Write offs	**(238)**	(351)	**-**	-
	815	1,074	**-**	-

The Group considers that the trade receivables that have not been provided against and are past due by more than 30 days are still collectable 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 further impairment allowance is necessary in respect of trade receivables.

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 2014, the Group has available £81.4m of undrawn committed bank facilities (2013: £68.8m).

26 Financial instruments continued

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

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)

31 December 2013

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	77,949	(83,426)	(2,747)	(47,305)	(24,744)	(8,630)
Finance lease liabilities	211	(211)	(140)	(43)	(28)	-
Trade and other payables	98,639	(98,639)	(98,639)	-	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging	(94)	(1,723)	(577)	(323)	(808)	(15)
Forward exchange contracts used for hedging						
Outflow	13	(3,041)	(3,041)	-	-	-
Inflow	(866)	17,218	17,218	-	-	-
	175,852	(169,822)	(87,926)	(47,671)	(25,580)	(8,645)

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)

31 December 2013

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	94,621	(100,098)	(19,419)	(47,305)	(24,744)	(8,630)
Trade and other payables	15,904	(15,904)	(15,904)	-	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging	(6)	(1,490)	(344)	(323)	(808)	(15)
Forward exchange contracts used for hedging						
Outflow	13	(3,041)	(3,041)	-	-	-
Inflow	(866)	17,218	17,218	-	-	-
	109,666	(103,315)	(21,490)	(47,628)	(25,552)	(8,645)

Foreign exchange risk

The Group incurs foreign currency risks on sales, purchases and borrowings denominated in currencies other than Sterling. The Group's principal transactional exposures are to the US Dollar and Euro. The principal exposures arising from its net investment overseas is to the Norwegian Kroner. The Group's objectives in managing its structural currency exposures are to maintain a low cost of borrowings and to minimise the risk of adverse currency movements to its cash flow. Gains and losses arising from the Group's net investments overseas are recognised in the Consolidated income statement.

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

	31 December 2014						31 December 2013					
	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	**44,282**	**2,649**	**53,271**	**9,205**	**4,731**	**-**	34,335	3,933	60,370	3,349	4,004	-
Cash at bank and in hand	**19,569**	**6,569**	**3,736**	**2,027**	**11,186**	**589,914**	20,682	1,304	2,243	1,390	4,398	601,740
Unsecured bank loans	**(11,000)**	**-**	**-**	**-**	**-**	**-**	(19,200)	-	(80,000)	-	-	-
Trade payables	**(10,618)**	**(5,639)**	**(14,796)**	**(2,911)**	**(1,503)**	**(318,553)**	(9,210)	(2,648)	(17,569)	(1,273)	(2,766)	(285,040)
Gross balance sheet exposure	**42,233**	**3,579**	**42,211**	**8,321**	**14,414**	**271,361**	26,607	2,589	(34,956)	3,466	5,636	316,700
Forecast sales	**20,113**	**1,190**	**29,050**	**2,051**	**4,886**	**-**	11,598	2,866	41,369	-	4,570	-
Forecast purchases	**(9,510)**	**(1,550)**	**(9,055)**	**(1,830)**	**(2,265)**	**-**	(3,035)	(4,252)	(15,700)	(5)	(60)	-
Gross exposure	**52,836**	**3,219**	**62,206**	**8,542**	**17,035**	**271,361**	35,170	1,203	(9,287)	3,461	10,146	316,700
Forward exchange contracts	**(22,668)**	**1,956**	**-**	**-**	**-**	**-**	(27,100)	-	-	-	-	-
Net exposure	**30,168**	**5,175**	**62,206**	**8,542**	**17,035**	**271,361**	8,070	1,203	(9,287)	3,461	10,146	316,700

At 31 December 2014 the Group's cash balances included £3.7m (2013: £3.8m) 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.

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 included at their fair value in the hedging reserve and in current assets or short-term liabilities until the earlier of their maturity or the date the transaction to which they relate is recognised at which point they are transferred to the income statement.

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.

	2014		2013	
	Equity £000	**Profit or loss £000**	Equity £000	Profit or loss £000
US Dollar	**(1,433)**	**(3,477)**	(158)	(42)
Norwegian Kroner	**(246)**	**(140)**	(325)	(280)
Euro	**(131)**	**266**	3,485	(3,183)
UAE Dirham	**(365)**	**(44)**	(277)	(157)
Singapore Dollar	**(408)**	**(251)**	(315)	(1,172)
Australian Dollar	**(411)**	**(160)**	233	(559)
Malaysian Ringgit	**(40)**	**18**	(40)	(124)
	(3,034)	**(3,788)**	2,603	(5,517)

Interest rate risk

The Group uses derivative financial instruments to 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. The Group has used interest rate swaps to convert interest rates on certain borrowings from floating rates to fixed rates. Details of the interest rate swaps are shown in the table below:

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Fixed rate instruments				
Financial liabilities	**(100)**	(100)	**(100)**	(100)
Variable rate instruments				
Financial assets	**17,719**	23,982	**402**	2,846
Financial liabilities	**(79,865)**	(77,949)	**(103,809)**	(94,621)
	(62,146)	(53,967)	**(103,407)**	(91,775)

26 Financial instruments continued

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 2014 a general increase of one percentage point would have had the following impact:

	2014		2013	
	Equity £000	Profit or loss £000	Equity £000	Profit or loss £000
Variable rate instruments	-	(621)	-	(540)
Interest rate swap	-	310	-	398
Cash flow sensitivity	-	(311)	-	(142)

Fair values

Set out below is a comparison by category of the carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements.

Group		2014		2013	
	Note	Carrying value £000	Fair value £000	Carrying value £000	Fair value £000
Assets carried at fair value					
Forward exchange contracts - cash flow hedges		49	49	866	866
Assets carried at amortised cost					
Receivables	19	108,142	108,142	84,655	84,655
Cash and cash equivalents		17,719	17,719	23,982	23,982
Other investments	16	1,478	1,478	1,378	1,378
		127,339	127,339	110,015	110,015
Liabilities carried at fair value					
Forward exchange contracts - cash flow hedges		(1,685)	(1,685)	(13)	(13)
Forward exchange contracts - other derivatives		(6)	(6)	-	-
Interest rate swaps - cash flow hedges		(651)	(651)	(94)	(94)
		2,342	2,342	(107)	(107)
Liabilities carried at amortised cost					
Unsecured bank loans	24	(79,865)	(74,727)	(77,949)	(74,071)
Trade and other payables	21	(87,973)	(87,973)	(86,557)	(86,557)
Finance leases	24	(88)	(90)	(211)	(227)
Preference shares	20	(100)	(100)	(100)	(100)
		(168,026)	(162,890)	(164,817)	(160,955)

Company		2014		2013	
	Note	Carrying value £000	Fair value £000	Carrying value £000	Fair value £000
Assets carried at fair value					
Forward exchange contracts - cash flow hedges		49	49	866	866
Assets carried at amortised cost					
Receivables	19	4,385	4,385	2,598	2,598
Cash and cash equivalents		402	402	2,846	2,846
Other investments	16	1,368	1,368	1,368	1,368
		6,155	6,155	6,812	6,812
Liabilities carried at fair value					
Forward exchange contracts - cash flow hedges		(1,685)	(1,685)	(13)	(13)
Forward exchange contracts - other derivatives		(6)	(6)	-	-
Interest rate swaps - cash flow hedges		(651)	(651)	(6)	(6)
		(2,342)	(2,342)	(19)	(19)
Liabilities carried at amortised cost					
Overdrafts	24	(23,944)	(23,944)	(16,672)	(16,672)
Unsecured bank loans	24	(79,865)	(74,727)	(77,949)	(74,071)
Trade and other payables	21	(17,055)	(17,055)	(15,904)	(15,904)
Preference shares	20	(100)	(100)	(100)	(100)
		(120,964)	(115,826)	(110,625)	(106,747)

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).

The following table shows an analysis of financial instruments carried at fair value by the level of fair value hierarchy:

Group	Level 2	
	2014 £000	2013 £000
Financial assets measured at fair value		
Forward exchange contracts - cash flow hedges	**49**	866
Financial liabilities measured at fair value		
Forward exchange contracts - cash flow hedges	**(1,685)**	(13)
Forward exchange contracts - other derivatives	**(6)**	-
Interest rate swaps - cash flow hedges	**(651)**	(94)
Financial liabilities not measured at fair value		
Unsecured bank loans	**(74,727)**	(74,071)
Finance leases	**(90)**	(227)
	(77,159)	(74,405)
	(77,110)	(73,539)

Company	Level 2	
	2014 £000	2013 £000
Financial assets measured at fair value		
Forward exchange contracts - cash flow hedges	**49**	866
Financial liabilities measured at fair value		
Forward exchange contracts - cash flow hedges	**(1,685)**	(13)
Forward exchange contracts - other derivatives	**(6)**	-
Interest rate swaps - cash flow hedges	**(651)**	(6)
Financial liabilities not measured at fair value		
Unsecured bank loans	**(74,727)**	(74,071)
	(77,069)	(74,090)
	(77,020)	(73,224)

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.

Hedges - Group and Company

Fair value hedges

At 31 December 2014 and 31 December 2013 the Group did not have any outstanding fair value hedges.

Cash flow hedges

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**	**1.7612**	**(1,659)**
Buy			
Eur 1,955,587	**April 2015 - January 2016**	**1.2513**	**(7)**

26 Financial instruments continued

At 31 December 2013 the Group and Company held forward currency contracts designated to hedge future commitments in US Dollars. The terms of the contracts are as follows:

	Maturity	Exchange rate	Fair value £000
Sell US$ 27,100,000	January 2014 - August 2014	1.5367	866
Buy Eur 3,637,040	January 2014 - July 2014	1.1956	(9)

The foreign exchange contracts have been negotiated to match the expected profile of receipts. At 31 December 2014 these hedges were assessed to be highly effective and an unrealised loss of £2.6m (2013: £0.3m) 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. A subsidiary company, ScanTech Eiendom AS, entered into an interest rate swap in respect of a loan secured against the new build property included in its balance sheet. On disposal of this business this instrument was reassigned to the external borrowings of James Fisher Norway AS. This contractual arrangement ended on 30 June 2014. 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	
	2014 £000	2013 £000	Maturity	Fixed rate %	**2014 £000**	2013 £000
Sterling interest rate swaps	**31,000**	41,500	30 January 2017 to 30 January 2019	1.03% - 3.71%	**(651)**	(6)
	NOK000	NOK000				
NOK interest rate swaps	-	80,000			**-**	(88)

Derivative financial instruments not qualifying as hedges

At 31 December 2014 and 31 December 2013 the Group did not hold any derivative financial instruments which did not qualify for hedge accounting.

27 Commitments and contingencies

Operating leases

The future minimum rentals payable under non-cancellable operating leases at 31 December are as follows:

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
Within one year	**13,101**	15,877	**205**	56
After one year but not more than five years	**16,811**	24,392	**243**	133
After five years	**10,499**	12,256	**5**	27
	40,411	52,525	**453**	216

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. As noted in the contingent liabilities section below, certain of the lease liabilities in relation to bareboat charters are guaranteed by a member of the Group other than the entity holding the charter.

Capital commitments

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

	Group		Company	
	2014 £000	2013 £000	**2014 £000**	2013 £000
	3,895	2,439	**-**	-

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 27 group undertakings in respect of which the Company is jointly and severally liable for all amounts due to HM Revenue & Customs under the arrangement.

(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 2015 and 2017.

(d) Subsidiaries of the Group have issued performance and payment guarantees to third parties with a total value of £4,726,000 (2013: £6,850,000).

(e) The trustees of the Merchant Navy Officers Pension Fund (MNOPF) have indicated that under the terms of the High Court ruling in 2005 which established the liability of past employers to fund the deficit on the post-1978 section of the MNOPF, they may make calls for further contributions in the future 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.

(h) In 2011 the High Court established that past employers as well as current employers of the Merchant Navy Ratings Pension Fund (MNRPF) would be required to fund any deficit on the MNRPF. The trustees of the scheme having consulted with past and present employers on the method to be used to calculate liability, applied to the High Court in late 2014 for a ruling that introducing a proposed new deficit contribution regime is a proper exercise of their amendment power. The court gave confirmation early in 2015. The trustees had previously indicated that they believe that the Group has a liability in respect of this scheme. Due to the uncertainty associated with the timing and amount of this liability the Directors have concluded that it would not be appropriate to make a provision at this time.

28 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 2014 was £118.8m (2013: £92.8m). Amounts owed to subsidiary undertakings by the Company at 31 December 2014 totalled £12.9m (2013: £11.1m).

The Company has had no expense in respect of bad or doubtful debts of subsidiary undertakings in the year (2013: £nil).

Group

FCM businesses

The Group has interests of between 40% and 50% in several joint ventures providing ship to ship transfer services in West Africa, Northern Europe and Asia through its wholly owned subsidiary, Fender Care Marine Services Limited.

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. Included in the contract is the provision of a submarine rescue vessel acquired by FRM from JFMS. FRM subcontracts part of the provision of the submarine rescue service to JFMS and its 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 (2013: £0.1m). Dividends received or receivable during the period included in the results of the Group are £0.5m (2013: £0.7m).

DivexDomeyer

The Group through its Divex 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 overleaf.

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 overleaf.

James Fisher Angola Limitada

In May 2012 a loan of £325,000 was advanced from James Fisher Angola Limitada to Bouclier Limitada a company controlled by the Group's joint venture partner. This loan which is unsecured and does not carry interest, represents an advance payment in respect of the borrower's future entitlement to dividends from James Fisher Angola Limitada. In November 2014, a further loan of £301,000 was advanced from James Fisher Angola Limitada to Bouclier Limitada. These amounts remain outstanding at 31 December 2014.

28 Related party transactions continued

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
Foreland Shipping Limited	**2014**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
	2013	354	-	-	-	-
FCM businesses	**2014**	**-**	**9,332**	**658**	**5,159**	**1,506**
	2013	-	4,159	1,192	474	2,273
First Response Marine	**2014**	**603**	**2,629**	**228**	**661**	**-**
	2013	2,676	-	5	660	5
DivexDomeyer	**2014**	**-**	**368**	**-**	**111**	**-**
	2013	-	397	-	171	-
Eurotestconsult	**2014**	**-**	**1,061**	**-**	**137**	**-**

No provision for bad debts has been made in respect of these balances (2013: £nil). No bad debts arose during the period relating to these transactions (2013: £nil).

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

29 Post balance sheet events

On 15 January 2015, the Group acquired the entire issued share capital of High Technology Sources Limited (HTSL), for 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. HTSL will be 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 a further contingent consideration of up to a maximum of £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 also operates a hyperbaric chamber for patients of the NHS Grampian. NHC will be included in the Group's Specialist Technical division.

On 2 March 2015, the Group acquired the entire share capital of Subtech Group Holdings (Pty) Limited (Subtech) for an initial £3.4m with potential contingent consideration based on profitability between 2015 and 2019 of up to £14.7m. Subtech is a Durban based marine services business with operations in Namibia and Mozambique, and will be included within in the Marine Support division.

Further disclosures relating to the acquisitions as required by IFRS 3 - Business Combinations, have not been included in this report as there has been insufficient time to obtain and review the relevant financial information from the companies and calculate the accounting treatment and disclosures for these business combinations.

Group financial record

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Revenue					
Marine Support	**164,150**	171,267	157,387	117,252	98,750
Offshore Oil	**104,880**	99,190	83,359	71,211	58,540
Specialist Technical	**121,461**	81,898	60,678	52,356	39,202
Tankships	**54,308**	61,312	61,824	66,805	71,857
	444,799	413,667	363,248	307,624	268,349
Underlying operating profit					
Marine Support	**14,150**	18,262	19,341	18,380	17,515
Offshore Oil	**22,426**	19,690	17,131	12,783	11,023
Specialist Technical	**13,338**	8,544	5,473	6,902	6,226
Tankships	**4,711**	3,200	2,405	1,145	725
Common costs	**(3,088)**	(3,059)	(3,201)	(3,077)	(3,006)
	51,537	46,637	41,149	36,133	32,483
Net finance costs	**(4,684)**	(5,289)	(6,160)	(6,128)	(5,355)
Underlying profit before taxation	**46,853**	41,348	34,989	30,005	27,128
Separately disclosed items	**2,381**	4,875	11,388	(254)	(1,187)
Profit before taxation	**49,234**	46,223	46,377	29,751	25,941
Taxation	**(8,751)**	(7,475)	(6,312)	(5,634)	(6,109)
Profit after taxation	**40,483**	38,748	40,065	24,117	19,832
Intangible assets	**127,130**	113,658	92,633	93,188	89,274
Property, plant and equipment	**116,629**	108,202	103,484	103,898	104,683
Investment in associates and joint ventures	**10,625**	10,845	13,761	13,904	13,063
Working capital	**49,518**	44,831	49,059	52,824	46,265
Contingent consideration	**(9,086)**	(12,082)	-	-	-
Pension obligations	**(21,806)**	(23,141)	(27,061)	(30,133)	(29,786)
Taxation	**(6,486)**	(4,228)	(4,838)	(3,209)	(5,405)
Capital employed	**266,524**	238,085	227,038	230,472	218,094
Net borrowings	**62,334**	54,278	63,122	98,793	100,329
Equity	**204,190**	183,807	163,916	131,679	117,765
	266,524	238,085	227,038	230,472	218,094

	pence	pence	pence	pence	pence
Earnings per share:					
Basic	**80.2**	76.6	79.1	48.4	39.9
Diluted	**79.2**	75.7	78.5	48.0	39.7
Underlying basic	**74.9**	66.3	55.6	48.8	42.2
Underlying diluted	**74.0**	65.6	55.1	48.4	41.9
Dividends declared per share	**22.0**	20.0	17.7	16.1	14.7
Operating margin (%)	**11.6%**	11.3%	11.3%	11.7%	12.1%
Return on capital employed (post tax) (%)	**16.5%**	16.9%	15.3%	13.0%	11.8%
Net gearing (%)	**30.7%**	29.6%	38.6%	74.9%	85.1%
Dividend cover (times)	**3.4**	3.3	3.1	3.0	2.7

Subsidiary, joint venture and associated undertakings

Details of the principal companies, joint ventures and associated undertakings in which the Group and the Company (unless indicated) holds 20% or more of the nominal value of any class of share capital are as set out below. Except in relation to joint ventures and associated undertakings, all such companies are wholly owned by the Group.

Subsidiary undertakings

Name of company (Incorporated in Great Britain unless otherwise stated)	Principal activities	Place of business
Cattedown Wharves Limited	Wharfage & Warehousing*	UK
Divex Limited	Marine Services*	UK
Fendercare Limited	Marine Services*	UK
Fendercare Marine Limited	Marine Services*	UK
Fendercare Marine (Asia Pacific) Pte Ltd (Incorporated in Singapore)	Marine Services*	Singapore
Fendercare Marine Products (Asia Pacific) Pte Ltd (Incorporated in Singapore)	Marine Services*	Singapore
James Fisher Everard Limited	Ship Operators*	UK
James Fisher Marine Services Limited	Marine Services	UK
James Fisher Nuclear Limited	Engineering*	UK
James Fisher Offshore Limited	Marine Services	UK
Prolec Limited	Engineering*	UK
RMSPumptools Limited	Engineering*	UK
Scantech Offshore Limited	Marine Services	UK
ScanTech AS (Incorporated in Norway)	Marine Services*	Norway
Strainstall UK Limited	Engineering*	UK
Testconsult Limited	Engineering*	UK

Joint ventures and associated undertakings

Name of company	Principal activities	Place of business
Fendercare Middle East LLC (49%)	Marine Services**	Dubai
James Fisher Angola Limitada (49%)	Marine Services**	Angola

*held by a subsidiary undertaking

**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 30 April 2015 at 12 noon to consider and, if thought fit, to pass Resolutions 1 to 16 inclusive as ordinary resolutions and Resolutions 17 to 19 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 2014.

Resolution 2

To approve the Remuneration policy report (contained in the Directors' remuneration report for the year ended 31 December 2014).

Resolution 3

To approve the Directors' remuneration report (other than the part containing the Remuneration policy report) for the year ended 31 December 2014.

Resolution 4

To declare a final dividend for the year ended 31 December 2014 of 14.9p per ordinary share.

Resolution 5

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

Resolution 6

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

Resolution 7

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

Resolution 8

To re-elect Mr M S Paul 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 elect Ms A I Comiskey as a Director of the Company.

Resolution 12

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

Resolution 13

To authorise the Directors to determine the auditor's remuneration.

Special Business

Resolution 14

That the proposed amendments to the rules of the James Fisher Long-Term Incentive Plan (2011 LTIP) as referred to in the Appendix and explanatory notes to this Notice of AGM, and contained in the amended rules of the 2011 LTIP produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to implement such amendments, including renaming the updated 2011 LTIP as the James Fisher and Sons plc 2015 Long-Term Incentive Plan.

Resolution 15

That the rules of the James Fisher and Sons plc 2015 Sharesave Plan (2015 Sharesave) as referred to in the Appendix and explanatory notes to this Notice of AGM and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to:

(a) make such modifications to the 2015 Sharesave as they may consider appropriate to take account of the requirements of HMRC and best practice, and for the implementation of the 2015 Sharesave and to adopt the 2015 Sharesave as so modified and to do all such other acts and things as they may consider appropriate to implement the 2015 Sharesave; and

(b) establish further plans based on the 2015 Sharesave but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the 2015 Sharesave.

Resolution 16

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 £4,174,918 provided that this authority shall expire on the date of the next AGM of the Company or, if earlier, on 30 June 2016, 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 17

Special Resolution

That subject to the passing of Resolution 16, the Directors be hereby empowered 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 16 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 £626,238;

and shall expire upon the expiry of the general authority conferred by Resolution 16 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 18

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 2,504,951 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 2016 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 19

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

2 March 2015

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 2014 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, on a poll, vote 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 12 noon on 28 April 2015. 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 terms and conditions of appointment of the Non-Executive Directors, together with a copy of the Company's Articles of Association and a copy of the proposed amended rules of the James Fisher Long-Term Incentive Plan and the new James Fisher and Sons plc 2015 Sharesave 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 11.30 a.m. 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 auditors' 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 auditors 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 28 April 2015 (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 2 March 2015 (being the latest practical date before the publication of this Notice), the Company's issued share capital consists of 50,099,015 ordinary shares, carrying one vote each, and 100,000 preference shares carrying one vote each. Therefore the total voting rights in the Company are 50,199,015. 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.

Resolution 2 – Approval of the Directors' remuneration policy

In accordance with the Companies Act 2006, the Company proposes an ordinary resolution to approve the Directors' remuneration policy (contained in the Directors' remuneration report). The proposed policy is set out on pages 35 to 39 of the Annual Report. The vote on Resolution 2 is a binding vote and, if passed, will mean that the Directors' can only make remuneration payments in accordance with the approved policy. The Company is required to ensure that a vote on its Remuneration policy takes place annually unless the approved policy remains unchanged, in which case the Company will propose a similar resolution at least every three years.

Resolution 3 – Approval of the Directors' remuneration report

In accordance with the Companies Act 2006, the Company proposes an ordinary resolution to approve the Directors' remuneration report for the financial year ended 31 December 2014. The Directors' remuneration report is set out on pages 33 to 46 of the Annual Report and, for the purposes of this resolution, does not include the parts of the Directors' remuneration report containing the Directors' remuneration policy which is set out on pages 35 to 39. The vote on this resolution is advisory only and the Directors' entitlement to remuneration is not conditional on its being passed.

Resolution 4 – 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 14.9p per ordinary share in respect of the financial year ended 31 December 2014. If the meeting approves Resolution 4, the final dividend will be paid on 8 May 2015 to ordinary shareholders who are on the register at the close of business on 10 April 2015. It is proposed to pay the dividend.

Resolutions 5 to 11 – 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 the UK Corporate Governance Code (Code) provides that all Directors of FTSE 350 companies should be subject to re-election by their shareholders every year.

In accordance with this provision of the Code, the Board has decided that all Directors shall retire at the AGM and offer themselves for re-election. Aedamar Comiskey who joined the Company on 1 November 2014 as a Non-Executive Director will be proposed for election for the first time at this year's AGM. Following performance reviews the Chairman and the Board believe that each of the Directors standing for re-election or 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 5 to 11 shall be proposed as ordinary resolutions. Biographical details of each of our Directors appear on page 23 of the Annual Report.

Resolutions 12 and 13 – 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 Directors to agree the auditor's remuneration.

Special Business Explanatory Notes

Resolutions 14 and 15 – Updating the LTIP and establishing a new all employee share plan

Resolution 14 seeks authority from shareholders to update the terms of the existing James Fisher Long-Term Incentive Plan (2011 LTIP).

The updated terms of the 2011 LTIP have been developed by the Remuneration Committee of the Board of Directors to bring the 2011 LTIP into line with current market and best practice and to govern future award policy.

As per under the existing rules of the 2011 LTIP, the updated form of the 2011 LTIP would continue to provide for discretionary annual share based awards ordinarily vesting three years from grant, subject to continued service and to the extent to which performance criteria are met over a three year measurement period.

Recent policy at the Company has been to deliver share incentive policy for Executive Directors through a mix of awards under the 2011 LTIP and also market price share option awards under the recently expired 2005 Executive Share Option Scheme (ESOS).

It is currently intended that the updated form of the 2011 LTIP (which would in connection with the proposed amendments also be renamed the James Fisher and Sons plc 2015 Long-Term Incentive Plan (2015 LTIP)) will be the primary long-term incentive arrangement for the Company's Executive Directors and senior management, with no further use of market price option awards.

A summary of the proposed amendments to the 2011 LTIP together with details of the performance conditions proposed for the first awards under it to the Company's Executive Directors is set out in the 1st Appendix to this Notice.

Resolution 15 seeks authority from shareholders for the implementation of a new all employee sharesave scheme, the James Fisher and Sons plc 2015 Sharesave Scheme (2015 Sharesave), to replace the existing James Fisher and Sons plc Savings Related Share Option Scheme, which expires in 2015.

Sharesave schemes are 'all employee' savings related share option plans under which UK based employees may be invited by the Company to sign up to savings contracts to save up to £500 per month over a three or five year savings term. On the maturity of the contracts, participants can elect to use their savings (and any interest) to exercise a related share option to acquire shares on UK tax favoured terms or ask for the return of the savings (and any interest).

A summary of the principal terms of the 2015 Sharesave is set out in the 2nd Appendix to this Notice.

Resolution 16 – 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 £4,174,918 (16,699,672 ordinary shares) representing approximately 33% of the nominal value of the Company's total issued ordinary share capital as at 2 March 2015 being the latest practical date before publication of this Notice. The authority will expire at the conclusion of the AGM to be held in 2016, or, if earlier, on 30 June 2016 and replaces an authority granted on 1 May 2014 which expires at the conclusion of the forthcoming AGM.

The Directors have no present intention to exercise this authority.

At 2 March 2015 the Company does not hold any treasury shares.

Resolution 17 – 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 £626,238 (representing 2,504,951 ordinary shares) which represents approximately 5% of the Company's issued equity share capital as at 2 March 2015, being the latest practicable date prior to the publication of this notice. The renewed authority will remain in force until the date of the next AGM or on 30 June 2016, whichever is the earlier and replaces the authority granted on 1 May 2014 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 18 – Authority to purchase own shares

This special resolution, gives the Company authority to purchase in the market up to 2,504,951 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 2016, or on 30 June 2016, whichever is earlier, and replaces a similar authority granted on 1 May 2014 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 2 March 2015, being the latest practical date before publication of this Notice, there were options over ordinary shares in the capital of the Company representing 2.59% 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 2.72% 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 19 – Authority to hold general meetings (other than annual AGMs) 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 coming into force. The Company is currently able to call general meetings (other than an AGM) on 14 clear day's notice. In order to be able to preserve this ability, shareholders must have approved the calling of meetings on 14 day's notice. Resolution 19, 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 to 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.

1st Appendix

Proposed amendments to the rules of the 2011 LTIP

As per under the existing rules of the 2011 LTIP, the updated form of the 2011 LTIP would continue to provide for discretionary annual share based awards ordinarily vesting three years from grant, subject to continued service and to the extent to which performance criteria are met over a three year measurement period. A summary of the proposed amendment to the rules of the 2011 LTIP is set out below. Please note, for the purpose of the summary below, for ease of context, we refer to the proposed amended form of the 2011 LTIP as the 2015 LTIP.

Increase in individual award limit

The rules of the 2011 LTIP currently provide that in any plan year a participant may receive awards of market value at grant of up to 100% of annual base salary.

As the Remuneration Committee's (Committee) intention is for future award policy to be governed solely through the 2015 LTIP (with no tandem award policy under a market price share option plan such as the recently expired ESOS) it is proposed that the 2015 LTIP's limit would be set at a market value (calculated on such basis as the Committee reasonably determines) of up to 200% of annual base salary.

The Committee's current intention is that, in practice, awards under the 2015 LTIP are unlikely to be granted in excess of 150% of annual base salary.

Flexibility to set different performance conditions for future awards

The rules of the 2011 LTIP currently provide that awards must solely be subject to earnings per share (EPS) growth performance condition.

It is proposed that first awards under the 2015 LTIP would be subject to the following two independent performance conditions.

70% of an award (EPS Element) will be subject to a performance condition based on the Company's EPS growth over a performance period of three financial years starting with the financial year in which the award is granted (Performance Period). To ensure that the targets remain suitably challenging throughout the Performance Period, the Committee will have discretion to adjust the calculation of EPS growth to ensure a consistent basis of calculation following any changes to accounting standards.

The following vesting schedule for the EPS Element of such awards would apply:

Consolidated EPS growth in excess of RPI over the Performance Period	Percentage of the EPS Element that vests
Less than 9%	0%
9%	25%
Between 9% and 18%	On a straight line basis between 25% and 100%
18% or more	100%

The remaining 30% of each of the first award (TSR Element) proposed under the 2015 LTIP would be subject to performance based on the Company's total shareholder return (TSR) performance over the Performance Period relative to the TSR performance over the same period of a comparator group of companies as at the start of the Performance Period.

The following vesting schedule for the TSR Element of such awards would apply:

Rank of the Company's TSR performance relative to the TSRs of the comparator group companies over the Performance Period	Percentage of the TSR Element that vests
Below median	0%
Median	25%
Between median and upper quartile	On a straight line basis between 25% and 100%
Upper quartile or above	100%

The relevant TSR figures may be calculated by reference to an averaging period at the beginning and end of the Performance Period. Any such period will be specified by the Committee prior to the grant of the awards.

Under the terms of the 2015 LTIP the Committee would retain discretion to set such alternative targets as it considered appropriate for subsequent awards.

For example, this could include the Committee using EPS and TSR measures but varying the relative weighting between the EPS and TSR measures, or to choose other financial measures to apply to future awards, to reflect the evolving priorities for the business.

The terms of the 2015 LTIP will also include discretion for the Committee to vary the performance conditions applying to awards following their grant under the 2015 LTIP if an event has occurred which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied targets are fair and reasonable and not materially less challenging than the original performance conditions would have been but for the event in question.

Include the flexibility to award dividend equivalents to the extent awards vest

The terms of the 2015 LTIP will include a new feature under which the Committee may decide that participants will receive a payment (in cash and/or shares) on or shortly following the settlement of their awards, of an amount equivalent to the dividends that would have been paid on the shares subject to such awards between the time when the awards were granted and the time when they vest. This amount may assume the reinvestment of dividends.

Include the flexibility to structure future awards as nil or nominal cost options

In line with current market practice, the 2015 LTIP will provide flexibility to structure awards either as condition share awards (as per the 2011 LTIP) or as nil or nominal cost options if it so decides (nil cost options currently are not catered for under the 2011 LTIP).

Once vested, awards in the form of nil or nominal options granted to individuals who are tax resident in the UK would be exercisable up until the day before the tenth anniversary of grant, unless they lapse earlier under the terms of the 2015 LTIP.

Fixed vesting date for 2015 awards only

In light of the fact that the proposed amendments to the 2011 LTIP require shareholder approval before awards can be granted under the amended terms, the award date for the 2015 awards will be delayed from the normal April date to May 2015. As a result, in respect of the 2015 awards only, the terms of the 2015 LTIP will permit the vesting period for the 2015 awards to be slightly shorter than three years so that the awards may vest on 6 April 2018, subject to continued service, and the three year performance conditions being met.

Recovery and withholding

The terms of the 2015 LTIP will provide that the Committee may decide at any time between the grant of an award and the third anniversary of the date of its vesting that the award will be subject to recovery and withholding where there has been a material misstatement in the Company's financial results, miscalculation, serious reputational damage to the Company or in the event it is discovered the participant committed serious misconduct that could have warranted summary dismissal.

The recovery and withholding may be satisfied by way of a reduction in the amount of any future bonus and/or subsisting award held under an incentive arrangement (vested or otherwise) and/or by way of a requirement to make a cash payment.

2nd Appendix

Summary of principal terms of the James Fisher and Sons plc 2015 Sharesave Scheme (2015 Sharesave)

Operation

The operation of the 2015 Sharesave will be supervised by the Board of Directors of the Company (Board). It will be UK tax advantaged under the Income Tax (Earnings and Pensions) Act 2003 and implemented in order to provide UK tax advantaged options to UK employees.

Eligibility

Employees and full time Directors of the Company and any designated participating subsidiary who are UK resident tax payers are eligible to participate. The Board may require employees to have completed a qualifying period of employment of up to five years before the grant of options. The Board may also allow other employees to participate.

Grant of options

Options can only be granted to employees who enter into HMRC savings contracts, under which monthly savings are normally made over a period of three or five years. Options must be granted within 30 days (or 42 days if applications are scaled back) of the first day by reference to which the option price is set. The number of shares over which an option is granted will be such that the total option price payable for those shares will correspond to the proceeds on maturity of the related savings contract.

An option may not be granted more than 10 years after shareholder approval of the 2015 Sharesave. Options are not transferable, except on death. Options are not pensionable.

Individual participation

Monthly savings by an employee under all savings contracts linked to options granted under any sharesave scheme may not exceed the statutory maximum (currently £500). The Board may set a lower limit in relation to any particular grant.

Option price

The price per share payable upon the exercise of an option will not be less than the higher of: (i) 80 per cent of the average middle market quotation of a share on the London Stock Exchange on the five days preceding a date specified in an invitation to participate in the 2015 Sharesave (or such other day or days as may be agreed with HMRC); and (ii) if the option relates only to new issue shares, the nominal value of a share.

The option price will be determined by reference to dealing days which fall within six weeks of the announcement by the Company of its results for any period or at any other time when the Board considers there to be exceptional circumstances which justify offering options under the 2015 Sharesave.

Exercise of options

Options will normally be exercisable for a six month period from the third or fifth anniversary of the commencement of the related savings contracts. Earlier exercise is permitted, however, in the following circumstances:

- following cessation of employment by reason of death, injury, disability, redundancy, retirement, a relevant transfer under the Transfer of Undertakings (Protection of Employment) Regulations 2006), or the business or company that the employee works for ceasing to be part of the Company's group;
- where employment ceases more than three years from grant for any reason other than dismissal for misconduct; and
- in the event of a takeover, scheme of arrangement or winding up of the Company, except in the case of an internal corporate re-organisation when the Board may decide to exchange existing options for equivalent new options over shares in a new holding company.

Except where stated above, options will lapse on cessation of employment or directorship with the Company's group.

Shares will be allotted or transferred to participants within 30 days of exercise.

Overall plan limits

The 2015 Sharesave may operate over new issue shares, treasury shares or shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 10% of the issued ordinary share capital of the Company under the 2015 Sharesave and any other employee share plan adopted by the Company.

Treasury shares will count as new issue shares for the purposes of these limits unless the institutional investors decide that they need not count.

Variation of capital

If there is a variation in the Company's share capital then the Board may make such adjustment as it considers appropriate to the number of shares under option and the option price.

Rights attaching to shares

Any shares allotted when an option is exercised under the 2015 Sharesave will rank equally with shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Alterations to the 2015 Sharesave

The Board may amend the provisions of the 2015 Sharesave in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the shares to be acquired and the adjustment of options.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the 2015 Sharesave, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

Overseas sharesave plans

The shareholder resolution to approve the 2015 Sharesave will allow the Board, without further shareholder approval, to establish further plans for overseas territories, any such plan to be similar to the 2015 Sharesave, but modified to take account of local tax, exchange control or securities laws, provided that any shares made available under such further plans are treated as counting against the limits on individual and overall participation in the 2015 Sharesave.

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

Capita Asset Services
34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditors

KPMG LLP
1 St Peters Square
Manchester M2 3AE

Bankers

Barclays Bank PLC
Barclays Commercial Bank
1st Floor
3 Hardman Street
Spinningfields
Manchester M3 3HF

DBS Bank Ltd
London Branch
4th Floor
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB

Handelsbanken
First Floor East
Bridge Mills
Stramongate
Kendal LA9 4UB

HSBC Bank plc
8 Canada Square
London E14 5HQ

Lloyds TSB Bank plc
8th Floor
40 Spring Gardens
Manchester M2 1EN

Yorkshire Bank
The Chancery
58 Spring Gardens
Manchester M2 1YB

Merchant bankers

E C Hambro Rabben and Partners Ltd
32-33 St James's Place
London
SW1A 1NR

Brokers

Investec Bank (UK) Limited
2 Gresham Street
London EC2V 7QP

N+1 Singer
Earl Grey House
75-85 Grey Street
NE1 6EF

Financial Calendar

9 April 2015
Ex dividend date for 2014 final dividend

10 April 2015
Record date

30 April 2015
Annual General Meeting

8 May 2015
Payment of 2014 final dividend

August 2015
Announcement of 2015 interim results

James Fisher and Sons plc

Fisher House
PO Box 4
Barrow-in-Furness
Cumbria
LA14 1HR

T: 01229 615 400
F: 01229 836 761
E: enquiries@james-fisher.com

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