James Fisher and Sons plc

Half Yearly Financial Report 2015

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 2,700 people across 16 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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	H1 2015	H1 2014
Group revenue	**£213.1m**	£216.1m
Underlying operating profit *	**£20.0m**	£24.4m
Underlying profit before tax *	**£17.8m**	£21.9m
Underlying diluted earnings per share *	**29.5p**	34.0p
Proposed interim dividend per share	**7.80p**	7.10p
Statutory profit before tax	**£17.9m**	£20.8m
Statutory diluted earnings per share	**30.0p**	32.0p

* underlying profit excludes separately disclosed items.

- Specialist Technical, Marine Support and Tankships performed well, increasing underlying operating profit by 15%;
- Offshore Oil significantly lower due to downturn in oil industry; swift action taken to mitigate impact;
- Further bolt-on acquisitions of Subtech, National Hyperbaric, Mojo Maritime and X-Subsea assets;
- Cash conversion strong at 96% (2014: 68%);
- Interim dividend increased by 10% to 7.80p per share.

Half yearly results for the six months ended 30 June 2015

> The Board remains confident in the continued robustness of the Fisher model and believes that James Fisher is well placed to provide further growth and value for its shareholders

Results

In the first half of 2015 our Specialist Technical, Marine Support and Tankships divisions continued to perform well, but activity in Offshore Oil was sharply lower. As anticipated in my AGM statement on 30 April 2015, this led to a reduced first half result for the James Fisher Group compared with last year. Underlying profit before tax was £17.8m compared with £21.9m last time derived from revenue of £213.1m versus £216.1m in the first half of 2014. Diluted underlying earnings per share was 29.5p (2014: 34.0p) in the period and statutory diluted earnings per share, which is after separately disclosed items, was 6% lower at 30.0p (2014: 32.0p).

Along with many other businesses, Offshore Oil was affected by the major cut-backs in oil and gas industry expenditures with the extent of the freeze on customers' repair and maintenance expenditure having particular impact. Additionally, last year's first half result in Offshore Oil was boosted by two major contracts which made for tough comparatives. Against this back-drop, our companies in this division have reacted swiftly to reduce costs and protect margins.

Our other three divisions performed well. Specialist Technical made good progress with the delivery of its project order book and Tankships produced a further improvement in vessel utilisation. The Marine Support division traded broadly in line with last year with a number of important projects now being more weighted to the second half.

The Group's cash conversion continued to be strong at 96% ensuring that gearing remained at a conservative 50% despite acquisition expenditure of £30.2m in the first half, discussed below.

Acquisitions

Tougher conditions in the offshore markets have created opportunities for the Group to capitalise on the strength of its balance sheet. The purchase of the assets of X-Subsea together with the acquisition of Subtech and Mojo Maritime have strengthened the project management capabilities of our Marine Support division and significantly broadened our international reach and capability in the subsea marine service market. The acquisition of the National Hyperbaric Centre has reinforced our market leading expertise in hyperbaric applications.

Business model and strategy

James Fisher continues to pursue a consistent strategy of investing in niche businesses operating in demanding environments where strong marine service and specialist engineering skills are valued and rewarded. The Group leverages its UK and Norwegian skill base to provide solutions to its customers as they develop their operations in the less mature, fast growing markets of Africa, South America and the Far East. Such niche services typically command margins in excess of 10%, a return on capital in excess of 15% and are cash generative.

Whilst organic development has driven the majority of the growth in profitability in recent years, the Group has broadened its range of marine services with bolt-on acquisitions. The main focus will continue to be investing for organic growth going forward. We will also continue to evaluate further acquisition opportunities which meet our criteria and where these will strengthen our range of products, services or geographical coverage to our multinational customers.

The Group has a strong and stable divisional management team who have a wealth of expertise and experience in their specialist fields. Their entrepreneurial drive, combined with the commercial and financial support from the centre, ensures that our businesses are responsive to changes in the market and the competitive environment.

Outlook

Our Specialist Technical businesses are leaders in their respective niches with good prospects in the defence, hyperbaric operations and nuclear sectors. Our Marine Support division's project management capabilities have been strengthened by our recent acquisitions and we see exciting new opportunities in Southern Africa, Brazil and in offshore renewables in Europe. Our Offshore Oil businesses remain competitive and well managed and will benefit from an industry wide resumption of repair and maintenance expenditures which can only be postponed for a limited period.

Looking ahead, we expect to see a stronger second half with good trading continuing in Specialist Technical and Tankships reinforced by a resumption of growth in Marine Support. We continue to be well positioned on a number of significant contract bids across these divisions. In Offshore Oil we have scaled our businesses to meet current conditions in the oil and gas sector while remaining alert to the new opportunities that a tougher environment will surely bring.

Overall the Board remains confident in the continued robustness of the Fisher business model and anticipates that performance in the second half of 2015 will be slightly below the comparable period last year but significantly stronger than the first half.

Dividend

The Board believes that James Fisher remains well placed to provide further growth and value for its shareholders and has increased the interim dividend by 10% to 7.80p per share (2014: 7.10p) payable on 5 November 2015 to shareholders on the register on 2 October 2015.

C J Rice
Chairman
24 August 2015

Results

Revenue in the six months ended 30 June 2015 was 1% lower at £213.1m (2014: £216.1m). This reflected businesses acquired and some benefit from more favourable currency rates, offset by lower revenue in Offshore Oil. Underlying operating profit was 18% lower at £20.0m (2014: £24.4m) with a reduced result in Offshore Oil partly offset by improved financial performance in Specialist Technical and Tankships.

Marine Support

	H1 2015	H1 2014
Revenue (£m)	87.2	82.1
Underlying operating profit (£m)	7.4	7.7
Underlying operating margin	8.5%	9.4%
Return on capital employed	13.4%	17.7%

Revenue in Marine Support was 6% higher reflecting the businesses acquired during the past year and more favourable currency rates. The division produced a result similar to last year due to the timing of project revenues being more weighted to the second half and partly as a consequence of the contract to manage three Corvette vessels having come to an end with their delivery to Indonesia last year.

Revenue from ship to ship services, subsea services and mass flow excavation were stronger than in 2014 and stress monitoring and testing performed well. The acquisitions of Subtech and Mojo Maritime during the first half have strengthened our international reach and capability in the subsea marine service market and whilst performing to expectations, these acquisitions have yet to contribute significantly to divisional profit. In May 2015, the assets of X-Subsea were acquired for £14.8m increasing our scale in the subsea excavation market.

Offshore Oil

	H1 2015	H1 2014
Revenue (£m)	36.1	55.6
Underlying operating profit (£m)	5.3	11.9
Underlying operating margin	14.7%	21.5%
Return on capital employed	8.7%	18.3%

Last year's first half result in Offshore Oil was boosted by two major one-off contracts worth £7.8m of revenue which made for tough comparatives. This division is focused on support services to the inspection, repair and maintenance and subsea operations markets. Reacting to the lower global oil price, customers have focused on the re-organisation of their own operations and postponed all but the most urgent maintenance and repair expenditure. The severity of the reduction in activity levels was greater than anticipated. Our Norwegian business, Scan Tech AS, which represents approximately 20% of the division, has seen the most significant downturn, reflecting restructuring of the industry in Norway as well as the impact of a lower oil price.

With market conditions continuing to be challenging, our companies in this division have reacted quickly to reduce costs and protect margins. The businesses have limited exposure to the exploration segment of the market and remain well placed to benefit from any recovery in industry expenditure on maintenance and repair. Such expenditure cannot be delayed indefinitely and is not dependent on a recovery in the oil price.

Specialist Technical

	H1 2015	H1 2014
Revenue (£m)	63.7	51.8
Underlying operating profit (£m)	5.6	4.5
Underlying operating margin	8.8%	8.7%
Return on capital employed	16.6%	16.4%

Specialist Technical increased revenue by 23% and underlying operating profit by 24%. JFD (formerly Divex and Defence) made good progress with the delivery of its project order book and won a further saturation diving system order for a Japanese customer and new military submersible contracts. The contract won from the Ministry of Defence to provide submarine rescue services on behalf of NATO has completed its transition period. JFD has been impacted over the last year by restrictions due to sanctions on Russia. Elsewhere, the business is awaiting confirmation of significant orders which are anticipated in the second half.

In February 2015, the acquisition of the National Hyperbaric Centre in Aberdeen was completed, further consolidating the Group's offering in hyperbaric reception and testing.

Our Nuclear company, JFN, made good progress with decommissioning projects for Sellafield and Hunterston power station. The order book has been further enhanced through contract wins which include new non-destructive testing work for utility companies.

Tankships

	H1 2015	H1 2014
Revenue (£m)	26.1	26.6
Underlying operating profit (£m)	3.3	1.9
Underlying operating margin	12.6%	7.1%
Return on capital employed	27.0%	12.2%

Tankships continued to progress with a 74% increase in underlying operating profit due to a further improvement in vessel utilisation. Demand for clean petroleum products has remained at similar levels and we continue to match the fleet size accordingly. The division has continued to benefit from having two vessels on charter to the Ministry of Defence.

Finance

Interest and taxation

Net interest was £0.3m lower at £2.2m (2014: £2.5m) due to the lower cost of borrowings that was only partly offset by the impact of a higher average level of debt. Interest accrued on defined benefit pension schemes was £0.1m lower than the prior period.

The effective tax rate on underlying profit before tax in the period was 15.3% (2014: 19.5%). The reduction is due to a greater proportion of profits from the Tankships division, where most of the profits are not liable to corporation tax. In addition, the Group overall tax rate was reduced by lower taxes outside of the UK, mainly within Offshore Oil, and also due to a credit from prior years of £0.3m.

Separately disclosed items and earnings per share

In order better to present the underlying performance of the Group, items are consistently disclosed separately which include costs incurred in making a business acquisition and amortisation of intangible assets arising from a business acquisition. These amounted to £1.1m (2014: £1.0m) and were offset by a £1.3m release of provisions for contingent consideration that are no longer required.

Cash flow and borrowings

Summary cash flow

	H1 2015	H1 2014
	£m	£m
Underlying operating profit	**20.0**	24.4
Depreciation & amortisation	**12.2**	10.2
Ebitda*	**32.2**	34.6
Working capital	**(12.0)**	(15.6)
Pension/other	**(1.0)**	(2.3)
Operating cash flow	**19.2**	16.7
Interest & tax	**(7.4)**	(6.0)
Capital expenditure	**(12.4)**	(17.6)
Acquisitions	**(30.2)**	(11.0)
Dividends	**(7.5)**	(6.8)
Other	**(3.0)**	(3.4)
Net outflow	**(41.3)**	(28.1)
Net borrowings at start of period	**(62.3)**	(54.3)
Net borrowings at end of period	**(103.6)**	(82.4)

* Underlying earnings before interest, tax, depreciation and amortisation

Underlying earnings before interest, tax, depreciation and amortisation (ebitda) were 7% lower at £32.2m (2014: £34.6m) in the period. Cash conversion, the ratio of operating cash flow to underlying operating profit was 96% (2014: 68%) and compares to an average of 98% over the last five interim periods.

Capital expenditure was 30% lower at £12.4m (2014: £17.6m) and £30.2m (2014: £11.0m) was spent on business acquisitions.

The net cash outflow in the first half increased to £41.3m (2014: £28.1m) due to the increased investment in new businesses, partly offset by lower capital expenditure.

As a result, net borrowings increased by £21.2m to £103.6m at 30 June 2015 and the ratio of net borrowings (including guarantees) to ebitda was 1.5 times (2014: 1.3 times). Net gearing, the ratio of net debt to equity, was 50% (2014: 43%).

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. As a consequence of its history in the shipping industry, the Group is required to contribute to industry-wide Merchant Navy Pension Funds and has its own legacy defined benefit scheme. Total defined benefit pension deficits at 30 June 2015 were £20.5m (2014: £21.2m). As previously reported, the Group has been notified of a potential liability to the Merchant Navy Ratings Fund (MNRPF). The amount of this liability and the payment proposals are expected to be clarified during the second half of 2015.

Amounts paid in respect of legacy defined benefit schemes in 2015, excluding any MNRPF contributions, is expected to be £3.5m (2014: £4.7m).

Balance sheet

	30 June 2015	30 June 2014
	£m	£m
Intangible assets	**152.4**	127.1
Other assets	**139.2**	128.4
Working capital	**63.4**	58.4
Other liabilities	**(42.2)**	(40.9)
	312.8	273.0
Borrowings	**103.6**	82.4
Equity	**209.2**	190.6
	312.8	273.0

Intangible assets have increased by £25.3m since June 2014 reflecting the acquisitions made in the period. Working capital increased by 9% to £63.4m and the ratio of working capital to sales was unchanged at 14% at 30 June 2015 (2014: 14%). Total capital employed has increased by £39.8m since 30 June 2014 to £312.8m primarily reflecting the investment in new businesses.

N P Henry
Chief Executive Officer

S C Kilpatrick
Group Finance Director

24 August 2015

Directors' responsibilities statement

We confirm to the best of our knowledge:

The half yearly financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

The half yearly management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the "Disclosure and Transparency Rules", being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the "Disclosure and Transparency Rules", being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during the period; and any changes in the related party transactions described in the last annual report that could do so.

N P Henry
Chief Executive Officer

S C Kilpatrick
Group Finance Director

For and on behalf of the Board of Directors
24 August 2015

Independent review report to James Fisher and Sons plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2015 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated cash flow statement, the condensed consolidated statement of movements in equity and the related explanatory notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

David Bills
for and on behalf of KPMG LLP
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

24 August 2015

Condensed consolidated income statement

for the six months ended 30 June 2015

	Notes	2015 Six months ended 30 June £000	2014 Six months ended 30 June £000	2014 Year ended 31 December £000
Revenue	3	**213,061**	216,081	444,799
Cost of sales		**(148,713)**	(149,816)	(307,290)
Gross profit		**64,348**	66,265	137,509
Administrative expenses		**(44,320)**	(41,999)	(86,158)
Share of post tax results of joint ventures		**(66)**	176	186
Acquisition related income/(expense)		**93**	(1,126)	2,381
Operating profit	3	**20,055**	23,316	53,918
Analysis of operating profit:				
Underlying operating profit		**19,962**	24,442	51,537
Separately disclosed items	4	**93**	(1,126)	2,381
Finance income		**91**	31	197
Finance costs		**(2,285)**	(2,550)	(4,881)
Profit before tax		**17,861**	20,797	49,234
Analysis of profit before tax:				
Underlying profit before tax		**17,768**	21,923	46,853
Separately disclosed items		**93**	(1,126)	2,381
Income tax	7	**(2,609)**	(4,173)	(8,751)
Profit for the period		**15,252**	16,624	40,483
Profit for the period				
Attributable to:				
Owners of the Company		**15,098**	16,193	40,071
Non-controlling interests		**154**	431	412
		15,252	16,624	40,483
Earnings per share				
		pence	pence	pence
Basic	8	**30.2**	32.4	80.2
Diluted	8	**30.0**	32.0	79.2

Condensed consolidated statement of comprehensive income

for the six months ended 30 June 2015

	Note	2015 Six months ended 30 June £000	2014 Six months ended 30 June £000	2014 Year ended 31 December £000
Profit for the period		**15,252**	16,624	40,483
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan liabilities	5	**–**	–	(2,126)
Income tax on items that will not be reclassified to profit or loss		**(415)**	23	316
		(415)	23	(1,810)
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		**(4,356)**	(2,198)	(4,372)
Effective portion of changes in fair value of cash flow hedges		**2,039**	(18)	(2,367)
Effective portion of changes in fair value of cash flow hedges in joint ventures		**243**	(94)	(133)
Net change in fair value of cash flow hedges transferred to profit or loss		**168**	17	(35)
Income tax on items that may be reclassified subsequently to profit or loss		**–**	–	450
		(1,906)	(2,293)	(6,457)
Other comprehensive income for the period, net of income tax		**(2,321)**	(2,270)	(8,267)
Total comprehensive income for the period		**12,931**	14,354	32,216
Attributable to:				
Owners of the Company		**12,783**	13,868	31,761
Non-controlling interests		**148**	486	455
		12,931	14,354	32,216

Condensed consolidated statement of financial position

at 30 June 2015

	Notes	2015 30 June £000	2014 30 June £000	2014 31 December £000
Assets				
Non-current assets				
Goodwill		**135,949**	116,425	114,378
Other intangible assets		**16,455**	10,714	12,752
Property, plant and equipment		**128,525**	117,537	116,629
Investment in joint ventures		**9,141**	9,434	9,147
Financial assets		**1,478**	1,378	1,478
Deferred tax assets		**2,203**	2,531	2,694
		293,751	258,019	257,078
Current assets				
Inventories		**47,381**	44,992	40,656
Trade and other receivables		**127,759**	111,938	117,644
Derivative financial instruments		**1,558**	1,304	49
Cash and short-term deposits	6	**28,071**	20,879	17,719
		204,769	179,113	176,068
Total assets		**498,520**	437,132	433,146
Equity and liabilities				
Capital and reserves				
Called up share capital		**12,541**	12,525	12,525
Share premium		**25,525**	25,238	25,238
Treasury shares		**(442)**	(738)	(1,988)
Other reserves		**(9,584)**	(3,531)	(7,684)
Retained earnings		**179,551**	155,672	174,663
Shareholders' equity		**207,591**	189,166	202,754
Non-controlling interests		**1,584**	1,389	1,436
Total equity		**209,175**	190,555	204,190
Non-current liabilities				
Other payables		**14,981**	15,677	9,585
Retirement benefit obligations	5	**20,511**	21,233	21,806
Cumulative preference shares		**100**	100	100
Loans and borrowings	6	**113,600**	103,084	79,899
Deferred tax liabilities		**545**	1,132	545
		149,737	141,226	111,935
Current liabilities				
Trade and other payables		**112,418**	98,450	105,991
Current tax		**7,846**	6,317	8,635
Derivative financial instruments		**1,333**	495	2,341
Loans and borrowings	6	**18,011**	89	54
		139,608	105,351	117,021
Total liabilities		**289,345**	246,577	228,956
Total equity and liabilities		**498,520**	437,132	433,146

Condensed consolidated cash flow statement

for the six months ended 30 June 2015

	Notes	2015 Six months ended 30 June £000	2014 Six months ended 30 June £000	2014 Year ended 31 December £000
Profit before tax for the period		**17,861**	20,797	49,234
Adjustments to reconcile profit before tax to net cash flows				
Depreciation and amortisation		**12,229**	10,182	18,904
Acquisition costs and amortisation of acquired intangibles		**1,237**	1,126	1,719
Profit on sale of property, plant and equipment		**(160)**	(279)	1,044
Adjustment to provision for contingent consideration		**(1,330)**	–	(4,100)
Finance income		**(91)**	(31)	(197)
Finance expense		**2,285**	2,550	4,881
Share of profits of joint ventures		**66**	(176)	(186)
Share based compensation		**426**	611	1,226
Increase in trade and other receivables		**(674)**	(17,756)	(17,535)
(Increase)/decrease in inventories		**(6,164)**	2,213	7,092
Increase in trade and other payables		**(5,179)**	(43)	(1,422)
Additional defined benefit pension scheme contributions		**(1,756)**	(2,508)	(4,665)
Cash generated from operations		**18,750**	16,686	55,995
Cash outflow from acquisition costs		**(748)**	(398)	(700)
Income tax payments		**(5,702)**	(3,753)	(5,610)
Net cash from operating activities		**12,300**	12,535	49,685
Investing activities				
Dividends from joint venture undertakings		**65**	–	641
Proceeds from the sale of property, plant and equipment		**1,499**	1,480	5,814
Finance income		**91**	31	197
Acquisition of subsidiaries, net of cash acquired	9	**(27,653)**	(10,580)	(11,337)
Acquisition of property, plant and equipment		**(12,707)**	(18,301)	(32,157)
Development expenditure		**(1,042)**	(797)	(2,233)
Net cash used in investing activities		**(39,747)**	(28,167)	(39,075)
Financing activities				
Proceeds from the issue of share capital		**303**	–	–
Finance costs		**(1,734)**	(2,188)	(3,694)
Purchase less sale of own shares by ESOP		**(1,376)**	(1,686)	(2,936)
Capital element of finance lease repayments		**(56)**	(492)	(546)
Proceeds from other non-current borrowings		**48,209**	25,584	16,968
Repayment of borrowings		**–**	–	(15,248)
Dividends paid		**(7,463)**	(6,780)	(10,331)
Net cash from/(to) financing activities		**37,883**	14,438	(15,787)
Net increase/(decrease) in cash and cash equivalents		**10,436**	(1,194)	(5,177)
Cash and cash equivalents at beginning of period		**17,719**	23,982	23,982
Effect of exchange rate fluctuations on cash held		**(84)**	(1,909)	(1,086)
Cash and cash equivalents at end of period	6	**28,071**	20,879	17,719

Condensed consolidated statement of movements in equity

for the six months ended 30 June 2015

For the six months ended 30 June 2015

	Capital		Attributable to equity holders of parent					
	Share capital £000	Share premium £000	Retained earnings £000	Other reserves £000	Treasury shares £000	Total shareholders' equity £000	Non-controlling interests £000	Total equity £000
At 1 January 2015	12,525	25,238	174,663	(7,684)	(1,988)	202,754	1,436	204,190
Profit for the period	–	–	15,098	–	–	15,098	154	15,252
Other comprehensive income for the period	–	–	(415)	(1,900)	–	(2,315)	(6)	(2,321)
Contributions by and distributions to owners								
Ordinary dividends paid	–	–	(7,463)	–	–	(7,463)	–	(7,463)
Share based compensation expense	–	–	426	–	–	426	–	426
Tax effect of share based payments	–	–	164	–	–	164	–	164
Purchase of shares	–	–	–	–	(1,535)	(1,535)	–	(1,535)
Sale of shares	–	–	–	–	159	159	–	159
Arising on the issue of shares	16	287	–	–	–	303	–	303
	16	287	(6,873)	–	(1,376)	(7,946)	–	(7,946)
Transfer on disposal of shares	–	–	(2,922)	–	2,922	–	–	–
At 30 June 2015	12,541	25,525	179,551	(9,584)	(442)	207,591	1,584	209,175

For the six months ended 30 June 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	–	–	16,193	–	–	16,193	431	16,624
Other comprehensive income for the period	–	–	23	(2,348)	–	(2,325)	55	(2,270)
Contributions by and distributions to owners								
Ordinary dividends paid	–	–	(6,780)	–	–	(6,780)	–	(6,780)
Share based compensation expense	–	–	611	–	–	611	–	611
Tax effect of share based compensation	–	–	249	–	–	249	–	249
Purchase of shares	–	–	–	–	(2,051)	(2,051)	–	(2,051)
Sale of shares	–	–	–	–	365	365	–	365
	–	–	(5,920)	–	(1,686)	(7,606)	–	(7,606)
Transfer on disposal of shares	–	–	(2,340)	–	2,340	–	–	–
At 30 June 2014	12,525	25,238	155,672	(3,531)	(738)	189,166	1,389	190,555

1 Basis of preparation

James Fisher and Sons plc (the Company) is a limited liability company incorporated and domiciled in the United Kingdom, whose shares are listed on the London Stock Exchange. The condensed consolidated half yearly financial statements of the Company for the six months ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in jointly controlled entities.

Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as adopted by the European Union (EU). As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed consolidated set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2014 with the exceptions described below. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2014.

The comparative figures for the financial year ended 31 December 2014 are not the Group's statutory accounts for that financial year. Those accounts which were prepared under International Financial Reporting Standards (IFRS) as adopted by the EU (adopted IFRS), have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group for the year ended 31 December 2014 are available upon request from the Company's registered office at Fisher House, PO Box 4, Barrow-in-Furness, Cumbria LA14 1HR or at www.james-fisher.com. The half yearly financial information is presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated. The half yearly report was approved for issue by the Board of Directors on 24 August 2015.

Going concern

After making enquires, 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 condensed consolidated financial statements.

The Group meets its day to day working capital requirements through operating cash flows with borrowings in place to fund acquisitions and capital expenditure. Movements on the Group's overall net debt position are shown in note 6. The Group had £30.1m of undrawn committed facilities at 30 June 2015.

At 30 June 2015 the Group had one revolving credit facility that is due for renewal in the next twelve months. The Group had £18.2m outstanding balances drawn down on this facility at 30 June 2015. Renewal negotiations will be opened with the bank in due course and the Group has not sought any written commitment that the facilities will be renewed. However, the Group has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest the renewals will not be forthcoming on acceptable terms.

Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014.

2 Accounting estimates and judgements

The preparation of half yearly financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements and for the year ended 31 December 2014.

3 Segmental information

Management has determined the operating segments based on the reports reviewed by the Board that are utilised to make strategic decisions. The Board considers the business primarily from the products and services perspective and has four reportable segments:

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 strains and stress in structures.

Offshore Oil – manufacture 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 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 assesses the performance of the segments based on operating profit before central common costs and acquisition related income and expense but after the Group's share of the post tax results of associates and joint ventures. 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.

3 Segmental information continued

Six months ended 30 June 2015

	Marine Support £000	Offshore Oil £000	Specialist Technical £000	Tankships £000	Corporate £000	Total £000
Revenue						
Segmental revenue	88,327	36,869	64,243	26,088	–	215,527
Inter segment sales	(1,154)	(731)	(554)	(27)	–	(2,466)
Group revenue	87,173	36,138	63,689	26,061	–	213,061
Underlying operating profit	7,400	5,347	5,595	3,256	(1,636)	19,962
Acquisition expenses	(270)	–	(451)	–	–	(721)
Adjustment to provision for contingent consideration	–	–	–	–	1,330	1,330
Amortisation of acquired intangibles	(158)	(41)	(317)	–	–	(516)
Operating profit	6,972	5,306	4,827	3,256	(306)	20,055
Finance income						91
Finance costs						(2,285)
Profit before income tax						17,861
Income tax						(2,609)
Profit attributable to equity holders						15,252
Share of post tax results of joint ventures	(341)	–	275	–	–	(66)
Capital expenditure						
Property, plant and equipment	5,838	4,922	528	1,053	366	12,707
Capital employed						
Segment assets	176,585	136,177	100,714	33,732	42,171	489,379
Investment in joint ventures	6,685	–	2,456	–	–	9,141
Total assets	183,270	136,177	103,170	33,732	42,171	498,520
Segment liabilities	(49,115)	(13,082)	(32,638)	(9,672)	(184,838)	(289,345)
	134,155	123,095	70,532	24,060	(142,667)	209,175

Six months ended 30 June 2014

	Marine Support £000	Offshore Oil £000	Specialist Technical £000	Tankships £000	Corporate £000	Total £000
Revenue						
Segmental revenue	86,040	57,324	52,699	27,510	–	223,573
Inter segment sales	(3,978)	(1,741)	(888)	(885)	–	(7,492)
Group revenue	82,062	55,583	51,811	26,625	–	216,081
Underlying operating profit	7,699	11,985	4,524	1,871	(1,637)	24,442
Acquisition costs	(405)	–	(250)	–	–	(655)
Amortisation of acquired intangibles	(64)	(63)	(344)	–	–	(471)
Operating profit	7,230	11,922	3,930	1,871	(1,637)	23,316
Finance income						31
Finance costs						(2,550)
Profit before income tax						20,797
Income tax						(4,173)
Profit attributable to equity holders						16,624
Share of post tax results of joint ventures	(111)	–	287	–	–	176
Capital expenditure						
Property, plant and equipment	6,389	8,155	2,190	1,129	438	18,301
Capital employed						
Segment assets	115,490	148,244	91,813	42,608	29,543	427,698
Investment in joint ventures	7,283	–	2,151	–	–	9,434
Total assets	122,773	148,244	93,964	42,608	29,543	437,132
Segment liabilities	(27,039)	(17,538)	(51,483)	(11,905)	(138,612)	(246,577)
	95,734	130,706	42,481	30,703	(109,069)	190,555

Year ended 31 December 2014

	Marine Support £000	Offshore Oil £000	Specialist Technical £000	Tankships £000	Corporate £000	Total £000
Revenue						
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 expenses	(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 joint ventures	(394)	–	580	–	–	186
Capital expenditure						
Property, plant and equipment	9,921	16,595	3,136	1,865	668	32,185
Capital employed						
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

4 Separately disclosed items

	2015 Six months ended 30 June £000	2014 Six months ended 30 June £000	2014 Year ended 31 December £000
Included in operating profit:			
Acquisition costs	**(721)**	(655)	(700)
Amortisation of acquired intangibles	**(516)**	(471)	(1,019)
Adjustment to provision for contingent consideration	**1,330**	–	4,100
Separately disclosed profit/(loss) before taxation	**93**	(1,126)	2,381
Tax on separately disclosed items	**111**	101	243
	204	(1,025)	2,624

The Group has made a number of acquisitions during the period and the costs incurred in making these acquisitions of £0.7m have been expensed in the income statement. In order for a better understanding of underlying performance these have been disclosed separately, together with the amortisation of intangible assets which arise on the acquisition of businesses.

The adjustment to the provision for contingent consideration of £1.3m is an adjustment to future payments for businesses based on profitability targets which are no longer expected to be achieved.

5 Retirement benefit obligations

Movements during the period in the Group's defined benefit pension schemes are set out below:

	2015 Six months ended 30 June £000	2014 Six months ended 30 June £000	2014 Year ended 31 December £000
As at 1 January	**(21,806)**	(23,141)	(23,141)
Expense recognised in the income statement	**(449)**	(574)	(1,149)
Disposal	**–**	–	(96)
Movements on exchange	**–**	(4)	–
Contributions paid to scheme	**1,744**	2,486	4,706
Remeasurement gains and losses	**–**	–	(2,126)
At period end	**(20,511)**	(21,233)	(21,806)

The Group's net assets and liabilities in respect of its pension schemes at 30 June 2015 were as follows:

	2015 Six months ended 30 June £000	2014 Six months ended 30 June £000	2014 Year ended 31 December £000
Assets			
Scantech Produkt pension scheme	**–**	92	–
Liabilities			
Shore Staff pension scheme	**(9,970)**	(9,250)	(10,522)
MNOPF pension scheme	**(10,541)**	(12,075)	(11,284)
	(20,511)	(21,325)	(21,806)

The Group has a defined benefit scheme closed to future accruals and has an obligation in respect of the funding deficit of the Merchant Navy Officers' Pension Fund (MNOPF). The last full actuarial valuation was performed on the Shore Staff scheme as at 31 July 2013. This has been rolled forward to 31 December 2014. The Group has not obtained an interim valuation for the period ended 30 June 2015 and so has not recognised an actuarial movement in this period.

6 Reconciliation of net debt

	1 January 2015 £000	**Acquisition £000**	**Cash flow £000**	**Other non cash £000**	**Exchange movement £000**	**30 June 2015 £000**
Cash and cash equivalents	17,719	–	10,436	–	(84)	28,071
Debt due after 1 year	(79,965)	(692)	(30,388)	(239)	(2,327)	(113,611)
Debt due within 1 year	–	–	(17,821)	–	–	(17,821)
	(79,965)	(692)	(48,209)	(239)	(2,327)	(131,432)
Finance leases	(88)	(248)	56	–	1	(279)
Net debt	**(62,334)**	**(940)**	**(37,717)**	**(239)**	**(2,410)**	**(103,640)**

	1 January 2014 £000	Acquisition £000	Cash flow £000	Other non cash £000	Exchange movement £000	30 June 2014 £000
Cash and cash equivalents	23,982	–	(1,194)	–	(1,909)	20,879
Debt due after 1 year	(78,049)	–	(25,584)	(289)	797	(103,125)
Finance leases	(211)	(428)	492	–	(1)	(148)
Net debt	**(54,278)**	**(428)**	**(26,286)**	**(289)**	**(1,113)**	**(82,394)**

	1 January 2014 £000	Acquisition £000	Cash flow £000	Other non cash £000	Exchange movement £000	31 December 2014 £000
Cash and cash equivalents	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)**

7 Taxation

The Group falls within 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 rate on profit before income and tonnage tax from continuing operations is 15.8% (30 June 2014: 20.1%, 31 December 2014: 17.8%) based on the estimated effective tax rate for the twelve months to 31 December 2015. Of the total tax charge, £1.0m relates to overseas businesses (30 June 2014: £1.4m). The effective income tax rate on underlying profit provided in the period is 15.3% (30 June 2014: 19.5%; 31 December 2014: 19.2%).

8 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 period, after excluding ordinary shares held by the Employee Share Ownership Trust as treasury shares.

Diluted earnings per share is calculated by dividing the profit attributable to 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.

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

Weighted average number of shares

	30 June 2015 Number of shares	30 June 2014 Number of shares	31 December 2014 Number of shares
For basic earnings per ordinary share*	**50,022,223**	49,985,894	49,986,659
Exercise of share options and LTIPs	**385,989**	636,081	606,887
For diluted earnings per ordinary share	**50,408,212**	50,621,975	50,593,546

* Excludes 34,037 (30 June 2014: 58,218; 31 December 2014: 153,192) shares owned by the James Fisher and Sons plc Employee Share Ownership Trust.

In the period to 30 June 2015, 65,118 ordinary shares of 25p were allotted on the exercise of share options for an aggregate cash consideration of £238,000. No ordinary shares of 25p were allotted on the exercise of share options in the period to 30 June 2014 (31 December 2014: none).

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 the separately disclosed items, referred to in note 4.

	2015 Six months ended 30 June £000	2014 Six months ended 30 June £000	2014 Year ended 31 December £000
Profit attributable to owners of the Company	**15,098**	16,193	40,071
Separately disclosed items	**(93)**	1,126	(2,381)
Attributable tax	**(111)**	(101)	(243)
Adjusted profit attributable to owners of the Company	**14,894**	17,218	37,447
Basic earnings per share on profit from operations	**30.2**	32.4	80.2
Diluted earnings per share on profit from operations	**30.0**	32.0	79.2
Adjusted basic earnings per share on profit from operations	**29.8**	34.4	74.9
Adjusted diluted earnings per share on profit from operations	**29.5**	34.0	74.0

9 Business combinations

On 15 January 2015 the Group acquired the entire issued share capital of High Technology Sources Limited (HTSL), for a cash outlay of £2.2m. HTSL provides an extensive range of sealed industrial sources and reference and calibration sources through their exclusive UK distribution agreements. HTSL is included in the 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 outlay of £3.5m with further contingent consideration payable of up to £1.0m based on specific future contracts undertaken post completion. NHC operates hyperbaric testing chambers which are used for testing equipment for the subsea industry. Its services include reception of 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 National Health Service. The business is included in the Specialist Technical division.

On 2 March 2015 the Group acquired the entire issued share capital of Subtech Group Holdings (Pty) Limited (Subtech), for an initial cash outlay of £3.4m with potential contingent consideration based on profitability between 2015 and 2019 of up to £14.7m. Subtech, which is based in Durban, South Africa, provides marine and subsea services with operations in Namibia and Mozambique, and is included in the Marine Support division.

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

9 Business combinations continued

On 13 May 2015 the Group acquired the assets and intellectual property rights of X-Subsea UK Holdings Limited (X-Subsea) for a total consideration of £14.8m. X-Subsea is a world leading operator of specialised excavation, trenching and dredging equipment, which is rented and operated worldwide for subsea operations in the oil and gas, telecoms and renewable energy sectors. It is included within Marine Support.

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.

Subtech	Book value £000	Fair value adjustments £000	Total £000
Property, plant and equipment	3,297	(497)	2,800
Inventories	134	–	134
Trade and other receivables	2,466	(341)	2,125
Cash and short-term deposits	418	–	418
Trade and other payables	(2,928)	–	(2,928)
Interest bearing loans and borrowings	(815)	–	(815)
Fair value of net assets acquired	2,572	(838)	1,734
Goodwill arising on acquisition			11,922
			13,656
Consideration:			
Cash			3,324
Contingent consideration			10,332
			13,656

X-Subsea	£000
Intangible assets	3,000
Property, plant and equipment	6,401
Inventories	100
Fair value of net assets acquired	9,501
Goodwill arising on acquisition	5,299
Cash consideration	14,800

Other acquisitions	Book value £000	Fair value adjustments £000	Total £000
Intangible assets	1,049	–	1,049
Property, plant and equipment	845	–	845
Inventories	406	(80)	326
Trade and other receivables	2,218	(45)	2,173
Cash and short-term deposits	1,376	–	1,376
Trade and other payables	(4,477)	(490)	(4,967)
Interest bearing loans and borrowings	(125)	–	(125)
Deferred tax	(3)	–	(3)
Fair value of net assets acquired	1,289	(615)	674
Goodwill arising on acquisitions			7,676
Cash consideration			8,350

The book value of these business combinations has 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.

Further fair value adjustments and adjustments to intangibles may arise as a result of the finalisation of completion accounts and review of fair values.

10 Fair values

The fair value of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated statement of financial position, are as follows:

	30 June 2015		31 December 2014	
	Carrying value £000	Fair value £000	Carrying value £000	Fair value £000
Assets carried at fair value				
Forward exchange contracts – cash flow hedges	1,516	1,516	49	49
Forward exchange contracts – other derivatives	8	28	–	–
Interest rate swaps – cash flow hedges	8	8	–	–
	1,532	1,552	49	49
Assets carried at amortised cost				
Receivables	109,902	109,902	108,142	108,142
Cash and cash equivalents	28,071	28,071	17,719	17,719
Other investments	1,478	1,478	1,478	1,478
	139,451	139,451	127,339	127,339
Liabilities carried at fair value				
Forward exchange contracts – cash flow hedges	(829)	(829)	(1,685)	(1,685)
Forward exchange contracts – other derivatives	–	–	(6)	(6)
Interest rate swaps – cash flow hedges	(504)	(504)	(651)	(651)
	(1,333)	(1,333)	(2,342)	(2,342)
Liabilities carried at amortised cost				
Unsecured bank loans	(131,332)	(127,464)	(79,865)	(74,727)
Trade and other payables	(100,059)	(100,059)	(87,973)	(87,973)
Finance leases	(280)	(283)	(88)	(90)
Preference shares	(100)	(100)	(100)	(100)
	(231,771)	(227,906)	(168,026)	(162,890)

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2014.

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:

	30 June 2015				31 December 2014			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets measured at fair value								
Forward exchange contracts – cash flow hedges	–	1,516	–	1,516	–	49	–	49
Forward exchange contracts – other derivatives	–	8	–	8	–	–	–	–
Interest rate swaps – cash flow hedges	–	8	–	8	–	–	–	–
	–	1,532	–	1,532	–	49	–	49

10 Fair values continued

	30 June 2015				31 December 2014			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial liabilities measured at fair value								
Forward exchange contracts – cash flow hedges	–	(829)	–	(829)	–	(1,685)	–	(1,685)
Forward exchange contracts – other derivatives	–	–	–	–	–	(6)	–	(6)
Interest rate swaps – cash flow hedges	–	(504)	–	(504)	–	(651)	–	(651)
Interest rate caps and collars	–	–	–	–	–	–	–	–
Financial liabilities not measured at fair value								
Finance leases	–	(283)	–	(283)	–	(90)	–	(90)
	–	(1,616)	–	(1,616)	–	(2,432)	–	(2,432)

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

11 Interim dividend

The proposed interim dividend of 7.80p (2014: 7.10p) per 25p ordinary share is payable on 5 November 2015 to those shareholders on the register of the Company at the close of business on 2 October 2015. The dividend recognised in the condensed consolidated statement of movements in equity is the final dividend for 2014 of 14.90p paid on 8 May 2015. The proposed interim dividend has not been recognised in this report.

12 Commitments and contingencies

As at 30 June 2015 the Group had capital commitments of £1.1m (2014: £4.0m). There have been no significant changes to the contingent liabilities set out in the Annual Report.

13 Principal risks and uncertainties

The Group has policies, processes and systems in place to help identify, evaluate and manage risks at all levels throughout the organisation. Certain key risks, because of their size, likelihood and severity are reviewed regularly by the Board to ensure that appropriate action is taken to eliminate, reduce or mitigate where possible, significant risks that can lead to financial loss, harm to reputation or business failure. The principal risks and uncertainties faced by the Group that could impact the second half can be found in the Company's Annual Report on page 18, as supplemented by the contingent liability note above.

14 Related parties

There have been no significant changes in the nature of related party transactions in the period ended 30 June 2015 from that disclosed in the 2014 Annual Report.

15 Other reserve movements

	Translation reserve £000	Hedging reserve £000	Total £000
At 1 January 2015	(5,335)	(2,349)	(7,684)
Other comprehensive income in the period	(4,350)	2,450	(1,900)
At 30 June 2015	**(9,685)**	**101**	**(9,584)**
At 1 January 2014	(940)	(243)	(1,183)
Other comprehensive income in the period	(2,253)	(95)	(2,348)
At 30 June 2014	(3,193)	(338)	(3,531)

This Half Yearly Financial Report has been prepared for the members of the Company only. The Company, its Directors, employees and agents do not accept or assume responsibility to any other person in connection with this document and any such responsibility or liability is expressly disclaimed. This Half Yearly Financial Report contains certain forward-looking statements that are subject to future matters including, amongst other matters, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates and the availability of financing to the Group. As such the forward-looking statements involve risk and uncertainty. Accordingly, whilst it is believed the expectations reflected in these statements are reasonable at the date of publication of this Half Yearly Financial Report they may be affected by a wide range of matters which could cause actual results to differ materially from those anticipated. The forward-looking statements will not be updated during the year. Nothing in this Half Yearly Financial Report should be construed as a profit forecast.

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