Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten	
Organisasjonsnummer:	985 196 184
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	JAMES FISHER NORWAY AS
Forretningsadresse:	Finnestadsvingen 23 4029 STAVANGER
Regnskapsår	
Årsregnskapets periode:	01.01.2017 - 31.12.2017
Konsern	
Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja
Regnskapsregler	
Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-
Årsregnskapet fastsatt av kompetent organ	
Bekreftet av representant for selskapet:	Christopher Graeme Stevens
Dato for fastsettelse av årsregnskapet:	09.05.2018

Grunnlag for avgivelse

År 2017: Årsregnskapet er elektronisk innlevert

År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 04.11.2020

Resultatregnskap

Beløp i: NOK	Note	2017	2016
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	1,3,13	1 500 000	1 500 000
Sum inntekter		**1 500 000**	**1 500 000**
Kostnader			
Lønnskostnad	4,5	1 134 619	1 141 736
Avskrivning på varige driftsmidler og immaterielle eiendeler	6	1 333 333	1 333 333
Nedskrivning av varige driftsmidler og immaterielle eiendeler	7	70 000 000	0
Annen driftskostnad	4	212 251	167 482
Sum kostnader		**72 680 203**	**2 642 551**
Driftsresultat		**-71 180 203**	**-1 142 551**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		1 102 436	50 384
Renteinntekt fra foretak i samme konsern	13	7 199 522	6 652 457
Annen renteinntekt			20
Sum finansinntekter		**8 301 958**	**6 702 861**
Rentekostnad til foretak i samme konsern	13	10 226 093	14 325 643
Annen rentekostnad		996 600	1 228 344
Annen finanskostnad			8 995
Sum finanskostnader		**11 222 693**	**15 562 982**
Netto finans		**-2 920 735**	**-8 860 121**
Ordinært resultat før skattekostnad		**-74 100 938**	**-10 002 672**
Skattekostnad på ordinært resultat	9	-768 194	-2 325 647
Ordinært resultat etter skattekostnad		**-73 332 744**	**-7 677 025**
Årsresultat		**-73 332 744**	**-7 677 025**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-73 332 744	-7 677 025
Sum overføringer og disponeringer		**-73 332 744**	**-7 677 025**

Resultatregnskap

Beløp i: NOK	Note	2017	2016

Balanse

Beløp i: NOK	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	6	4 000 004	5 333 337
Utsatt skattefordel	9	4 968 714	4 200 520
Sum immaterielle eiendeler		**8 968 718**	**9 533 857**
Finansielle anleggsmidler			
Investering i datterselskap	7	237 807 268	308 003 968
Lån til foretak i samme konsern	8	200 000 000	200 000 000
Sum finansielle anleggsmidler		**437 807 268**	**508 003 968**
Sum anleggsmidler		**446 775 986**	**517 537 825**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		16 301	185 435
Konsernfordringer	8	17 792 153	13 373 122
Sum fordringer		**17 808 454**	**13 558 557**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	2	118 559	121 227
Sum bankinnskudd, kontanter og lignende		**118 559**	**121 227**
Sum omløpsmidler		**17 927 013**	**13 679 784**
SUM EIENDELER		**464 702 999**	**531 217 609**

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Balanse

Beløp i: NOK	Note	2017	2016
Aksjekapital	10,11	60 000 000	30 000 000
Ikke registrert kapitalforhøyelse	10	0	69 189 893
Overkurs		312 595 172	65 000 000
Sum innskutt egenkapital		**372 595 172**	**164 189 893**
Opptjent egenkapital			
Annen egenkapital	10	48 658 625	121 991 369
Sum opptjent egenkapital		**48 658 625**	**121 991 369**
Sum egenkapital		**421 253 797**	**286 181 262**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	8	0	205 000 000
Sum annen langsiktig gjeld		**0**	**205 000 000**
Sum langsiktig gjeld		**0**	**205 000 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	8	3 653 055	27 872 583
Leverandørgjeld		0	2 880
Skyldige offentlige avgifter		73 865	256 605
Kortsiktig konserngjeld	8	39 597 424	11 772 998
Annen kortsiktig gjeld		124 858	131 281
Sum kortsiktig gjeld		**43 449 202**	**40 036 347**
Sum gjeld		**43 449 202**	**245 036 347**
SUM EGENKAPITAL OG GJELD		**464 702 999**	**531 217 609**

KPMG AS
Verksgata 1A
Postboks 57
4064 Stavanger

Telephone +47 04063
Fax
Internet www.kpmg.no
Enterprise 935 174 627 MVA

Til generalforsamlingen i James Fisher Norway AS

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert James Fisher Norway AS' årsregnskap som viser et underskudd på kr 73 332 744. Årsregnskapet består av balanse per 31. desember 2017, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2017, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon består av årsberetningen, men inkluderer ikke årsregnskapet og revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.

- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

KPMG

Revisors beretning - 2017
James Fisher Norway AS

Uttalelse om øvrige lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til dekning av tap er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

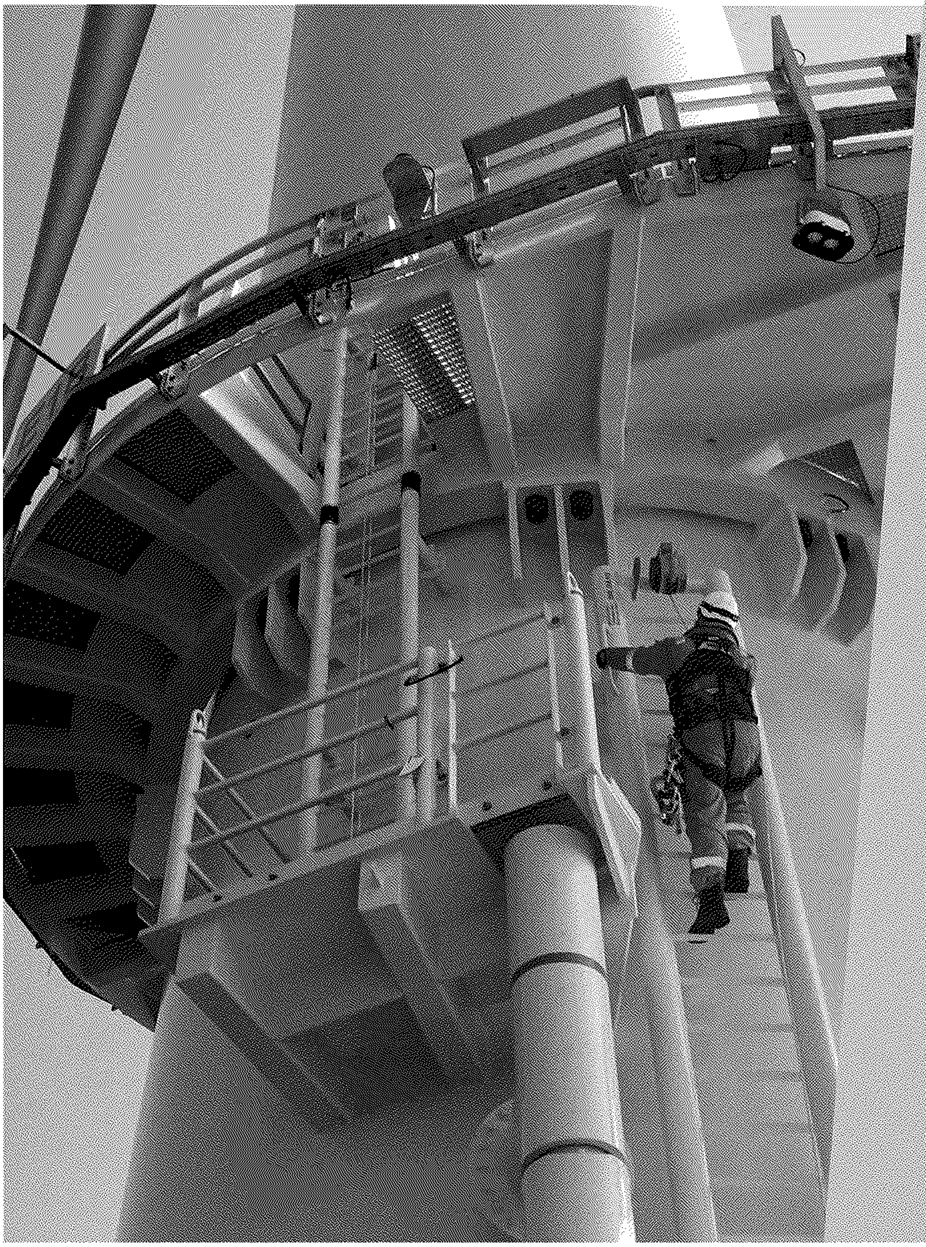
Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Stavanger 9. mai 2018
KPMG AS

Eirik Braut
Statsautorisert revisor

James Fisher and Sons plc
Marine Services Worldwide



Annual Report & Accounts 2017

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

We employ 2,700 people across 18 countries. Our companies and services have a focus on marine related activities which operate in potentially demanding environments where specialist skills are rewarded. Through innovation and acquisition we have developed market-leading businesses through our four divisions: Marine Support, Specialist Technical, Offshore Oil and Tankships.

Highlights

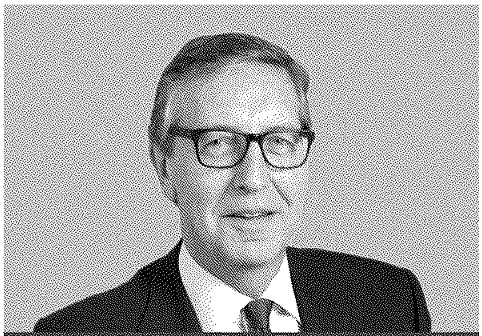
	2017	2016	% change
Revenue	**£505.4m**	£466.0m	+9%
Underlying operating profit*	**£55.8m**	£50.8m	+10%
Underlying profit before tax*	**£50.3m**	£45.8m	+10%
Underlying diluted earnings per share*	**81.4p**	76.3p	+7%
Total dividend per share	**28.70p**	26.15p	+10%
Statutory profit before tax	**£49.0m**	£44.9m	+9%
Statutory diluted earnings per share	**79.5p**	78.7p	+1%

* excludes separately disclosed items.

- Revenue up 9% and exceeded £500m for the first time;
- Underlying operating profit up 10%:
  - Increases in Marine Support, Specialist Technical and Tankships;
  - Marine Support ahead 17%;
- Underlying profit before tax 10% higher at £50.3m;
- Dividends increased for 23rd consecutive year, up 10% to 28.70p per share.

Notes:
James Fisher and Sons plc uses alternative performance measures (APMs) as key financial indicators to assess the underlying performance of the business. APMs are used by management as they are considered to better reflect business performance and provide useful additional information. APMs include underlying operating profit, underlying profit before tax, underlying diluted earnings per share, underlying return on capital employed and cash conversion. An explanation of APMs is set out in note 2 on page 69.

"James Fisher had another good year in 2017 producing an underlying profit before tax of £50.3m, an increase of 10% over the prior year."


Charles Rice, Chairman

Chairman's statement

This is the last year that I shall be writing this statement as Chairman and therefore I am particularly pleased to be able to report that James Fisher and Sons plc (James Fisher) had another good year in 2017 producing an underlying profit before tax of £50.3m, an increase of 10% over the prior year. This reflected the strength of the Group's business model with its broad spread of activities across the marine sector, its strong international presence and its ability to innovate and grow new businesses.

Three of our four divisions improved their results with Marine Support leading the way with a 17% improvement in profits generated by new markets in Brazil, the Middle East and offshore renewables. Specialist Technical delivered another strong performance making good progress with the delivery of its project pipeline and the Indian submarine rescue contract in particular. Tankships continued its run of profit increases generated by high vessel utilisation levels and careful attention to costs. Offshore Oil managed a result only marginally below the prior year: demand began to firm in some sectors towards year end while the division was also successful in opening new opportunities in the Middle East, Asia and in subsea decommissioning.

Group revenue for the year grew by 9% to £505.4m (2016: £466.0m). An increase in the Group's underlying effective tax rate to 17.2%, (2016: 15.4%), held back the increase in underlying diluted earnings per share to 7% at 81.4 pence per share. Statutory diluted earnings per share were 79.5 pence (2016: 78.7 pence).

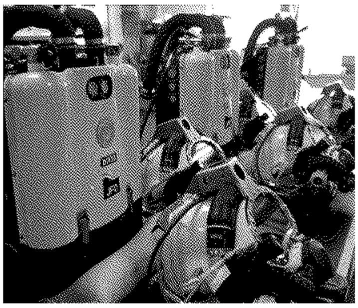
With a number of major projects underway, careful attention has been paid to managing cash flow this year in the face of the expected increase in working capital. This build-up squeezed our cash conversion rate to 56% in 2017 and despite this, the year-end balance sheet gearing remained at a conservative 47% (2016: 41%) with the ratio of net debt (excluding bonds) to underlying earnings before interest, tax, depreciation and amortisation at 1.6 times (2016: 1.4 times).

The underlying strength of the Group's performance and the positive outlook for the year ahead has led the Board to propose an increase in the final dividend to 19.3 pence (2016: 17.6 pence) per share making a total for the year of 28.7 pence per share, an increase of 10% compared with 2016.

Strategic overview

Over the last ten years, with the exception of 2015, James Fisher has increased its profit and dividends every year, normally by more than 10%: this despite external events such as the financial crisis of 2007-8, the fall in oil prices in 2014 and most recently, Brexit. Key to this performance has been the Group's ability to innovate and to build new businesses. The rapid growth of our ship-to-ship (STS) transfer business from 2007; the development of a market-leading position in submarine rescue and hyperbaric engineering since 2012 and more recently, the growth of a completely new activity in offshore renewables have enabled the Group to absorb these external shocks and continue to grow. This growth in turn has built an ever wider international presence, so that the Group is not dependent on any one geographical market. With a stable management team in place and a continued commitment to a decentralised management structure which keeps decision-making close to our customers and markets, this track record of change and innovation is set to continue.

All four of our divisions are well placed for the future. Marine Support is benefiting from the opening of new markets for STS, such as in Brazil, from the development of its subsea project businesses, and from its expanding presence in offshore renewables. Specialist Technical has market-leading positions in both its hyperbaric and submarine rescue niches and in its reactor decommissioning business in the nuclear sector. While this division will always be project driven and therefore 'lumpier' in terms of turnover and working capital, it has an attractive pipeline of medium-term prospects. Tankships continues to perform well in a relatively stable market: this position will be underpinned by the introduction of more modern tonnage on some routes. Offshore Oil is now positioned for recovery: our businesses and management teams have done well both in terms of reducing their



COBRA – JFD's new diver breathing system

JFD has successfully completed its first deep-water commercial dive project with its new diver breathing system COBRA (Compact Bailout Rebreathing Apparatus), a sophisticated system that was designed and developed to provide divers with an emergency supply of breathing gas in the event of a primary failure. The COBRA system provides divers with 20 minutes of air at a depth of 270 metres or 45 minutes of emergency life support at a depth of 120 metres. This is compared to current alternative systems, which can only provide 3 minutes of air at 270 metres, and 7 minutes at 120 metres. The extended operation time significantly improves the likelihood of a successful rescue in the event of an emergency.

costs and in opening new markets for their services in the Middle East, Africa and Asia.

The strength of our balance sheet enables us to invest in development projects alongside a full capital investment programme. With the focus mainly on organic growth, we nevertheless remain alert for acquisition opportunities to help speed the development of our businesses. The purchase of Rotos 360 Limited in March 2017 for an initial consideration of £1.5m and EDS HV Group Limited in December 2017 for £9.0m have further extended our range of market-leading services to the offshore renewables sector.

The Board

After fourteen years on the Board and nearly six as Chairman, I announced in January that I will stand down at the conclusion of this year's Annual General Meeting (AGM). It has been a privilege to have been part of James Fisher during an exciting period in the history of the Company. The Group's success is generated by the hard work and dedication of staff and management throughout the Group and it has been a great pleasure to meet and work with so many of them during my time with James Fisher.

The Board has chosen Malcolm Paul to become Chairman at the conclusion of the AGM. Malcolm has extensive experience in managing decentralised and international companies similar to James Fisher and has been an Independent Non-Executive Director since 2011. He has a deep knowledge of the Company having chaired the Audit and Remuneration Committees as well as being the Senior Independent Non-Executive Director. He will bring the right balance of continuity and change to this role going forward.

Effective 1 February, I was also pleased to announce that Justin Atkinson had agreed to join the Board as an Independent Non-Executive Director. He will succeed Malcolm as chairman of the Audit Committee. Justin was until recently the CEO of the Keller Group plc, a FTSE 250 business in the international construction sector. He will bring experience of successfully managing a group on a similar growth path to James Fisher.

With the development of James Fisher in recent years and the increasing spread of its international operations, the Board has been giving careful thought as to when it would be appropriate to strengthen the central executive team. In January 2017, Fergus Graham joined the Group having worked previously at De La Rue plc and other international companies in both operations and cross-border business development. He has played a senior role in our Marine Support division during the past year. The Board has now agreed to appoint Fergus as an Executive Director with effect from 1 March 2018. He will take responsibility for all of the Marine Support division which generated 47% of the Group's turnover in 2017. This will free up more time for Nick Henry as CEO to lead the Group's further development.

Staff

The continued growth and success of the Group owes everything to the dedication of our staff who now work in many different countries across the globe. Some have to work in very challenging environments and all have to show a high level of professionalism worthy of the confidence our customers place in us. On behalf of the Board and from me especially in my final year, I would like to thank all our employees for their hard work and commitment shown to the James Fisher Group.

Outlook

Our Marine Support division has commenced the year with good prospects in its offshore renewables and marine project activities, as well as firm demand in the STS transfer business. Specialist Technical continues to work through its strong order book and has a good pipeline of active prospects. The timing of the award of these new projects will determine whether this division is able to deliver a further step up in profits in 2018. Tankships continues to operate well in a stable market. Sentiment amongst our Offshore Oil division's customers has turned more positive in recent weeks and, while it is still too early to assess any general trend, this has begun to be reflected in orders received for repair and maintenance work in particular. We therefore have a positive view of the year ahead and are confident of the Group's potential to provide further growth and value for our shareholders in the future.

Charles Rice
26 February 2018

Nick Henry, Chief Executive Officer

Chief Executive's review

Group strategy

The Group's strategy is to grow its business organically by leveraging its existing marine skill base in specialist expertise to a global market, supplemented by selective bolt-on acquisitions which broaden the Group's range of services, products or geographical coverage. Our strategic aim is to deliver long-term growth in earnings per share and consistently to increase shareholder value. Our businesses target an operating margin of at least 10%, a pre-tax return on capital employed of at least 15% and are expected to be cash-generative via careful management of working capital and investments.

Whilst the Group prioritises organic growth, our strategy is to supplement it with value-enhancing acquisitions which fit into our existing divisions. James Fisher seeks to acquire businesses that have a niche product or service offering, with growth potential, a track record of profitability, cash generation and strong management.

Business model

The Group's businesses provide a range of marine services to large corporations and government bodies through its four divisions: Marine Support, Specialist Technical, Offshore Oil and Tankships.

James Fisher's businesses are entrepreneurially-led with a decentralised management structure which encourages managers to be responsible for making timely decisions in response to changes in the market and in the competitive environment. Many of the Group's businesses operate in specialist niches and hold market-leading positions in their particular sector. Their growth is focused on the less mature markets around the world with 50% (2016: 51%) of the Group's revenue derived from customers in the Middle East, Africa and Asia Pacific regions.

Key Performance Indicators (KPIs) are used to measure the success of the business model. These include revenue growth, operating margin (the ratio of underlying operating profit to revenue), return on capital employed and cash conversion. This year, revenue growth was 9% and the underlying operating margin increased to 11.0% (2016: 10.9%). The Group's post-tax return on capital employed was 12.2% (2016: 13.0%) and the reduction was due to the working capital requirement in relation to the contract to build two submarine rescue vessels for the Indian Navy. The Group's cash conversion, which measures the proportion of underlying operating profit that is turned into operating cash, was 56% (2016: 103%) after adjustment for the investment in working capital for the submarine rescue project, which is expected to reverse in 2018 when the vessels are scheduled for delivery.

Strategic progress

The Group's corporate objectives are to deliver long-term growth in underlying earnings per share and to deliver progressive dividend growth. In 2017, underlying earnings per share grew by 7% and the compound rate of growth over the last ten years in underlying earnings per share is 10%. Dividends have increased in each of the last 23 years and the compound rate of dividend growth over the last ten years is 10%.

Over the last few years, the Group has made a number of acquisitions of marine service businesses which have been integrated into James Fisher Marine Services (JFMS) to form a substantial offshore and subsea operator for the renewables industry. JFMS provides a wide range of services to the offshore wind and tidal sector to support both the construction and maintenance of this fast-growing industry. During 2017 this range of services was further enhanced through the acquisition of Rotos 360 Limited (Rotos 360), a leading provider of blade repair services, and EDS HV Group Limited (EDS), the leading provider of high voltage cable connections and cable repair services.

In March 2017, Rotos 360 was acquired for an initial £1.5m in cash, with a further potential £5.0m based on future profitability. The company repairs offshore wind farm rotor blades through innovative use of suspended work platforms and ultra violet resin curing techniques which reduce operational downtime.

In December 2017, EDS was acquired for an initial £9.0m with a potential further £5.6m based on profit targets over the next two years. EDS operates

HMS Queen Elizabeth

Our Tankships business, James Fisher Everard (JFE), supported the initial sea trials of the first of a new class of aircraft carrier, the HMS Queen Elizabeth, by providing refuelling services in July and August 2017. The Ministry of Defence determined that the most suitable port providing the level of security required for its largest-ever warship was the Port of Cromarty Firth, at Invergordon. Refuelling by road tanker would have been impractical, as it would have required 120 lorries for each fuel stop.

JFE swiftly relocated two tanker vessels, the M.V. Sarnia Cherie and the M.V. Sarnia Liberty, from the south coast of England to Scotland. Loaded with cargoes of F-76 fuel from the oil fuel depot in Gosport, Hampshire each vessel was weighed down at the stern due to the small, steeply shelving mooring berth at Invergordon and the need to counter the angle. Sister company Fendercare provided two 250 metre-lengths of 4" hose with associated connectors to maximise the rate of fuel transfer.

Observing strict windows of time when the HMS Queen Elizabeth was available for refuelling, JFE completed two separate fuelling operations safely and efficiently whilst working to a tight and demanding deadline. This allowed the HMS Queen Elizabeth to fulfil its sea trials and return to its home port of Portsmouth for the commissioning ceremony.

in the high voltage sector providing cabling connection services to the offshore wind farms and, in 2017, was a significant supplier to the Rampion wind farm, off the south coast of the UK.

JFMS' first significant integrated marine services contract to support the construction of the Galloper wind farm, located 27km off the coast of Suffolk, UK, continued to progress well and the contract, worth in excess of £30m, is scheduled to complete in 2018. In November 2017 the Group announced the award of a package of services to support the construction of the East Anglia One wind farm which is worth £3.1m, confirming its position as the leading integrated marine service provider to the offshore renewables sector.

Our Marine Support business, Fendercare, is the world leader in ship-to-ship transfers from a network of over 50 bases around the world, with a 20-year track record of conducting safe and efficient operations. In 2017, it commenced operations in the Santos basin, off the coast of Brazil, for two oil majors. This is a new market with significant potential for further growth.

JFD, our Specialist Technical business and the world's leading producer and operator of untethered submarine rescue systems, made good progress on the final engineering, assembly and testing of two submarine rescue vessels which are scheduled to be delivered to the Indian Navy in 2018. When the vessels' sea trials are completed JFD will commence a 25-year contract to operate the service in India. Our strategy in this niche area continues to be to grow long-term service contracts, having supplied submarine rescue vessels of our design. JFD also operates submarine rescue services for NATO, the Singapore Navy and the Royal Australian Navy.

The business also progressed with two saturation diving systems for a Chinese salvage customer. JFD is a market leader in saturation diving and other diving equipment and the installation of its specialist diving systems leads to future demand for its products and for refurbishments or life extension to existing assets.

The Group's Tankships division continued its progress and increased earnings before interest, tax, depreciation by 6% to £15.8m (2016: £14.9m). Its earnings and strong cash flow are utilised in the organic and acquisitive growth of the other three divisions. Tankships further progressed its fleet renewal programme by agreeing terms to lease and sell the Milford Fisher and replace it with a more modern second hand, 4kT vessel during the first quarter of 2018.

In Offshore Oil, after a slow start to the year, the market improvement seen

Chief Executive's review continued

in the early summer months failed to continue into the autumn. This meant that the market remained flat for the year and the backlog of maintenance work remains to be addressed. The Group's competitive position in our various geographic markets remains strong and hence Offshore Oil is well-positioned for the upturn in market activity as and when this occurs.

Divisional performance

Marine Support	2017	2016
Underlying operating profit (£m)	**24.5**	21.0
Underlying operating margin	**10.4%**	10.3%
Return on capital employed	**15.5%**	13.9%

Marine Support revenue was 16% higher in 2017 at £236.3m (2016: £203.6m). After adjusting for the beneficial impact of currency rates, the increase was 14%. Underlying operating profit increased by 17% to £24.5m due to strong performance at Fendercare, which initiated ship-to-ship (STS) transfer services in Brazil, good growth from Subtech in Africa and the Middle East, and further progress in the renewables sector.

STS transfer services commenced in Brazil in January 2017 for two oil majors and built up to become a significant operation by the end of the year. This offset a slightly softer market in the Asia Pacific and West African regions but drove overall STS revenue growth of 16% in the year. Our fendering and marine products business also produced double digit revenue growth and increased its profitability.

Revenue at Subtech, which is headquartered in Durban, South Africa, increased by over 50%, having established a presence in the Middle East and having landed significant subsea projects in Ghana, Nigeria and Saudi Arabia to provide diving and cable laying services.

JFMS successfully continued to provide its wide range of integrated marine services to the Galloper wind farm construction project. Rotos 360 has completed over 70 wind turbine blade repairs on ten wind farms since it was acquired in March 2017. At the Lynn and Inner Dowsing offshore wind farm, it completed a full turnkey repair project to repair 27 turbines in a contract worth £3.4m.

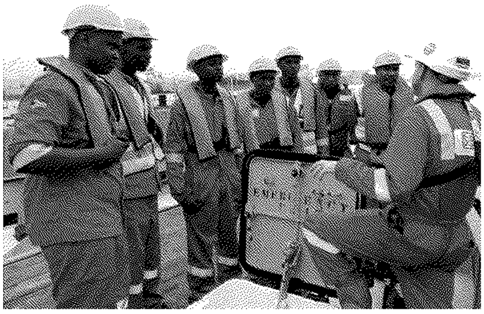
Specialist Technical	2017	2016
Underlying operating profit (£m)	**21.1**	19.9
Underlying operating margin	**13.6%**	13.1%
Return on capital employed	**19.7%**	27.8%

Revenue was 3% ahead of 2016 and underlying operating profit 6% ahead at £21.1m (2016: £19.9m). The market for UK nuclear decommissioning, which represents around one third of the division, continued to be challenging and resulted in marginally lower revenue, but this was offset by our specialist diving and submarine rescue business, JFD, which increased sales by 6%.

JFD made good progress in the design, assembly and testing of two submarine rescue vessels, which are due for delivery to the Indian Navy during 2018. The first vessel was substantially complete at the end of 2017 and has subsequently achieved acceptance testing at our Inchinnan site near Glasgow, UK. Delivery is scheduled for March 2018 and the second vessel is due to be delivered in November 2018.

JFD Australia supplied a Transfer Under Pressure unit and a hyperbaric equipment suite in support of the contract to manage submarine rescue operations for the Royal Australian Navy. The annual exercise to practice and prove established rescue procedures which took place off the coast of West Australia, was successfully completed in November. On 19 February 2018, the Group acquired Cowan Manufacturing Pty Limited, a business based in New South Wales, Australia, which designs and manufactures portable hyperbaric chambers primarily for the Royal Australian Navy and the wider international defence market.

JFD also took part in a major international submarine rescue exercise, Dynamic Monarch 2017, which demonstrated the capabilities of the it



Maputo project, Mozambique

Subtech, the Group's Durban headquartered marine service company, completed a major quay offset project in the Port of Maputo in Mozambique. The project, which enabled other infrastructure projects at the port, involved the installation and commissioning of the new fender support structures and new fender spacing systems, within a 19 day shutdown period of the existing quay. The quay was extended and deepened to enable to accommodate a fully-laden Panamex vessel. The first such vessel was successfully berthed three days after the quay was reopened in July 2017.

NATO partner nations' (France, Norway and UK) submarine rescue system and provided training. Dynamic Monarch, which took place in Turkey, is one of the largest international submarine rescue exercises, which occurs every three years, and is designed to test international forces' inter-operability and ability to respond to submarines that have become disabled, anywhere in the world.

James Fisher Nuclear (JFN), our nuclear decommissioning business, achieved the design scheme completion milestone on the Winfrith core reactor decommissioning contract which commenced in 2016. On-site implementation is scheduled for 2018. In March, the first drone survey within Sellafield's high security chemical separation area was completed, removing the need for scaffolding or special access vehicles, saving both time and money. However the business faced a slower market for new projects in its main UK markets.

Offshore Oil	2017	2016
Underlying operating profit (£m)	3.8	4.2
Underlying operating margin	6.7%	7.6%
Return on capital employed	3.2%	3.5%

As reported at the half year, Offshore Oil had a slow start to the year, but business improved in the summer months. However, this improvement was not maintained into the autumn.

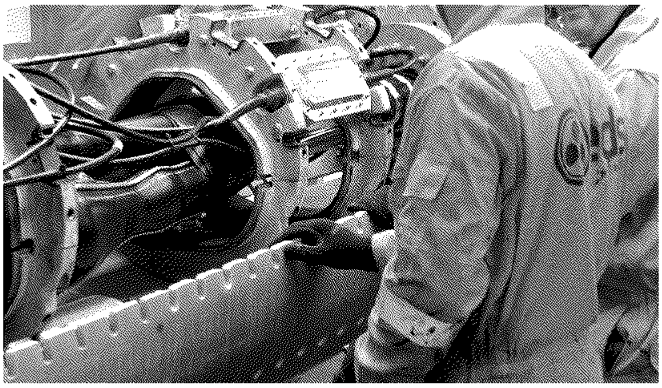
Revenue was 2% higher at £56.4m but after adjusting for the impact of exchange rates, sales were 1% lower. In the second half of 2017, revenue at constant currency was 4% higher than the 2016 comparator. Underlying operating profit was £0.4m lower in 2017 at £3.8m (2016: £4.2m) but more than two times greater than the first half of the year.

Our Norwegian business, Scan Tech AS' successfully completed the lifting package project for the Johan Sverdrup field which has contributed around £5.0m of revenue to date. RMSpumptools, our artificial lift company, had a steadily improving order book over the year and a strong finish to 2017.

Tankships	2017	2016
Underlying operating profit (£m)	8.8	8.2
Underlying operating margin	15.4%	14.8%
Return on capital employed	34.2%	31.9%

Tankships continued its recent track record of profitability and strong cash generation. On similar revenue, underlying operating profit was 7% ahead of 2016 at £8.8m (2016: £8.2m) and cash generation was once again very strong.

The business, which distributes clean petroleum products around the northern European coastline, maintained high vessel utilisation and tight control of costs and continued its excellent track record of carrying out its operations to high standards of health and safety. In July and August, two of its vessels supported the sea trials of HMS Queen Elizabeth, the UK Navy's largest aircraft carrier, by providing refuelling services in Invergordon, Scotland. The business responded quickly and pragmatically by deploying two vessels from the south coast of the UK, to support its customer.



Business model

Our business model comprises high quality niche businesses which offer a range of marine services predominantly to large multinational customers and governments globally.

High quality marine services

Our businesses are linked together by a set of common marine service skills. The Group provides solutions to customers through the provision of specialist equipment supported by the detailed knowledge of our people, who are industry experts in their specific operations. The equipment is often designed and assembled by our people, who then operate it and provide through-life support to our customers.

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

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

Entrepreneurial culture

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

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

Buy and build

Organic growth from our existing businesses supported by selective acquisitions is central to the growth of the Group. Acquisitions 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, often with strong market positions. The Group's global reach has facilitated the extension of the scope of the operations of these companies to an international market. Subsequent strong organic growth has been achieved through investment in people, working capital and equipment.

Strategy

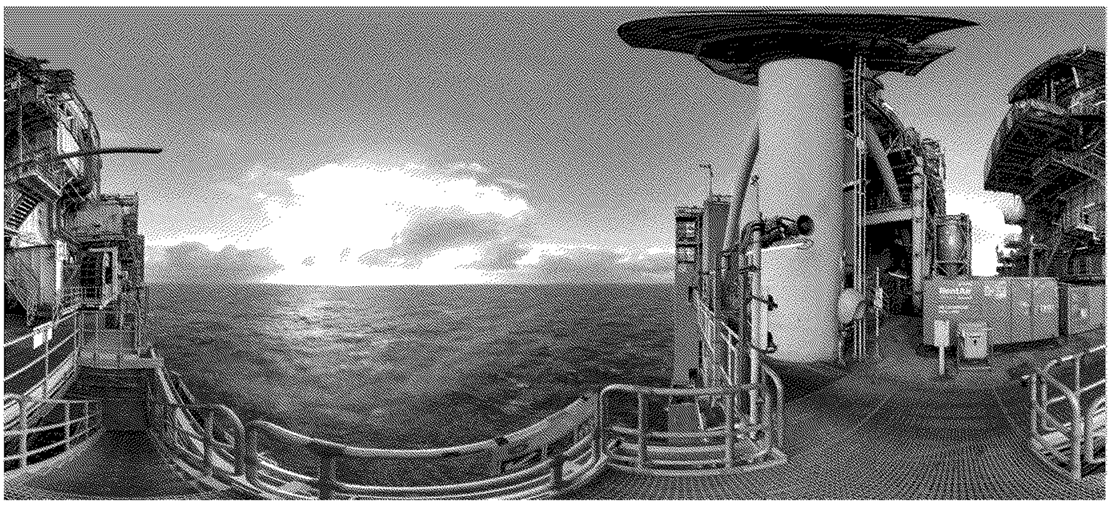
The Group's strategy is to grow its business organically by leveraging its existing marine skill base in areas of specialist expertise to a global market. This is supported by selective acquisitions to broaden the product and service range or geographical coverage.

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

Our focus on operational excellence requires that our businesses:

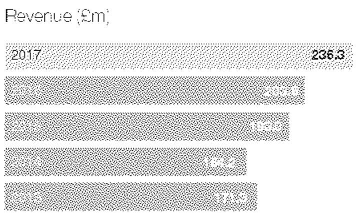
- are cash-generative;
- have operating margins in excess of 10%; and
- provide returns on capital employed in excess of 15%.

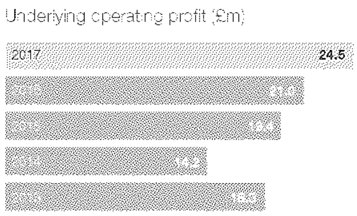
Bolt-on acquisitions broaden the range of products and services that we provide. Our acquisition strategy has focused on niche businesses with a strong entrepreneurial culture which fit well with our operating style and growth strategy. As a cash-generative Group with a strong balance sheet, businesses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

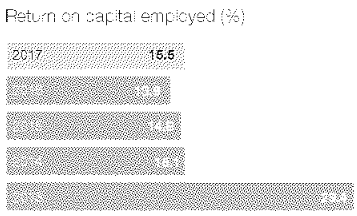


Sector review

Marine Support

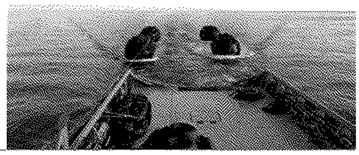






Sector

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, offshore terminal services	Marine, oil and gas, renewables and defence	UK, Singapore, Australia, UAE, Brazil, Nigeria, Ghana
JF Marine Services		
Integrated marine services, including remotely operated vehicle (ROV) systems and diving services	Marine, oil and gas, renewables, tidal power and communications	UK, France
JF Testing Services		
Products and services that measure and monitor structural stress, instrumentation and materials testing	Marine, oil and gas, renewables, civil and construction	UK, UAE, Singapore, Malaysia
JF Subsea Excavation		
Mass-flow excavation services	Oil and gas and renewables	UK, Mexico, Singapore
Subtech		
Marine and diving services	Oil and gas, marine and construction	South Africa, Mozambique, UAE, Namibia

Market drivers

Fendercare is the leading provider of pneumatic floating fenders and other mooring equipment to the global marine industry. It services commercial shipbuilding, ship refurbishment, defence, port developments and the oil and gas markets for project applications.

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

JF Marine Services delivers an integrated service offering that utilises the wide range of marine skills across the Group to provide added value to its customers. Demand for its services is driven by the operation and maintenance activities in the marine, oil and gas, renewables and communication sectors. This includes the specialist provision of ROV systems and diving personnel for underwater surveys, inspections, construction and diver support.

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

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

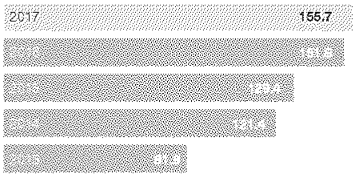
The market drivers for JF Testing Services are new projects in the marine, oil and gas, infrastructure and renewables sectors, where our niche offering and innovative products and services provide a competitive advantage.

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

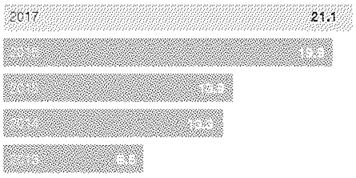
Subtech provides a range of marine services to the Middle Eastern and Africa region. Demand for its services is driven by port construction, diving and marine projects.

Specialist Technical

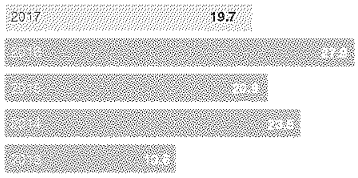
Revenue (£m)



Underlying operating profit (£m)

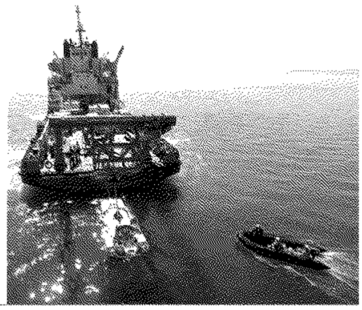


Return on capital employed (%)



Sector

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



Our principal businesses

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

Market drivers

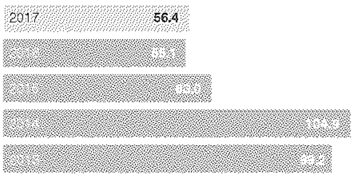
JFD is the world's leading supplier of saturation diving systems and related diving equipment. Its end markets are oil and gas and defence. Saturation diving systems are both fixed and portable. Fixed systems are usually built into dive support vessels (DSVs). JFD provides the equipment and the follow-on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

JFD is also a leading provider of submarine rescue services. It encompasses the ability to design, deliver and operate submarine rescue vehicles. It has long-term service contracts with navies providing 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.

James Fisher Nuclear (JFN) provides engineered products and services to the nuclear industry both in the operation of nuclear power plants and decommissioning. Its products and services operate in hazardous environments. The business provides instrumentation, non-destructive testing, calibration and digital radiography to the nuclear, aerospace and process industries. The market drivers for JFN 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.

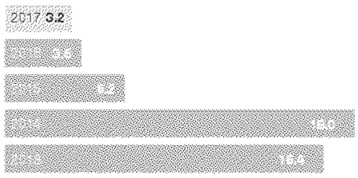
Offshore Oil

Revenue (£m)



Underlying operating profit (£m)

Return on capital employed (%)



Sector

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

Our principal businesses

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

Market drivers

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

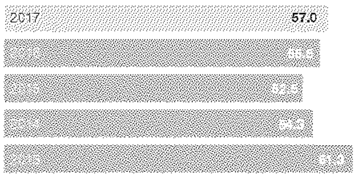
Scantech Offshore is a leading provider of air compressors, steam generators, heat suppression equipment and qualified personnel for the well testing market worldwide. It rents equipment to large multinational oil service companies, along with qualified personnel to operate the equipment. The driver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

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

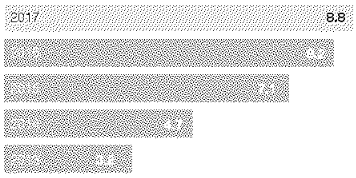
Fisher Offshore provides winches, hoists, cutting tools, marine cranes and subsea hydraulic equipment to the oil and gas and marine sectors. Its market driver is maintenance, inspection and repair demand and subsea projects.

Tankships

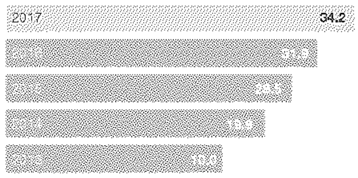
Revenue (£m)



Underlying operating profit (£m)

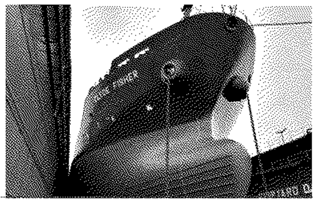


Return on capital employed (%)



Sector

Our Tankships division operates a fleet of product tankers which trade along the UK and northern European coastline carrying petrol, diesel and kerosene. The division performs over 1,000 voyages each year carrying fuel from refineries and terminals to major coastal storage facilities. The division also operates 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

James Fisher 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 and kerosene) in the UK, Ireland and northern Europe.

JFE has undertaken 36,620 voyages since the year 2000, carrying in excess of 78.5 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. Shipping's CO_2 emissions are half that produced by road freight, and just one full ship keeps more than 150 trucks off the roads.

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


Stuart Kilpatrick, Group Finance Director

Financial review

2017 results

The Group delivered another year of growth with underlying profit before tax increasing by 10% to £50.3m (2016: £45.8m). Strong growth in Marine Support, helped by uplifts at Specialist Technical and Tankships more than offset a £0.4m reduction in underlying operating profit in Offshore Oil.

	Revenue £m		Underlying operating profit* £m		Underlying operating margin* %	
	2017	2016	**2017**	2016	**2017**	2016
Marine Support	**236.3**	203.6	**24.5**	21.0	**10.4**	10.3
Specialist Technical	**155.7**	151.8	**21.1**	19.9	**13.6**	13.1
Offshore Oil	**56.4**	55.1	**3.8**	4.2	**6.7**	7.6
Tankships	**57.0**	55.5	**8.8**	8.2	**15.4**	14.8
Common Costs	**–**	–	**(2.4)**	(2.5)	**–**	–
	505.4	466.0	**55.8**	50.8	**11.0**	10.9

* excludes separately disclosed items

Revenue increased by 9% due to strong growth in Marine Support and more modest uplifts in each of the other three divisions. Adjusting for currency fluctuations, revenue growth was 7%. Underlying operating profit was 10% higher and consequently underlying operating margins increased to 11.0% (2016: 10.9%). The Group's post-tax return on capital employed was 12.2% (2016: 13.0%). Cash conversion, the measure of how much operating profit is converted into cash, was lower at 56% (2016: 103%), as £24.4m of working capital was required for the submarine rescue project for the Indian Navy. Subject to on-time delivery and payment, this will reverse in 2018 and, excluding the working capital investment on this project, cash conversion would have been 99%, which demonstrates good conversion of profit into cash from the rest of the business.

As previously signalled, trading was strongly second half weighted in 2017 and 62% of underlying operating profit arose in the latter half of 2017. This was across all divisions but most marked in Offshore Oil and Marine Support. Offshore Oil had a slow start to the year but its second half underlying operating profit was two and a half times greater than the first half and around 30% stronger than prior year comparator. Marine Support's underlying operating profit was nearly 70% stronger in the second half due to the timing of renewables projects, subsea projects in the Middle East and Africa, and growing ship-to-ship transfers in Brazil.

The Group's main currency exposure is in respect of US Dollar cash inflows. To reduce the risk of earnings volatility, the Group mitigates the risk of exchange rate changes by entering into forward contracts to hedge approximately half of estimated US Dollar inflows. In 2017, the average GBP:USD rate was £1:$1.30 (2016: £1:$1.36). This 4% weakening of Sterling added £8.0m to revenue in the year and, net of the effect of forward contracts, £1.2m to underlying operating profit.

Marine Support increased underlying operating profit for the year by 17% due to the strong second half referred to above. Specialist Technical improved underlying operating margins to 13.6% (2016: 13.1%) with the assembly of two submarine rescue vessels for the Indian Navy on track. Offshore Oil delivered a similar performance to last year despite a weaker first half, and Tankships continued its recent track record of double digit underlying operating margins combined with strong cash generation.

Finance charges

Net finance charges were £0.5m higher at £5.5m (2016: £5.0m) as the Group incurred £0.5m in relation to the interest element on forward contracts. In addition, higher borrowings increased finance charges by £0.4m which was offset by a lower cost of borrowing by £0.1m and a reduction of £0.3m in notional interest on pension schemes.

Interest cover, the ratio of underlying operating profit to the net finance charges, excluding pension related charges, was 12.8 times (2016: 14.1 times).

Taxation

The tax charge for the year of £8.7m (2016: £7.1m) on underlying profit before tax of £50.3m (2016: £45.8m) represents an underlying effective tax rate (ETR) of 17.2% (2016: 15.4%). The Group ETR is impacted by recurring items such as the geographical mix of profits, tonnage tax relief on the profits of its tanker operations and expenses disallowed for tax. The Group operates in 21 countries so its ETR is a blend of national tax rates applied to locally generated profits. Non-recurring items include adjustments to tax calculations in previous years where the outturn has been or will be lower.

The Group's tax policy, which has been approved by the Board, is available on the website (www.james-fisher.co.uk). 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, and which 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.

Our tax objectives are to comply with all applicable tax laws and regulations, including the timely submission of all tax returns and tax payments, and to undertake all dealings with local tax authorities in a professional and timely manner. The Group operates in a complex global environment and continues to monitor the OECD's Base Erosion Profit Shifting initiatives as part of its tax risk management. We seek to comply with local transfer pricing legislation in each relevant jurisdiction and involve external tax advisers, where appropriate, to identify any changes to pricing policies and related documentation.

The Group paid £8.0m (2016: £6.9m) of corporation tax in cash across all of its jurisdictions, with around 39% paid to the UK tax authorities. A further £26.0m was paid in the UK for payroll taxes (2016: £28.2m).

Profit before taxation, earnings per share and dividends

Underlying profit before taxation was 10% higher at £50.3m (2016: £45.8m) and statutory profit before taxation was £49.0m (2016: £44.9m).

Underlying diluted earnings per share increased by 7% to 81.4p per share (2016: 76.3p). Statutory diluted earnings per share were 79.5p per share (2016: 78.7p) due to a separately disclosed

	2017 £m	2016 £m
Underlying profit before tax	**50.3**	45.8
UK rate of 19.25% (2016: 20.0%)	**9.7**	9.2
Adjusted for the effects of recurring items:		
Effect of overseas tax rates	**0.8**	0.4
Tonnage tax relief on vessel activities	**(1.0)**	(1.0)
Other recurring items	**0.1**	0.2
Adjusted for the effects of non-recurring items:		
Over provisions in prior years	**(0.7)**	(2.7)
Losses not recognised / other	**(0.2)**	1.7
UK deferred tax rate reduction	**–**	(0.7)
	8.7	7.1

Financial review continued

charge after tax of £0.9m compared to £0.6m in the previous year.

The Board is recommending a 10% increase to the total dividend for the year to 28.70p per share (2016: 26.15p). A final dividend of 19.30p per share (2016: 17.60p) will be paid on 11 May 2018 to shareholders on the register on 6 April 2018, subject to approval at the AGM. Underlying dividend cover, based on the ratio of underlying earnings per share divided by the dividend per share, was 2.8 times (2016: 2.9 times).

Separately disclosed items

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

The net separately disclosed charge increased to £0.9m in 2017 (2016: £0.6m). Amortisation of intangible assets (which arises when businesses are acquired) increased to £2.0m due to the full year impact of the businesses acquired in 2016. Contingent consideration releases are based on latest estimates of obligations in relation to targets originally agreed within a sale and purchase agreement. A credit of £1.7m (2016: £3.3m) related to two prior period acquisitions.

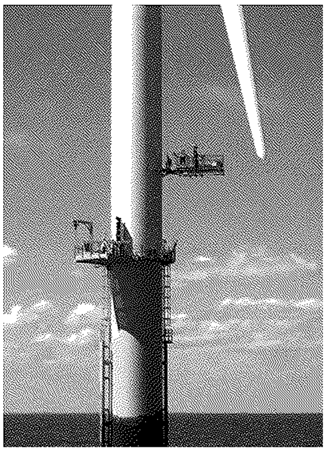
Cash flow and borrowings

As previously reported, the contract to design, assemble and deliver two submarine rescue vessels to the Indian Navy required significant working capital funding during the build phase from May 2016 through to delivery of the first vessel in March 2018. At 31 December 2017, £31.2m (2016: £6.8m) of working capital had cumulatively been drawn down to fund this project and, subject to delivery and payment on time, is expected to reverse by the end of 2018.

Working capital over the last four half year period ends, excluding the submarine rescue project for India, has consistently been around 17% of sales. Free cash flow (which is the net cash generated before cash spend on business acquisitions and dividends) was an outflow of £7.7m (2016: inflow of £25.0m), reflecting the working capital referred to above.

Net capital expenditure in the year was £24.7m (2016: £14.8m), with £15.7m invested in Marine Support on dive systems and equipment to support project wins in the Middle East and Africa, and a replacement tugboat in the Asia Pacific region.

Net borrowings increased in the year by £26.8m to £132.5m (2016: £105.7m) due to working capital funding on the submarine rescue project of £24.4m (2016: £6.8m), businesses acquired of £5.2m (2016: £24.6m) and dividends paid of £13.9m (2016: £12.3m). At 31 December 2017, the ratio of net



Rotos 360

Rotos 360, which was acquired in March 2017, has developed a unique cured blade repair method which cures 25 times faster than an epoxy resin. Combined with its specialist suspended access platforms, Rotos 360 provides significantly reduced downtime and costs in the repair of wind turbine blades, which move at speeds of up to 200mph when perfectly aerodynamic.

During 2017, Rotos 360 carried out a complex blade repair campaign at the Lynn and Dowsing wind farms. Repairs to twenty-seven turbines were carried out within a 90 day period, and in accordance with rigorous standards.

borrowings to underlying earnings before interest, tax, depreciation and amortisation (Ebitda) was 1.6 times (2016: 1.4 times) and the Group had £71.8m (2016: £49.7m) of undrawn committed banking facilities. The ratio of net borrowings including bonds and guarantees to Ebitda was 2.2 times (2016: 1.9 times). Net gearing, the ratio of net debt to equity, was 47% (2016: 41%).

Acquisitions

During the year the Group acquired Rotos 360 Limited for an initial consideration of £1.5m, with potentially up to a further £5.0m of future consideration based on a profit target for the year ending 31 December 2019. EDS HV Group Limited was acquired in December 2017 for an initial consideration of £9.0m, with potentially up to a further £5.6m of future consideration based on profit targets for the two years ending 30 September 2019. Both businesses add to the Group's Marine Support division's capability for the renewables sector.

In February 2018, the Group acquired the entire issued share capital of Cowan Manufacturing Pty Limited for consideration of AUD$2.6m (£1.5m) in cash.

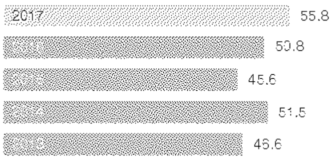
Pensions

The Group operates a range of defined contribution schemes for current employees and contributed £3.7m (2016: £3.8m) into those schemes in the year. The Group has an obligation of £19.8m (2016: £26.8m) for its own closed defined benefit scheme and for two industry-wide defined benefit schemes. This decreased due to contributions of £4.6m and re-measurement gains of £3.2m due to changes in inflation and mortality assumptions and improved asset performance.

IFRS 15

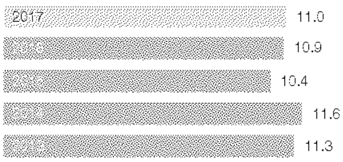
IFRS 15 'Revenue from contracts with customers', which is effective from 1 January 2018, identifies performance obligations in contracts with customers and recognises revenue as these performance obligations are satisfied. The Group's results announcement for the six months ending 30 June 2018 will be the first to be prepared under IFRS 15. James Fisher has undertaken a detailed review of all material contracts with customers and different types of revenue streams to determine the impact of IFRS 15 on the opening balance sheet at 1 January 2017 and for the year ended 31 December 2017. The estimated impact on retained earnings at 1 January 2017 is a reduction of around £5m and on the results reported in 2017 is a reduction of revenue by around £6m and profit before taxation by £0.7m-£1.5m.

Key performance indicators



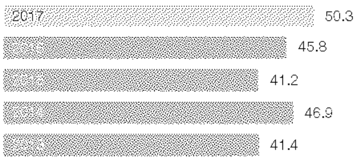
Underlying operating profit (£m)

Underlying operating profit is after adjusting for separately disclosed items and is the underlying operating profit from operations before interest. The Group has increased underlying profit by a compound rate of 10.0% over the last ten years.



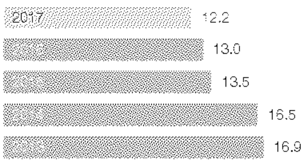
Operating margin (%)

Operating margin is the ratio of underlying profit to revenue. The Group's operating margin in 2017 was 11.0% (2016: 10.9%).



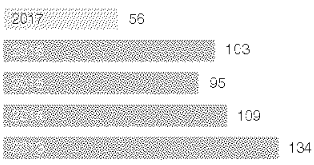
Underlying profit before tax (£m)

Underlying profit before taxation is after interest and before separately disclosed items and related taxes. Underlying profit before taxation increased by 10% in 2017 (2016: 11%).



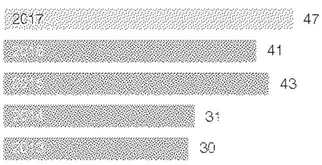
Return on operating capital employed (%)

Return on operating capital employed is defined as underlying operating profit divided by average operating capital employed. Operating capital employed comprises tangible fixed assets, intangible fixed assets, operating debtors net of creditors, less provisions. The Group's post-tax return on operating capital employed (note 2) was 12.2% in 2017 (2016: 13.0%).



Cash conversion (%)

Cash conversion is defined as the ratio of operating cash flow to underlying operating profit. Operating cash flow is defined as underlying operating profit, adding back depreciation and amortisation and adjusting for net movements in working capital, pension payments and for the cash profits of associates. The Group's cash conversion was 56% in 2017 (2016: 103%).



Gearing (%)

Gearing is defined as the ratio of net borrowings to net assets. The gearing of the Group at 31 December 2017 was 47% (2016: 41%).

Principal risks and uncertainties

The Group's risk management framework

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

The Board determines the Group's policies on risk, appetite for risk and levels of risk tolerance, and specifically approves: risk management policies and plans; significant insurance and/or legal claims and/or settlements; 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, functional and business leaders who have delegated authority and specific responsibility for ensuring compliance with and implementing policies at corporate, divisional and business unit level. Group functions and operating units are each required to operate within this control environment and in accordance with the established policies and procedures covering areas including ethics, anti-bribery and corruption, conflicts, treasury, employment, slavery and human trafficking, whistleblowing, data protection, health and safety and environment.

The Group's trading companies are supported by Group functions for finance, treasury, taxation, internal audit, insurance, legal and company secretarial, human resources and payroll and information systems; the functional heads report to a nominated Executive Director. The Board retains an oversight role, receives regular reports on key issues and has a schedule of matters specifically reserved to it for decision, designed to ensure 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.

The Board also operates a Group Risk Committee (GRC), which meets quarterly and is chaired by Nick Henry, with representation from functional heads including finance, human resources, legal and company secretarial, information services, insurance and internal audit. The main responsibilities of the GRC are to identify and monitor operational risks and ensure that those risks are being actively managed throughout the Group; to support the Group's Internal Control and Risk Management strategy and policy; and to review reports on Key Risks and Risk Maps prepared by trading companies in order to monitor and report on the types of risk within the Group and report on how effectively risk management is performed/monitored within each business unit/trading company. The minutes of the GRC are reported to the Board.

Risk management systems

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

- Each trading business is required to maintain an up to date risk register, which is reviewed at each quarterly business board meeting, identifies key risks and assesses the likelihood and impact of each risk before and after mitigation measures are taken.
- On an annual basis the risk registers are submitted for analysis to the Group General Counsel and internal audit. This analysis is considered by the Board when determining the Group's principal risks, and the areas of internal audit focus for the forthcoming period.
- The trading company managing directors complete a risk management review questionnaire on an annual basis which is a self-assessment of operational controls and compliance with Group policies, applicable laws and regulations relating to their business. This enables business managers to identify risks and focus on mitigating strategies. The reviews are submitted to the Group General Counsel and internal audit for analysis and reporting to the Board.

Business reporting and performance reviews

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

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

Identifying and monitoring material risks

Material risks are identified and monitored as follows:

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

Principal risks and uncertainties

The most significant risks which the Board considers may affect our business (based on the risk evaluation process described above) are listed below. On the basis that the Board considers that the Group's principal risks have not materially changed, the categories of risks listed below are similar to last year. The Group's decentralised business model and geographical spread helps to mitigate the impact of each principal risk.

The Board has considered the potential effect of the UK's exit from the European Union throughout the year. It considers that Brexit is unlikely to have a material impact on the Group, as its business interests and customer base in the EU are not significant. The Board will continue to track and consider the implications of Brexit and its potential impact as the terms of the UK's exit, both during and after transition, become clearer.

Risk description and potential impact	Management and mitigation	Changes in risk profile 2017 – 2018
Project delivery		
The failure to meet customer expectations on project delivery could have potentially significant adverse financial and reputational consequences and could potentially result in claims and litigation.	Projects and contracts are subject to on-going review at levels and frequencies appropriate to performance and potential risks. Our businesses employ industry experts to help ensure effective project delivery and performance. This together with established processes and procedures, reporting systems, management oversight, customer feedback and staff training and development is designed to mitigate the risk to successful project delivery.	An increase in size and volume of contracts increases project delivery risk, but this is in proportion with the growth of the Group.
Contractual risk		
As the Group continues to grow, wins larger contracts and operates in more geographies, sometimes with local partners, the Company is potentially exposed to increased risks such as late payment or cost overruns.	The Group utilises professional expertise to minimise risk in contract negotiation with customers and partners. All major tenders, contracts and joint ventures 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. In addition the project delivery and performance function (referred to above) provides assurance on delivery.	Marginally higher.
Recruitment and retention of key staff		
James Fisher has strong and experienced management teams in its operational businesses and depends on the skills, experience and competence of all of its people to drive the business forward in established and new markets. The Group's success in delivering its strategic objectives depends on recruiting and retaining the right people in all areas of our business and planning succession in key leadership positions. The failure to attract, retain and develop personnel of the requisite calibre could have an adverse impact on the business.	Our strategy to attract and retain talent includes graduate recruitment, identifying and developing future leaders, regular appraisals, formal and informal training plans, succession planning, and appropriate remuneration incentives including the extension of share schemes to key individuals. We aim to develop talent from within. Succession and talent development is regularly discussed at Board and trading company level. There are several management development programmes in place for individuals who have been identified as potential senior managers. These programmes are defined to help develop and grow the capabilities and behaviours required of senior managers so that we have potential successors for key business roles. These strategies are designed to retain and motivate individuals and to ensure their commitment to the success of the business. Staff turnover at senior levels within the Group remains low.	No change.

Risk description and potential impact	Management and mitigation	Changes in risk profile 2017 – 2016
Health, safety and environment		
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 or failure to maintain appropriate levels of service delivery would potentially damage the Group's reputation leading to financial and commercial consequences.	The Group places a particular emphasis on operational excellence including the health, safety and security of its operations and the quality of services provided. These key areas are continually monitored and reported to the Board. We have policies and processes to safely and compliantly manage our operations, to protect our employees and others, to react appropriately to operational incidents and to deal quickly and effectively with any safety or service failings.	No change.
Financial risk		
The Group is exposed to a variety of financial risks which could adversely affect the financial performance of the Company. The risks include interest rate, foreign exchange and credit risk. An increase in interest rates or change in exchange rates or credit restriction would have a financial impact.	The Group maintains relationships with a small key group of banks and reviews its funding mix and requirements at each Board meeting. The Board discusses macro-economic issues and their potential impact on each of these risks. The Group enters into bilateral facilities to spread its maturity profile and aims to maximise the term of its revolving credit facilities. The Group's centralised finance function oversees all key strategic finance matters and is responsible for treasury, tax, foreign exchange and funding requirements. This includes the day-to-day management of the Group's liquidity, interest rate and foreign exchange rate risks. Forward currency contracts and interest rate swaps are entered into to mitigate the risks of adverse currency or interest rate movements. The Group also seeks to secure payment in hard currency to mitigate exchange rate risk.	2016 was a period of high volatility in this area. 2017 was less volatile.
Energy markets		
The Group has significant operations across the energy sector and serves a broad range of oil and gas, nuclear and renewables customers. A marked change in circumstances in individual market sectors, energy prices or change in government regulation or policy may lead to reduced activity which can affect demand for the Group's products and services and impact financial performance.	The Group has exposure across the energy sector and to a broad range of end markets and differing geographies. This, together with the maintenance of close relationships with key customers and suppliers, helps to mitigate the potential impact of market risks in the energy sector. Specifically with regard to the oil and gas sector, the Group has limited exposure to the exploration phase and seeks longer-term contracts for inspection, repair and maintenance work.	The strategic risks are reducing in proportion to the wider diversity of businesses within the Group.
Operating in emerging markets		
The Group has increasing activities in overseas emerging markets and key growth economies which are often undertaken in association with local joint venture partners. This, together with legislative restrictions, embargoes, sanctions and exchange controls, has the potential for increasing the Group's financial and governance risk exposure. Any significant failure to comply with laws or regulations could lead to liabilities and penalties.	Risk and internal control of overseas joint ventures is a key area of management's focus. As businesses develop we monitor and review the structure of, and reporting lines for, our overseas operations and the relations with third parties to ensure an appropriate form of command and control is maintained, dependent on the particular operating environment and the nature and size of the business. The Group allocates additional resource to areas of higher risk and has enhanced its internal audit reviews for overseas businesses which are supported by external audit companies, where appropriate. Processes are in place that are designed to ensure that all businesses operate in accordance with legislative restrictions, embargoes, sanctions and exchange controls and the Group's policies and applicable laws.	No change.
Cyber security		
Attempts to cause harm to the Group and its businesses via digital channels could lead to theft, fraud, interruption to business and damage to our reputation.	The Group's IT systems are defended through the use of software protection and processes which are regularly reviewed and tested. These defences include gateways, firewalls and threat detectors. IT security information and updates are reviewed on a regular basis. Group IT systems were subjected to penetration tests and vulnerability scans during 2017 which were satisfactory. Accounting and banking controls are regularly appraised to ensure they are appropriate, up to date and comply with recommended practice.	There have been no major security breaches or fraud in 2017 and the risk is unchanged.

Corporate responsibility

Introduction

The Board remains committed to high standards of corporate governance, and to ensuring consistent application across the Group of its values of honesty, integrity and fairness which, in the Company's view, are the key elements for building a sustainable and profitable business. Corporate responsibility remains central to the delivery of our business strategy. This report will explain how we applied the principles of good governance throughout the year in key areas, and outlines the processes and controls we use to manage the Group's approach to health and safety, environmental matters, our employees, business ethics and social responsibilities.

Our Board of Directors sets the strategic and financial objectives for the Group and in doing so, requires and seeks to ensure that the Group maintains high ethical standards of behaviour throughout its businesses.

For the purposes of sections 414CA and CB of the Companies Act 2006, this report shall constitute the Group's non-financial information statement.

Health and safety

The Group recognises its responsibilities in relation to the health, safety and welfare of its employees, contractors and visitors to the Group's premises, as well as all those who come into contact with the Group in its diverse activities. The Board considered and re-approved the Group's existing health safety and environment policy in January 2018 as a declaration of our intent and commitment. We continue to strive towards our ultimate aim of having no accidents or injuries and we have a proactive safety culture across the Group which promotes compliance and ensures continuous improvement. We have a strong focus on employee training, regulatory compliance and accident reduction, all of which are monitored and reported across the Group. Accountability remains with local management who are best-placed to ensure that their businesses comply with local laws and regulations and specific needs on a day-to-day basis. This is overseen by Nick Henry, the Chief Executive Officer, who has overall responsibility for health and safety. The review of health and safety performance is high on the agenda at each Board and business board meetings, and remains a top priority for the Group.

The Group Health and Safety Committee (GHSC), chaired by Nick Henry, 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 that each Group operating company is maintaining high standards of health and safety in its business. Through the GHSC, the Group shares best practice and lessons learnt following any health and safety incidents, including near misses, to mitigate the risk of 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 reportable 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 2017 was 5 (2016: 5).

The Group also records lost time accidents (LTAs) to monitor performance and trends. An LTA is an incident which causes a worker to be incapacitated for three or more consecutive days, not including the day of incident. In 2017, the Group incurred 5 LTAs (2016: 6).

The Group monitors its overall RIDDOR reportable frequency rate, defined as the number of RIDDOR reportable incidents per one hundred thousand hours of work. In 2017, the Group's RIDDOR reportable frequency rate was 0.1 (2016: 0.1).

Environmental matters

The Group recognises its responsibility to protect the environment for the benefit of all and is committed to operating its businesses to ensure that the environmental impact of its activities, its consumption of raw materials and its production of waste is minimised. The Group is committed to working within the appropriate regulatory frameworks to minimise the impacts of its operations on the environment.

Nearly all of our principal operating companies are ISO 14001 compliant. This internationally recognised environmental management system enables a systematic approach to handling environmental issues.

Energy consumption was measured across the Group by recording data on the combustion of fuel and the use of electricity at its facilities. The Group's total greenhouse gas emissions (GHG) are set out below.

Emissions total (in thousands of metric tons)

	2017	2016
CO2 equivalent from electricity consumption in facilities	2.3	3.0
CO2 from combustion of fuel at facilities and road vehicles	2.4	2.9
CO2 from combustion of fuel in vessels	84.0	83.9
Total emissions (CO2)	88.6	89.8

Emissions from the combustion of bunkers which fuel the tankers in the Tankships division amounted to 95% of the Group's total emissions (2016: 93%). The benefit of sea transportation is that one 4,000 metric ton vessel can carry 150 times the volume of fuel carried by a single road tanker, which significantly reduces congestion and emissions to air. Emissions from fuel combustion in vessels was similar to 2016 despite one fewer vessel in the Tankships division. This was due to the growth in ship-to-ship transfer services in Brazil which commenced in January 2017.

The Group's carbon intensity ratio calculated against the Group's revenue remained flat at 0.02% (2016: 0.02%). Our Tankships division operates a Ship Energy Efficiency Management Plan to regulate shipping energy efficiency and to control its marine GHG emissions. One objective under the Group's health, safety and environment policy is to ensure that the impact of our activities and our production of waste is minimised, as such waste management and recycling of materials is encouraged across the Group and in an effort to reduce our carbon emissions from travelling to and from meetings, the use of video conferencing is widely used throughout the Group.

Employee related matters

The Chief Executive Officer is responsible for employee matters and he is assisted by the Group Head of Human Resources. The Group is committed to complying with all applicable laws governing employment practices and to the prevention of discrimination on the basis of any unlawful criteria. Employment arrangements are intended to be fair, equitable and consistent with the skills and abilities of the employees and the needs of the business.

The Group is committed to developing its employees and ensuring that investment in learning and development is in line with the business strategy and goals. We recognise that the success of our business depends on our talented workforce. Employees throughout the Group are encouraged to participate in training and development programmes and to obtain professional qualifications relevant to their roles. In order to develop this further, the Group has broadened its management development and graduate recruitment programmes, which focus on recruiting talented graduates and developing skills and experience to produce potential future managers. The Company also has a dedicated learning and development team who deliver in-house training to employees throughout the Group on a wide variety of personal development and compliance-related topics, much of which is tailored to each business to give the employees targeted, bespoke training which will advance their development.

The Group believes that effective learning and development will help to attract and retain high quality people, support them in reaching their potential and build the capabilities necessary to succeed, which in turn rewards the Group by securing the dedication and motivation of those employees. Keeping our people inspired remains one of our highest priorities and so we focus on creating an environment where performance is rewarded, people are respected for their contributions, diversity and inclusion is encouraged and where integrity is upheld in all aspects of our work. The Group remains committed to providing equal opportunities free from discrimination, and to developing and retaining talent to maximise business growth and performance.

The Company also recognises the need to provide flexible working practices to support the needs of employees to maintain a successful work-life balance. In support of this the Company operates a flexible working policy. Under this policy, the Company states that it will, where possible, try and accommodate an employee's needs. During 2017, 49 requests for flexible working were made and 100% were accepted by the Company.

Developing and maintaining employee engagement with the Company is important. The Group communicates with its employees on matters of concern to them as employees, and on the financial and economic factors affecting the performance of the Company. This is done principally through management briefings and newsletters, the Company's website, the Group's intranet resource, and by the distribution of preliminary and interim announcements and press releases. Copies of the Annual Report and Accounts are also made available to the operating businesses and this communication process enables employees to gain an understanding of the Group's objectives and performance and how they have contributed to those results. Where decisions are being made which are likely to affect employees' interests, such employees or their representatives are consulted so that their views can be taken into account.

We operate in a competitive marketplace and the Board recognises the importance of rewarding employees appropriately for the value they bring to the business. It aims to offer rewards that attract and retain key talent.

The Group also encourages its employees to share in its successes through share ownership. As at 31 December 2017, 284 employees were participants in the James Fisher Sharesave Scheme which gives them the opportunity to purchase shares at the end of a three or five year saving plan (2016: 293).

Equal opportunities and diversity

The Group values the diverse backgrounds of all its people and strives to create a culture of honesty, openness and accountability. It is Group policy to treat all job applicants and employees fairly. The Group has made the commitment that no employee or potential employee shall receive more or less favourable treatment or consideration on the grounds of race, colour, ethnic origin, nationality, national origin, religion or belief, gender, age, disability, sexual orientation, marital status or any other similarly protected status. We aim to ensure that people from any background or of any gender identity have equal access to employment, training and career progression opportunities. We strive to select individuals on merit and do not consider that targets or quotas are appropriate.

The Board recognises that having a diverse workforce allows the Group to meet better the differing requirements of our global customer base. Our strategy is to identify current and/ or future potential successors to senior management roles throughout the Group, and gender diversity is encouraged by the Board. The Group's diversity policy is reviewed annually and approved by the Board and is available on the Company's website.

The objectives of the Group's diversity policy are to ensure that the Group benefits from a diverse workforce and has a working environment where all employees are encouraged to realise their full potential and where there is an open atmosphere of trust, honesty and respect. The policy applies to all Group employees and to all staff, contractors, consultants and any other individual working for, at, or on behalf of the Group. One diversity policy initiative is to provide training and mentoring for women at all stages of their career to support their development as leaders. In the last two years, 63 women passed through this leadership programme.

Gender diversity

	2017		2016	
	Male	Female	Male	Female
Main Board Directors	6	1	6	1
Senior Managers	61	11	47	9
Employees	2,081	564	2,152	560

The Group will report on gender pay in accordance with the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 by 4 April 2018. The Board has been considering the preliminary results of the Group analysis and whether any action might be required.

All of our employees are treated with respect and dignity. Harassment of any kind is not tolerated. In addition to complying with legislative requirements, the Group strives to ensure that disabled employees are treated fairly and that their training, career development and promotion needs are met. If an employee were to become disabled during the course of their employment, the Group would provide support, wherever practicable, whether through re-training or re-deployment, so that they continue to be employed, wherever practicable, in the same job, or if this were not practicable, every effort would be made to find suitable alternative employment.

Respect for human rights

James Fisher is committed to supporting and respecting human rights in the workplace and in the communities in which it operates across its international business. We have implemented work practices and policies throughout the Group which are designed to ensure that respect for human rights is integrated into the systems and culture of our businesses. We do not tolerate the use of child or forced labour within our business and take all steps possible to ensure that our suppliers and customers also uphold internationally recognised human rights. The Group has a formal slavery and human trafficking statement which is available on the Group's website and which outlines steps taken by the Group to ensure that there is transparency in the Group and throughout our supply chains. As part of this policy statement, the Group encourages any concerns relating to modern slavery to be raised using the procedure set out in the whistleblowing policy. There is an on-going process of risk assessment with the effectiveness of this statement and the Group's other policies, and procedures being regularly monitored and reviewed by the Audit Committee to ensure that they align with our Group strategy. During 2017, no whistleblowing reports were brought to the attention of the Audit Committee.

Business ethics, anti-bribery and corruption matters

As a Group we aim to act responsibly and ethically in all of our business dealings. Through our ethics policy we aim to instill the highest standards of business behaviour across the Group and we focus on embedding a culture of ethical compliance so that all of our people understand the standards of ethical business practice that are expected of 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 in all jurisdictions where the Group operates, as well as promoting responsible behaviour across the Group.

The Group has an established anti-bribery and corruption policy and has introduced a compliance programme which has the support of the Board and senior management within the Group. 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. By the end of 2017, over 1,000 employees had undertaken this training.

The Group does not permit bribery, nor illegal or corrupt business practices and our whistleblowing procedure allows employees to raise any malpractice concerns they may have in an appropriate forum without fear of recourse. 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 carried out where appropriate and are kept up to date. They are also required to monitor, record and report agency arrangements with third parties to ensure that all our business dealings are appropriate and within our ethical framework.

Customers

Our customers are extremely important to us. The Group aims to provide superior customer service through value added solutions combined with high quality products. First class customer service and innovation are critical to our success.

We appreciate that every customer has different needs and expectations and we have developed long-lasting relationships with customers and suppliers over many years to help customers find the solutions they need. We have followed a customer-led strategy with regards to expansion into international markets, and we are proud to be a trusted partner of many major corporations, government agencies and other customers around the world. We understand that a continued commitment to our existing and future customers is fundamental to our success and so we strive to work hard to understand our customers' needs and to continue delivering customer satisfaction.

Suppliers

Our businesses have developed their own long-term relationships with suppliers based upon best practice, legal requirements and Group policies and procedures. Group companies promote human rights, social responsibility, trade compliance and anti-corruption within their own supplier base, and key suppliers are vetted to ensure that they adhere to all relevant laws, our policies and codes of conduct and, where appropriate, operate within internationally recognised quality, health and safety and management systems.

Our community matters

Whilst the Group has no formal policy on supporting the community, it continues to encourage its businesses to support local communities within their operational areas. During 2017, the Group was involved in the provision and installation of two manual boreholes which will provide fresh drinking water to two rural communities based in the Mpohor district of the western region of Ghana. The Group has also set up an educational bursary in South Africa for prospective new mariners in a bid to help promising female students complete the necessary studies for a career in the maritime industry. During the year our employees have given their time and money to a wide range of charitable giving and fund raising activities.

Charitable causes supported in 2017 included: Macmillan; Make a Wish Foundation; Meningitis Research Charity; Ty Gobaith (Hope House) children's hospice; RNLI; NeST (Nephrotic Syndrome Trust); the Alzheimer's Society; Breast Cancer Now; CLAN Cancer Support.

The Sir John Fisher Foundation (SJFF) is a charitable trust, which was established in 1979 by Sir John and Lady Fisher, and supports causes throughout the UK, with special regard to those based in and working for the benefit of people living in Barrow-in-Furness and the surrounding area. The Trustees of SJFF hold a significant shareholding in the Company and support charitable causes in relation to maritime, medical and disability, education, music, arts and community projects. In 2017 SJFF made grants or commitments to charitable causes of £2.0m (2016: £2.3m).

In accordance with the requirements under sections 414CA and CB of the Companies Act 2006, information in relation to the following matters can be found on the pages specified below:

Matters:	Page number:
Environmental matters	23
Employees	23-24
Social matters	25
Respect for human rights	24
Anti-corruption and anti-bribery	25

Board of Directors



Chairman

Executive Directors

Charles Rice
Chairman of the Board and Nominations Committee +

Appointment: Charles was appointed to the Board in April 2004 and became Non-Executive Chairman on 1 August 2012.

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

External appointments: Charles is currently Chairman of the Transport Research Foundation.

Nick Henry
Chief Executive Officer

Appointment: Nick joined the Group in February 2003 and was appointed Chief Executive Officer in December 2004.

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

External appointments: Member of the Supervisory Board of the UK Chamber of Shipping; Non-Executive Director of Britannia's Gold Limited.

Stuart Kilpatrick
Group Finance Director

Appointment: Stuart joined the Group in July 2010 and was appointed to the Board as Group Finance Director in December 2010.

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

External appointments: Trustee of the Group's Shore Staff Pension Scheme.

Non-Executive Directors

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

Appointment: Malcolm was appointed to the Board in February 2011.

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

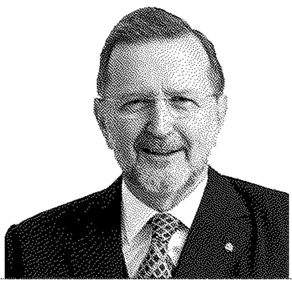
External appointments: Chairman of Anthesis Consulting Group, a private equity backed global sustainability consultancy.

Aedamar Comiskey
Non-Executive Director *#+

Appointment: Aedamar was appointed to the Board in November 2014.

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

External appointments: None.



David Moorhouse CBE
Non-Executive Director *#+

Appointment: David was appointed to the Board in August 2013.

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

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

Michael Salter
Non-Executive Director *#+

Appointment: Michael was appointed to the Board in August 2013.

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

External appointments: Non-Executive Director of SAR Gruppen AS.

Justin Atkinson
Non-Executive Director *#+

Appointed: Justin was appointed to the Board in February 2018.

Skills and experience: Justin was formerly Chief Executive Officer of Keller Group plc between April 2004 and May 2015, having previously held the position of Group Finance Director and Chief Operating Officer. Justin trained and qualified as an accountant and spent the early part of his career with Reuters plc.

External appointments: Senior Independent Non-Executive Director of Kier Group plc; Senior Independent Director and Chair of the Audit Committee of Forterra plc; Non-Executive Director and Chair of the Audit Committee of Sirius Real Estate Ltd and a member of the Audit Committee of the National Trust.

* Audit Committee # Remuneration Committee + Nominations Committee

Corporate governance report

Introduction from the Chairman

I am pleased to present the 2017 Corporate governance report on behalf of the Board. The Board remains committed to high standards of corporate governance and to ensure that values and behaviours are consistent across the Group. This report, together with the Audit Committee, Nominations Committee and Directors' remuneration reports, are intended to give shareholders a clear and meaningful explanation of how the Board and its Committees discharge their corporate governance responsibilities, and how the principles of good governance (as set out in the Financial Reporting Council's UK Corporate Governance Code (April 2016) (the Code), which is the version of the Code which applies to the Company for 2017), have been applied throughout the Group. A copy of the Code can be found at the Financial Reporting Council's (FRC) website: https://www.frc.org.uk.

In addition to the Code, the Annual Report and Accounts have been drawn up and presented in accordance with the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013) and the Financial Conduct Authority's Listing Rules. The liabilities of the Directors in connection with this report are subject to the limitations and restrictions provided by such law.

I would encourage all shareholders to attend our AGM on 3 May 2018 as it provides an excellent opportunity to meet the Executive and Non-Executive Directors.

Charles Rice
Chairman
26 February 2018

Statement of compliance

The Board confirms that, without exception, the Company complied with all relevant provisions of the Code throughout the year ended 31 December 2017. The following disclosures provide a detailed description of how the Company has complied with the principles set out in the Code in the 2017 financial year.

A. Leadership

A.1 Role of the Board

The Board has a schedule of matters it reserves for its own decision-making, such as decisions relating to:

- strategy and management;
- structure and capital;
- financial reporting and controls;
- internal controls;
- capital expenditure;
- approval of material contracts;
- communication with shareholders;
- Board membership and appointments;
- corporate governance matters;
- approval of Group policies; and
- approval of the Group and Company financial statements.

The schedule is reviewed annually and approved by the Board.

The Board
Chaired by Charles Rice

Meets regularly, with six scheduled meetings during the year.

The Board is responsible for providing effective leadership to the Company. It does this by setting strategic priorities and overseeing their delivery in a way that enables sustainable long-term growth, while maintaining a balanced approach to risk within a framework of effective controls.

Nominations Committee
Chaired by Charles Rice

Meets a minimum of three times a year.

Reviews the structure, size and composition of the Board (including skills, knowledge, diversity and experience) and recommends changes; succession planning for Directors and senior executives; and identifies and nominates for approval to the Board, candidates to fill vacancies when they arise.

The Nominations Committee report on pages 38 to 39 describes in detail the Committee's role and activities.

Audit Committee
Chaired by Malcolm Paul

Meets a minimum of three times a year.

Assists the Board in its oversight and monitoring of financial reporting, reviews the Group's internal financial controls and systems for risk management and internal controls; monitors the Company's whistleblowing policies and assesses independence and objectivity of the external auditor.

The Audit Committee report on pages 34 to 37 describes in detail the Committee's role and activities.

Remuneration Committee
Chaired by Malcolm Paul

Meets a minimum of three times a year.

Agrees with the Board the remuneration policy for Executive Directors and other senior executives; reviews the appropriateness and relevance of the Group's remuneration policy; and ensures that the provisions of the Code relating to remuneration are fulfilled.

The Directors' remuneration report on pages 40 to 53 describes the work of the Committee including the Chairman's overview.

Executive Committee
Consisting of the Chairman and the Executive Directors

Meets at least monthly.

Empowered, under written terms of reference, to take actions 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.

Sub-Committees

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.

Group Health and Safety Committee
Chaired by Nick Henry

Meets on a quarterly basis.

Discusses all health and safety issues including incidents, mitigating actions and training requirements and reports recordable safety incidents to the Board.

Group Risk Committee
Chaired by Nick Henry

Meets on a quarterly basis.

Identifies and monitors operational risks throughout the Group; supports the internal control and risk management strategy and policy.

Operating Divisions

Day-to-day business delivery.

Executive Directors meet on at least a quarterly basis with managing directors of principal businesses.

Corporate Functions

Day-to-day business delivery.

Executive Directors and heads of corporate functions meet at the Risk Committee on a quarterly basis.

The Directors' attendance records at Board and Committee meetings held during the year are shown in the table below:

Attendance at Board and Committee meetings	Board	Audit Committee	Remuneration Committee	Nominations Committee
Number of meetings	**6**	**3**	**3**	**3**
Charles Rice	6	N/A	N/A	3
Nick Henry	6	N/A	N/A	N/A
Stuart Kilpatrick	6	N/A	N/A	N/A
Malcolm Paul	6	3	3	3
Aedamar Comiskey	5	3	3	3
David Moorhouse	5	2	3	2
Michael Salter	6	3	3	3

Board and Committees operation of 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 the Group Finance Director prior to review and approval by the Board. Meetings of the Board are structured to allow open discussion.

To enable the Board to discharge its duties, the Chairman ensures that all Directors receive accurate, timely and clear information on all relevant matters in advance of the Board meetings, including comprehensive financial and business reports covering the Group's principal activities. The Non-Executive Directors regularly visit major business centres of the Group in order to enhance their knowledge including in relation to the services and products offered, which in turn acts to strengthen their contribution to Board debate. In 2017, visits included JFD and James Fisher Nuclear at their UK headquarters, and the Non-Executive Directors also received presentations from management on key strategic plans, including relating to individual businesses and markets.

During the year, the Board has considered a wide range of matters including safety, operations, corporate governance, strategy, forecasts and long-term objectives, acquisitions, financing, taxation, risk management, internal controls, the Group's principal risks, management and succession planning and Board composition, as well as shareholder announcements. The Board has a regular programme of six meetings and a schedule which identifies matters to be discussed at each meeting. The January and July meetings are primarily focused on review of corporate governance matters. The other quarterly meetings each have a broad based business agenda, which covers the items noted above.

Committees

The Board has delegated certain responsibilities to the following Board Committees:

- Audit Committee;
- Remuneration Committee; and
- Nominations Committee.

Each Committee is provided with sufficient resources to undertake their duties and has formal written terms of reference which are reviewed annually and available on the Company's website.

A.2 Division of responsibilities

The roles of Chairman and Chief Executive are separate, set out in writing, clearly defined, and approved by the Board.

A.3 Chairman

The Chairman's role is to lead the Board and to ensure the Board operates effectively in all aspects. The Chairman sets the Board's agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. On his appointment in August 2012, the Board considered Charles Rice to be independent in character and judgement in accordance with the Code.

The Board has considered and is satisfied that the role of Chairman operates effectively.

A.4 Chief Executive Officer

The Chief Executive Officer's role is to have the day-to-day responsibility for running the Group, including leadership of senior management in executing the Company's strategy and managing the operational requirements of the Group's businesses.

The Board has considered and is satisfied that the role of Chief Executive Officer operates effectively.

A.5 Non-Executive Directors

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

Each Non-Executive Director is expected to commit sufficient time to allow for attendance at Board and Committee meetings and for keeping in touch with the senior management team, shareholders and other stakeholders. Malcolm Paul, the Senior Independent Non-Executive Director, also acts as a sounding board for the Chairman and as an intermediary for Non-Executive Directors where necessary. During the year, there were no unresolved concerns regarding the running of the Company.

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

B. Board Effectiveness

B.1 Composition of the Board

For further information on the composition of the Board, please refer to the Nominations Committee report on pages 38 to 39.

B.2 Appointments to the Board

Appointments to the Board are overseen by the Nominations Committee. Please refer to the Nominations Committee report on pages 38 to 39.

B.3 Commitment

Following the Board evaluation process, detailed further below, the Board is satisfied that each of the Directors is able to devote sufficient time to the Company to discharge their responsibilities effectively.

Contracts and letters of appointment with Directors are made available at the AGM or on request. Executive Directors are encouraged to take up non-executive positions in other companies or organisations, provided such appointments are approved by the Board, which considers, amongst other things, the time commitment required. The details of current external appointments are set out in the biographies of the Board of Directors on pages 26 to 27.

B.4 Development

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 and agreed with the Chairman annually. The Board is confident that all its members have the knowledge, ability and experience to perform the functions required of a director of a listed company.

B.5 Information and support

All members of the Board are supplied with appropriate, clear and accurate information in a timely manner covering matters which are to be considered at forthcoming Board or Committee meetings.

Should Directors judge it necessary to seek independent legal advice about the performance of their duties with the Company, they are entitled to do so at the Company's expense. Directors also have access to the advice and services of the Company Secretary.

The Company Secretary is responsible for advising the Board, through the Chairman, on all governance matters and for ensuring 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. The appointment and removal of the Company Secretary is a matter requiring Board approval. In 2017, the Board approved the appointment of Jim Marsh as Group General Counsel & Company Secretary in succession to Michael Hoggan.

B.6 Evaluation

At the end of each year, the Board undertakes an annual evaluation of its own performance and that of the Remuneration, Nominations and Audit Committees and of each individual Director against the framework of Board effectiveness produced by the FRC. The Board determined that an external facilitation of the annual review of performance was not necessary this year, as it would be undertaken next year as part of the 2018 annual review, being 3 years since the last external facilitation.

The 2017 performance evaluations were designed to assist the Board in identifying strengths and weaknesses and areas for further improving performance and required each Director to complete in confidence a detailed questionnaire relating to key aspects of Board performance, and performance of the Board's principal Committees. The review included an analysis of the Board's and Committees' performance in key areas including corporate governance, structure and procedures, strategy and its effectiveness, risk management and control and communications with stakeholders. The results of the evaluation were collated by the Company Secretary and reported to the Board via the Chairman with recommendations for further consideration and action as appropriate.

The 2017 review concluded that the Board functions well as a unit and provides a good balance of support and challenge to management.

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

B.7 Re-election

For further information on the Company's compliance with the Code provisions relating to the re-election of Directors, please refer to the Directors' report on pages 54 to 57.

C. Accountability

C.1 Financial and business reporting

The Board considers that the Annual Report and Accounts taken as a whole present a fair, balanced and understandable assessment of the Group and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. In making this assessment, the Board took into account its own knowledge of the Group, the markets in which the Group operates, its strategy and performance in the year, a detailed review of the content of the Annual Report and Accounts and other periodic financial statements and announcements, together with the recommendation of the Audit Committee. Key considerations included ensuring that there was consistency between the accounts and the narrative provided in the front half of the Annual Report, and there was an appropriate balance between the reporting of weaknesses, difficulties and challenges, as well as successes, in an open and honest manner.

The going concern assessment and the viability statement are set out in the Directors' report on pages 56 and 57; and the Strategic report on pages 8 and 9 sets out an explanation of the Company's business model and the strategy for delivering the Company's objectives.

C.2 Risk management and internal controls

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

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

The Board has carried out a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity. Details of those principal risks and the Group's approach to mitigating them are set out in the Strategic report on pages 19 to 21.

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

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

The Board has a zero-tolerance approach to any form of modern slavery and is committed to acting in an ethical manner and with integrity and transparency in our Group's business dealings. The Group has a formal slavery and human trafficking statement which outlines the steps taken by the Group to ensure that slavery and human trafficking is not taking place within any part of the Group's business or within the Group's supply chains, which is available on the Group's website.

C.3 Audit Committee and auditor

For further information on the Company's compliance with the Code provisions relating to the Audit Committee and the Company's auditor, please refer to the Audit Committee report on pages 34 to 37.

D. Remuneration

For further information on the Company's compliance with the Code provisions relating to the level and components of remuneration and remuneration procedure, please refer to the Directors' remuneration report on pages 40 to 53.

E. Relations with shareholders

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

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

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

The Dorothy May White comes into service

In April 2017, Workington Royal National Lifeboat Institution (RNLI) volunteers welcomed their new state-of-the-art Shannon class lifeboat. The charity's new £2m lifeboat was part-funded by a substantial donation in 2016 from The Sir John Fisher Foundation.

The Shannon class lifeboat is the first modern RNLI all-weather lifeboat to be powered by water jets and not propellers. It is capable of 25 knots which is 50% faster than the lifeboats it replaces and is the most agile lifeboat in the RNLI's fleet.

At a ceremony in June 2017, the vessel was named in memory of Dorothy May White, who gave a generous legacy to the RNLI, and was formally handed over to RNLI Workington by Rowland Hart Jackson (a trustee of the Sir John Fisher Foundation).

Since coming into service, it has already been called out a number of times, including on the morning of 16 September 2017, when it was called out to assist in the rescue of a lone kayaker who had capsized in choppy seas five miles west of St Bees Head.

Audit Committee report

Introduction by Malcolm Paul, Chairman of the Audit Committee

I am pleased to introduce the report of the Audit Committee for the year ended 31 December 2017.

The Committee and the work it performs is of fundamental importance to the Board in discharging its responsibility for oversight and monitoring of financial reporting, risk management and internal control. I have been chairman of the Committee since 2012 and 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 focus on specific aspects considered by the Committee during the year and aims to provide assurance to you, our shareholders, that the control environment of the Group is being properly supervised and monitored.

I am satisfied that the Committee is properly constituted with written terms of reference, which include all matters referred to in the Code and is provided with good quality information to allow proper consideration to be given to topics under review. I am also satisfied that meetings are scheduled to allow sufficient time for discussion and to ensure that all matters are considered fully. The Committee's terms of reference, which are available on our website, were updated in January 2018 in accordance with the FRC Guidance on Audit Committees, April 2016.

Of particular importance is the requirement to ensure that the Group's financial reporting is fair, balanced and understandable. We therefore review all the Group's financial reports before publication, including where necessary alternative performance measures, with this responsibility at the forefront of our minds, and we are satisfied that they provide a fair, balanced and understandable assessment of the Group's position and performance.

This year the Committee has continued to focus on reviewing the Group's systems of risk management and internal controls, as well as ensuring the integrity of the Group's public financial reporting. Whilst we do not believe that the UK's future departure from the EU will have a material impact on the Group we keep this matter under constant review. In addition we have reviewed and endorsed the Group's approach to tax transparency in all the regions of the world in which the Group operates.

The Group has previously accounted for long-term contracts by estimating the percentage stage of completion based on costs incurred to date compared to the estimated total contract costs. For the last 24 months our finance team, led by our Group Finance Director Stuart Kilpatrick, has been considering the impact of IFRS 15 Revenue Recognition – Revenue from Contracts with Customers, effective 1 January 2018, which focuses on when control over the goods or services passes to the customer. Through a series of conferences and working parties in association with our auditor, KPMG LLP (KPMG), key issues have been identified, analysis undertaken and regular reports made to the Committee. Specific details of our work in this regard are set out below.

IFRS 16, which becomes effective from 1 January 2019, will in due course impact on the Group accounts. This new standard will bring operating leases onto the Group's balance sheet for the first time as an asset to be depreciated and a corresponding liability against which future lease payments will be set. Work is currently underway to establish full details of the leases that will most affect the Group which broadly fall into two categories; bareboat vessel leases, where the Group charters or hires a vessel with no crew or provisions included as part of the agreement; and rented property leases.

The Committee operates in an open manner, has clear and concise channels of communication with the Board and, should it be necessary, I would be available to meet with investors.

Malcolm Paul
Chairman of the Audit Committee

Audit Committee composition

The Committee is chaired by Malcolm Paul and consists exclusively of independent Non-Executive Directors whose biographical details are set out on page 27. 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 throughout the year were Aedamar Comiskey, David Moorhouse and Michael Salter. Following the Board changes announced on 18 January 2018 Justin Atkinson, an independent non-executive director and a chartered accountant, joined the Committee on 1 February 2018 with the intention of becoming chairman of the Audit Committee with effect from the conclusion of the AGM on 3 May 2018. The members of the Committee collectively have broad financial, commercial, professional and technical experience and as a whole are considered to have competence relevant to the sectors in which the Group operates. Committee attendance is shown on page 30.

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

At each scheduled meeting the Committee provides the opportunity to discuss matters privately with the auditor and the internal auditor. In addition, the chairman of the Committee holds regular meetings with the KPMG audit reporting partner to discuss matters related to the Group. The KPMG audit partner for the Group rotated during 2017 from David Bills to Mike Barradell following the audit tender process which was completed in 2016. Details of the Committee's specific responsibilities and how it exercises those responsibilities are set out in the remainder of this report. The Board and the members of the Committee separately review the performance of the Audit Committee each year and are satisfied that the Committee discharges its duties and responsibilities in accordance with its terms of reference.

Main responsibilities of the Committee

The Audit Committee's main duties and responsibilities are to:

- monitor the integrity of the Group's financial statements including a review of the significant financial reporting judgements contained therein;
- assess the independence and objectivity of the auditor and make recommendations to the Board for the auditor's appointment, re-appointment and removal;
- approve the auditor's remuneration including non-audit fees, terms of engagement and provision of non-audit services;
- review the Group's internal financial controls and systems for risk management and internal control;
- monitor and review the effectiveness of the internal audit function;
- monitor the Company's policies for handling allegations from whistleblowers; and
- hold a broad remit to review and comment upon market communications including public announcements and analysts' presentations.

Financial reporting

The Committee's primary responsibility in relation to the Group's financial reporting is to review and challenge where necessary, with both senior management and the auditor, the appropriateness of the Group's Interim Statement and Annual Report and Accounts with particular focus on:

- whether suitable accounting policies have been adopted and properly applied;
- the clarity of disclosures and 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 auditor; and
- whether the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

To facilitate its financial reporting responsibility the Committee received reports from the Company's auditor, KPMG, at each of the scheduled Committee meetings. The first meeting in February 2017 considered the accounting, financial control and audit issues reported by the auditors that flowed from their audit work and reviewed the financial statements and specific disclosures, including the viability and going concern statements, for recommendation to the Board. In addition to standard agenda items, the February meeting also received evaluations of the external and internal audit process and reviewed the procedures and outputs for the identification, assessment and reporting of risk. The August meeting received a review by the auditor of the Half Year results and considered the accounting, financial control and audit issues arising to enable the Committee to review the Interim Statement and recommend it to the Board. The November meeting reviewed the planning memorandum for the annual audit, including proposed scope and key risks, together with an indication of the proposed audit fee, which was subject to subsequent agreement. In addition, the meeting considered a detailed report from internal audit on their work for the year and approved the internal audit programme for 2018.

Integrity of financial reporting

The Committee has a primary responsibility to review the integrity of the Annual Report and Accounts and the Interim Statement of the Company, which includes the review and discussion of papers prepared by management and takes account of the views of the auditor. The key areas reviewed in the 2017 financial year are set out below.

IFRS 15 Revenue Recognition – Revenue from Contracts with Customers

The introduction of IFRS 15 with effect from 1 January 2018 will change the basis for revenue recognition from a stage of completion of a contract to the delivery against identified performance obligations.

The main revenue streams within the Group are goods and services, rental income and construction contracts and for the most part revenue is recognised at the point in time when the performance obligation is met. Long-term contracts, often spanning a financial year end, are also a feature of some of our business segments, most noticeably in Specialist Technical and Marine Support. In these situations, revenue is to be recognised over time having regard to performance obligations identified from the contract.

The Committee received reports on a number of contracts, including the Indian submarine rescue contract, the Galloper wind farm project, the decommissioning of the core nuclear reactor at Winfrith, Dorset and the Swimmer Delivery Vehicle initiative. The Committee critically examined the recognition of revenue and profit on these significant long-term projects to ensure both were recognised in the correct accounting period and that judgements made by management were reasonable and in accordance with the requirements of IFRS 15.

Where appropriate, matters arising were discussed with senior management and KPMG in their capacity as auditors, and the Committee concluded that the financial statements recognised revenue and profits in accordance with the Group's accounting policy.

Goodwill valuation

The Committee considered the Group's carrying value of goodwill and impairment reviews based on underlying assumptions, including where appropriate the impact of changes in oil and gas prices, together with the achievability of long-term forecasts and the discount rates applied to forecast cash flows. Senior management provided detailed analysis to determine the sensitivity of the outcome to changes in key assumptions and we are satisfied that the judgements made are both reasonable and appropriate.

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 separately with the Group Finance Director and the auditor, and the Committee concluded that acquisitions had been accounted for in accordance with the Group's accounting policies.

Operations in overseas jurisdictions with uncertain legislation

Due to the diverse nature of the territories in which the Group operates often with local partners, there is an inherent commercial and financial risk arising from operating in these locations. This is particularly prominent in the Group's operations in emerging markets, due to a potentially more uncertain legislative, political and regulatory environment. The Committee received regular updates on the operational and financial performance of the Group's business operations in these territories together with the assessment of areas where specific judgements have been necessary.

The Committee was satisfied that each of the matters set out above was adequately addressed by the Executive Directors and senior management, appropriately tested and reviewed by the auditor, and the judgements and disclosures made in the 2016 Annual Report and Accounts and 2017 Interim Statement were appropriate.

Going concern

The Committee reviewed the appropriateness of the going concern assumption in preparing the financial statements. This included a review of papers prepared by senior management in relation to the Group's internal budgets, forecasts of future performance, available financing facilities and facility headroom. Taking account of possible changes that may impact trading performance and other factors that might affect availability, we expect the Group to maintain the necessary headroom under its borrowing facilities for the forthcoming year. We are satisfied that the going concern basis of preparation continues to be appropriate in preparing the financial statements.

Viability statement

The Committee reviewed the Company's viability statement set out on pages 56 and 57 and in particular took care to understand the analysis which was prepared by management and supports the Board's view that the Company will be able to continue in operation and meet its liabilities as they fall due over the period assessed.

Risk management and internal controls

The Board has overall responsibility for the Group's risk management and internal control systems. The Audit Committee is responsible for monitoring and reviewing the effectiveness of these systems and the Group's internal audit function. We received regular reports throughout the year from the Group Risk Committee and we have reviewed the Group's systems of risk management and internal controls, including financial, operational and compliance controls, and have concluded that the systems are sound and effective. Reports on whistleblowing complaints and material internal control failings are referred to the Committee for review and oversight to ensure that appropriate and timely actions are identified and completed. During 2016 and 2017 there were no whistleblowing reports or material instances of internal control failure brought to the attention of the Committee.

The responsibilities and processes for risk management are described in more detail on page 19.

External audit performance

The Committee continually assesses the performance of the auditor, KPMG, from the initial planning stage when they receive and discuss the audit plan and proposed strategy, approach, objectives, significant risk areas and other areas of focus, drawing on input from the Group's senior management, until conclusion of the audit. The Committee conducts annually a formal assessment of the auditor's performance based on its own experience and that of the Group's senior management. This process includes the use of questionnaires which focus on the quality and ability 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 who provides input on the preparedness of the Group's own finance teams and the conclusions are reported to and discussed by the Board.

For the 2017 audit, the Committee considered that the performance of the auditor, including their interaction with the Company, senior management and the Committee, was good. The Committee was also satisfied that KPMG provided an effective audit and remain independent and objective.

Non-audit services

The Committee accepts that certain non-prohibited work is best undertaken by the auditor and to safeguard the auditor's objectivity and independence the Committee has a long-standing policy on engagement of the auditor for non-audit services, which the Committee reviews annually and recommends to the Board for approval. In accordance with EU Audit Regulations and standards published by the FRC in June 2016, the Committee has not engaged the auditor on matters restricted by those Regulations and standards, and fees from permitted work have been pre-approved by the Committee.

KPMG were not instructed to carry out any non-audit services during 2017.

Internal audit

The Committee is responsible for reviewing the work carried out by the internal audit department which considers, reviews and reports on key commercial, financial and control risks across the Group. The internal audit function is managed by an experienced professional assisted by senior financial managers from within the Group who undertake their work in accordance with an annual programme approved by the Committee. In addition, during 2017 we engaged the services of PricewaterhouseCoopers to support our internal audit resources particular at overseas offices. The scope of each internal audit review is agreed by the Committee in consultation with the internal auditor to ensure that key areas for each business are addressed.

In 2017, 25 internal audits were undertaken of which 17 were in the UK and 8 overseas (2016: 15). The internal audit reports were presented to the Committee for review and shared with senior managers for action, as well as being provided to the auditor for information. The internal auditor is responsible to the Committee for ensuring that all required actions are followed up and completed in a timely manner.

The effectiveness of the Group's internal audit function is continually reviewed and a formal review is undertaken annually by the Board and the Committee. Following the final 2017 review, the Committee recommended and the Board concluded that the Group's internal audit process was appropriate and effective.

Malcolm Paul
Chairman of the Audit Committee
26 February 2018

Nominations Committee report

Nominations Committee composition

The Committee reports to the Board and is chaired by Charles Rice with all other members being independent Non-Executive Directors. The Committee members are Charles Rice, Malcolm Paul, Aedamar Comiskey, David Moorhouse and Michael Salter. Justin Atkinson joined the Committee on 1 February 2018. The Committee had three meetings in 2017 and its work included reviewing the composition of the Board and succession planning. Committee attendance is shown on page 30.

Main responsibilities of the Committee

The Nominations Committee's terms of reference, which are available on our website, were updated in January 2018. The main duties and responsibilities are:

- to regularly review the structure, size and composition of the Board (including skills, knowledge, independence and experience) and recommend changes;
- succession planning for Directors and senior executives of both the Company and the operating businesses; and
- identifying and nominating for approval to the Board, candidates for Board positions.

Board composition and diversity

During 2017, there were seven Directors on the Board comprising the Non-Executive Chairman (who was considered independent on appointment), the Chief Executive Officer, the Group Finance Director and four independent Non-Executive Directors. The names and biographical details of the members of the Board are set out on pages 26 and 27.

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

The importance of diversity, including gender, in the Board's composition is recognised and the Board has agreed a target of at least two female Board Directors by 31 December 2018. The Committee acknowledges however that diversity is not solely in relation to gender: ethnicity, age, educational and professional backgrounds are also important and diversity in senior management and across the entire workforce is supported and encouraged. The Group has a diversity policy with the purpose of ensuring that the Group benefits from a diverse workforce and has a working environment where all employees are encouraged to realise their full potential and where there is an open atmosphere of trust, honesty and respect. The diversity policy is available on the Group website as part of the Group policies document. More information about our employees, the Group's employment policies, and the Group's commitment to equal opportunities and diversity can be found in the Corporate responsibility report on pages 22 to 25 and the Directors' report on pages 54 to 57.

Appointments to the Board and succession planning

The Committee leads the process for board appointments and makes recommendations to the Board. Appointments are made on merit, against objective criteria, with due regard to the benefits of diversity on the Board, including gender. The Committee adopts a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, working together with external advisors. The Committee continues to evaluate the balance of skills and experience on the Board and is satisfied that plans are in place for orderly succession for appointments to the Board to maintain that balance whilst ensuring progressive renewal of the Board.

In January 2018, I informed the Board of my decision to step down at the conclusion of the AGM to be held on 3 May 2018. This decision was made after receiving confirmation that the necessary steps for a smooth transition were in place. Those steps included:

- Non-Executive Director – the Nominations Committee sought the assistance of Korn Ferry to lead the search for a new Non-Executive Director to join the Board. Korn Ferry is an external search consultancy that has no other connection with the Company. Following the search and interview process, the Nominations Committee subsequently recommended Justin Atkinson to join the Board and, following the Board's approval, Justin was appointed with effect from 1 February 2018. Since that date he has also become a member of the Audit, Nominations and Remuneration Committees. Justin was formerly Chief Executive Officer of Keller Group plc between April 2004 and May 2015, having previously held the position of Group Finance Director and Chief Operating Officer. Justin trained and qualified as an accountant and spent the early part of his career with Reuters plc. It is intended that Justin will be appointed as chairman of the Audit Committee with effect from the conclusion of the AGM, subject to his election by shareholders at the AGM.
- Non-Executive Chairman – the Nominations Committee considered a list of potential external candidates for the Chairman role provided by Korn Ferry, but concluded that, given the availability of a strong internal candidate in the current Senior Independent Non-Executive Director, Malcolm Paul, and the suitability of Justin Atkinson to chair the Audit Committee, it would recommend the internal candidate. Malcolm will transition to the role of Non-Executive Chairman with effect from the conclusion of the AGM, subject to his re-election by shareholders at the AGM.

In February 2018, the Nominations Committee decided to appoint Fergus Graham to be an Executive Director with effect from 1 March 2018. Fergus joined the Group in January 2017 having worked previously at De La Rue plc and other international companies in both operations and cross-border business development. He has played a senior role within our Marine Support division during the past year and will take over responsibility for the Marine Support division.

Charles Rice
Chairman of the Nominations Committee
26 February 2018

Directors' remuneration report

Annual statement

Introduction by Malcolm Paul, Chairman of the Remuneration Committee

On behalf of the Board, and the Remuneration Committee, which I will chair up until the conclusion of the AGM on 3 May 2018, I am pleased to present the Directors' remuneration report for the year ended 31 December 2017.

This report is comprised of two parts, namely:

- **Remuneration policy report** – which provides a summary of the remuneration policy for which shareholder approval was originally obtained at the 2015 AGM and which will need to be resubmitted for shareholder approval at the AGM. No material changes are being proposed, other than a change to shareholding guidelines and the introduction of a post-vesting holding period on future long-term incentive plan (LTIP) awards. In addition, a change to the pension policy is being proposed, whereby the Committee will aim to offer reduced pension contributions, as a percentage of salary, for new executive appointments to the Board; and
- **Annual report on remuneration** – which sets out payments and awards made to the Directors and details the link between Company performance and remuneration for 2017, and how the remuneration policy will operate for 2018.

Accordingly, at our AGM there will be two remuneration-related resolutions presented: (i) the normal annual advisory vote on our Directors' remuneration report; and (ii) the vote to approve our new Directors' remuneration policy, which will apply to all payments to be made to Directors from the AGM and which (unless altered with shareholders' approval) will apply for a period of three years.

Pay and performance in 2017

James Fisher delivered a good performance in 2017. The key performance measures for the 2017 financial year were as follows:

- Underlying profit before tax £50.3m (2016: £45.8m); and
- Underlying diluted earnings per share 81.4p (2016: 76.3p).

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

The Executive Directors' potential maximum level of bonus in 2017 was 100% of base salary, with 70% based on meeting the Group's financial objectives and 30% based on individual achievement and personal objectives. The Group's financial targets for the year ended 31 December 2017 were substantially achieved and therefore 82.5% of this element of bonus was awarded. The Remuneration Committee concluded that personal objectives were met. As a result, a combined bonus of 87.75% of base salary was approved for Nick Henry and for Stuart Kilpatrick, of which the first 70% will be paid in cash and the balance of 17.75% will be settled in shares, to be deferred for three years.

Awards under the LTIP granted in 2015 will vest on 6 April 2018 at a currently estimated 15.4% of the maximum, with the earnings per share performance targets over the three years to 31 December 2017 (70% of awards) not having been achieved and an estimated 51.2% vesting against the total shareholder return (TSR) targets measured over the three years from 6 April 2015 (30% of awards). This is an indicative LTIP vesting result based on an estimate of TSR as at 7 February 2018. The final vesting result will be determined based on the actual TSR on 5 April 2018.

Further detail of the targets and achievement against them is set out in the Annual report on remuneration on pages 45 and 53.

Shareholder feedback

The Company continues to engage and communicate with shareholders regarding the Company's remuneration policy and the Committee considers all feedback received as part of its policy review process. Major shareholders and representative bodies were consulted at the start of 2018 in respect of the proposed changes to the remuneration policy to be put forward at the AGM and all major shareholders were supportive.

Remuneration policy for 2018

Executive remuneration consists of a base salary, pension contribution, benefit provision and, subject to performance conditions, an annual bonus plan, part paid in cash and part deferred into shares, and shares awarded under an LTIP. Incentive pay is subject to clawback and malus provisions and, post-vesting, Executive Directors are required to retain 50% of the net of tax shares awarded until they have satisfied the Company's share ownership guidelines.

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

The current remuneration policy was originally approved by shareholders at the 2015 AGM and as the policy is nearing the end of its three year life, it will need to be resubmitted for shareholder approval at the AGM.

2018 remuneration

Annual pay awards across the Group are determined on a country and sectoral basis, to ensure that pay levels are fair and reflect local market and industry conditions. Individual merit awards are made where appropriate. Average salary awards across our UK businesses therefore ranged between 0.7% and 3.8% for 2018. With effect from 1 January 2018, Nick Henry's base salary was increased by 10% to £492,000 reflecting a number of changes to the size and complexity of his role and personal performance. Further details on the rationale behind the increase are set out in the implementation of the remuneration policy for 2018 section of the Annual report on remuneration. Stuart Kilpatrick's base salary was increased by 3.3% to £310,000 which is consistent with the guidelines applied to the general workforce this year.

All other elements of the Executive Directors' remuneration packages are proposed to remain unchanged. The annual bonus maximum opportunity and LTIP awards will be 100% and 125% of base salary respectively. 70% of the annual bonus will be determined by adjusted profit before tax targets and 30% on personal measures, with the LTIP awards being determined as to 70% by earnings per share targets and 30% by TSR.

Details of a number of adjustments to Non-Executive Director fee levels and the remuneration agreed by the Remuneration Committee (excluding myself) for my role as Chairman from the AGM are set out in the Annual report on remuneration.

I hope you will join me in supporting the resolutions in respect of this year's Directors' remuneration report at the AGM on 3 May 2018. As I move to the role of Non-Executive Chairman, I will be stepping down from my role as chairman of the Remuneration Committee. It is intended that Aedamar Comiskey will take up the role of chairman of the Remuneration Committee with effect from the AGM and I wish her well in that role.

Malcolm Paul
Chairman of the Remuneration Committee
26 February 2018

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; and
- 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. Major shareholders and representative bodies were consulted at the start of 2018 in respect of the proposed changes to the remuneration policy to be put forward at the AGM and all major shareholders were supportive.

Directors' remuneration policy

The table below summarises the components of reward for Executive Directors of James Fisher and Sons plc that will be put forward for shareholder approval at the AGM. The main changes from the remuneration policy approved by shareholders at the 2015 AGM are as follows:

- an increase in the share ownership guidelines from 100% to 200% of salary for all Executive Directors;
- the introduction of a post-vesting holding period for all LTIP awards granted to Executive Directors following the AGM; and
- while the maximum pension provision will remain at 15% of salary for the existing Executive Directors, the Remuneration Committee will aim to reduce pension provision, as a percentage of salary, for new joiners to the Board where possible. The level of provision for new Directors will be subject to negotiation at the time of the appointment, having regard to the pensions applicable to the other senior management within the Group.

Any commitments made by the Company prior to the approval and implementation of the new 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 and/or performance.	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 although the Committee will aim to reduce pension contributions, as a percentage of salary, for new joiners to the Board, where possible. The level of provision for new Directors will be subject to negotiation at the time of the appointment, having regard to the pensions applicable to the other senior management within the Group.	Not applicable.
Benefits	To offer competitive benefits.	Provision of a company car or cash alternative, life assurance and healthcare insurance. Other benefits may be provided where appropriate. These benefits do not form part of pensionable earnings.	No prescribed maximum.	Not applicable.
Annual bonus	To incentivise and reward the Executive Directors to deliver annual financial and operational targets.	Payable on the achievement of financial and personal objectives and non-pensionable. The first 70% is payable in cash. Bonus in excess of 70% of basic salary is subject to deferral into shares, with awards vesting after 3 years, subject to normal good/bad leaver provisions, but no further performance targets. Dividend equivalent payments may be awarded (in cash or shares). Malus and clawback provisions operate.	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.
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. A 2 year post-vesting holding period will be applied to awards granted to Executive Directors after the 2018 AGM. Dividend equivalent payments may be awarded (in cash or shares). Malus and clawback provisions operate.	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 shares vesting after tax under the LTIP until the guidelines are met.	200% of base salary for all Executive Directors.	Not applicable.
Sharesave	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 monthly 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 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 the delivery of both financial and personal objectives;

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

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

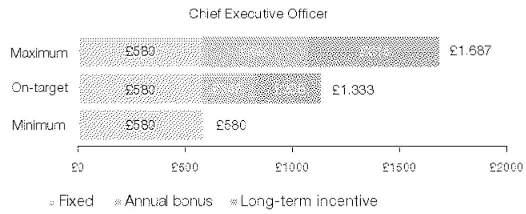
(4) Consistent with HMRC legislation, the all-employee arrangement does not have performance conditions; and

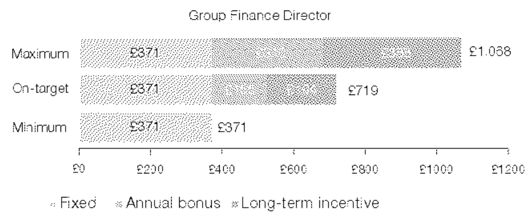
(5) In approving the Directors' remuneration policy, authority is given to the Company to honour any past commitments entered into with current or former Directors including the vesting of share awards granted in the past.

Malus and clawback provisions

Malus and clawback provisions operate in respect of the annual bonus (cash and deferred shares) and LTIP awards, with Committee discretion to apply them in the event of (i) misstatement of results; (ii) an error in determining the share award; or (iii) gross misconduct. The Committee may decide to operate the malus and clawback provisions within a three year period commencing on the date that the cash part of any annual bonus is paid (for cash and deferred share bonus awards), and within a three year period of any LTIP vesting date.

Potential value of 2018 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 2018 and the estimated value of benefits for 2018);

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

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

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

Approach to recruitment

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

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

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

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

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

Loss of office

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

- payment in lieu of notice equal to one year's basic salary or, if termination is part way through the notice period, the amount of salary relating to any unexpired notice to the date of termination. There is an obligation on Directors to mitigate any loss which they may suffer if the Company terminates their service contract;

- bonus payments for the period worked may be made, subject to the original performance targets, at the discretion of the Committee. Any such payments would be made on the normal payment date;
- vesting of share scheme awards is not automatic and the Committee retains the discretion to prevent awards from lapsing depending on the circumstances of the departure and the best interests of the Company. For a 'good leaver': (i) deferred bonus awards will normally vest in full at the normal vesting date (although may vest earlier, including at cessation); and (ii) LTIP awards will normally vest at the normal vesting date (although may vest earlier, including at cessation) subject to performance against the performance targets and LTIP awards will normally be pro-rated. '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 and any other reason at the Committee's discretion. No compensation is paid for summary dismissal, save for any statutory entitlements; and
- Executive Directors will also be entitled to a payment in respect of accrued but untaken annual holiday entitlements on termination.

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, Nick Henry joined the Board of Britannia's Gold Limited as a Non-Executive Director and the Executive Directors held no other 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 2018
Malcolm Paul	1 February 2011	1 January 2018
Aedamar Comiskey	1 November 2014	1 January 2018
David Moorhouse	1 August 2013	1 January 2018
Michael Salter	1 August 2013	1 January 2018

Chairman

Fifty per cent of the fee paid to Charles Rice, net of deductions, is used to buy ordinary shares in the Company and these shares must be held throughout his period in office. The shares are purchased in accordance with a trading plan agreed with Investec Bank plc dated 7 March 2013. In the interests of simplicity going forward, Malcolm Paul's fee will be paid fully in cash from appointment, following this undertaking to increase his shareholding to a total in excess of £200,000.

Annual report on remuneration

Remuneration Committee

The Remuneration Committee was chaired by Malcolm Paul during 2017. The Committee also comprised three other independent Non-Executive Directors: Aedamar Comiskey, David Moorhouse and Michael Salter. Subject to Malcolm Paul's appointment as Chairman at the AGM it is intended that Aedamar Comiskey will take on the role as chairman of the Remuneration Committee immediately following conclusion of the AGM.

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 applicable provisions of the UK Corporate Governance Code prevailing at the date this report is signed 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; and

- to determine within the terms of the policy the total individual remuneration package of the Executive Directors.

The Committee met three times during the year and details of attendance at Committee meetings are set out on page 30.

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

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. To this end, FIT Remuneration Consultants LLP (FIT) replaced New Bridge Street as the principal external advisers to the Committee during the financial year. The Committee is comfortable that the FIT team provide independent remuneration advice to the Committee and do not have any other connections with James Fisher and Sons plc that may impair their independence. FIT is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com. During the year, FIT provided independent advice on a wide range of remuneration matters including the Remuneration policy review and the Board changes. FIT provides no other services to the Company. The fees paid to FIT in respect of work carried out for the year under review were £5,000. Fees paid in year to New Bridge Street were £10,500.

Non-Executive Directors

For 2018, the Non-Executive Directors' fees are set out below.

	2018 **£**	2017 £
Chairman (Charles Rice, up to the AGM)	**237,450**	237,450
Chairman (Malcolm Paul, from conclusion of the AGM)	**200,000**	–
Other Non-Executive Director fees:		
Basic fee	**52,000**	51,000
Additional fee for Audit Committee chairman	**12,000**	12,000
Additional fee for the Senior Independent Non-Executive Director and chairman of Remuneration Committee	**–**	8,000
Additional fee for the chairman of Remuneration Committee	**8,000**	–
Additional fee for the Senior Independent Non-Executive Director	**8,000**	–

Reflecting Malcolm Paul's proposed appointment as Chairman from the AGM, the fees payable to him as combined Senior Independent Non-Executive Director and chairman of the Remuneration Committee have been separated going forwards.

Information subject to audit

Total remuneration earned by the Executive Directors

	Nick Henry		Stuart Kilpatrick	
	2017 **£000**	2016 £000	**2017** **£000**	2016 £000
Base salary	**447**	429	**300**	287
Benefits	**14**	14	**11**	11
Pension	**51**	49	**35**	34
Bonus in cash	**313**	300	**210**	201
Bonus in deferred shares	**79**	129	**53**	86
Total short-term remuneration	**904**	921	**609**	619
LTIP – performance	**82**	145	**55**	97
LTIP – share appreciation	**27**	12	**18**	8
LTIP – total[1]	**109**	157	**73**	105
ESOS[2]	**–**	26	**–**	18
Total remuneration	**1,013**	1,104	**682**	742

(1) The value presented for LTIP awards in 2017 (vesting in April 2018 based on performance to 31 December 2017) is based on an estimated value at vesting. The LTIP values for 2016 (vested in April 2017 based on performance to 31 December 2016) were estimates last year, using a share price of £16.11 (the 3 month average share price to 31 December 2016). The actual pre-tax value of these awards, based on a share price (calculated in accordance with HMRC guidance) of £16.27 at vesting on 6 April 2017, was £158,291 for Nick Henry and £106,162 for Stuart Kilpatrick.

(2) The ESOS values for 2016 (vesting in April 2017 based on performance to 31 December 2016) were also estimates using a share price of £16.11 (the 3 month average share price to 31 December 2016). Based on TSR performance to 31 December 2016, 44.7% of awards were expected to vest. 25% of awards actually vested on 10 April 2017. The intrinsic pre-tax value of these awards, based on a closing share price of £16.21 at vesting was £15 423 for Nick Henry and £10,343 for Stuart Kilpatrick.

Benefits

	2017			2016		
	Cash allowance in lieu of car £000	Medical insurance £000	Total £000	Cash allowance in lieu of car £000	Medical insurance £000	Total £000
Nick Henry	13	1	14	13	1	14
Stuart Kilpatrick	10	1	11	10	1	11
	23	2	25	23	2	25

Pensions

Pension contributions of 13% of base salary are paid into personal pension plans, the Company pension scheme or taken as a separate cash allowance, subject to income tax.

	2017			2016		
	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	51	–	51	49	–	49
Stuart Kilpatrick	25	10	35	18	16	34
	76	10	86	67	16	83

Annual bonus awards for 2017

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

(i) Financial objectives

Performance measure	Performance target	Assessment against targets
Adjusted profit before tax	Minimum threshold £47m Maximum £51m	Threshold starts at 0% and increases pro rata to 100% of this element of the bonus at maximum target performance.

The actual adjusted profit before tax was £50.3m, resulting in 82.5% of this part of the bonus being achieved.

(ii) Personal objectives

The headline objectives set for Nick Henry were to set, communicate and lead key management priorities; to deliver balanced growth via organic development and acquisitions; to develop management structure including succession planning; and to monitor and manage Group risk profile. The headline objectives set for Stuart Kilpatrick were to lead financial reporting to shareholders and management to improve risk management and internal audit process; to manage M&A process and due diligence; and to develop and maintain good relationships with investors, banks advisers and auditors. Alongside the headline objectives noted above, each Executive Director is given specific objectives for the year. In 2017, in addition to certain commercially sensitive items which are not disclosed, these included: for Nick Henry: high focus on health and safety and Group risk profile; development priorities in JFD, renewables, subsea; certain acquisition prospects; and management structure adjustments; and for Stuart Kilpatrick: development of accounting and legal teams; strengthen internal audit function; manage the Group's acquisition process effectively. Both Executive Directors were assessed to have performed well against these objectives and to have achieved a good overall result for the year, leading the Committee to award 100% of the personal objectives element of the bonus.

70% of the bonus award is payable in cash while any bonus in excess of 70% of salary will be awarded in deferred shares in line with the remuneration policy.

Vesting of 2015 LTIP awards

The LTIP values included in the table below relate to awards granted on 5 June 2015 which vest on 6 April 2018 dependent on EPS and TSR performance. EPS is measured over the three year period ended 31 December 2017 while TSR is measured over the three year period from 6 April 2015. Therefore the figures set out below for the LTIP vesting result are indicative, based on a recent estimate of TSR.

Under the EPS performance target (70% of awards) which uses a sliding scale, 25% of this part of an award vests where growth in underlying diluted earnings per share of RPI plus 9% is achieved over the three year performance period, increasing pro-rata to full vesting where growth of RPI plus 18% is achieved.

Performance target	Base EPS	EPS at 31 December 2017	EPS growth	Threshold RPI 9%	Maximum RPI 18%	Vesting %
Underlying diluted EPS	74.0p	81.4p	10.0%	17.0%	26.0%	0%

Under the TSR performance target, 25% of this award vests for median TSR increasing pro rata to full vesting for upper quartile TSR, measured against the constituents of the FTSE 250 excluding investment trusts. The estimated three year performance based on TSR calculations up to 7 February 2018 is as follows:

Performance target	Median TSR	Upper Quartile TSR	James Fisher TSR	Vesting %
TSR v FTSE 250 (excluding investment trusts)	26.2%	65.6%	33.7%	51.2%

As a result of not meeting the EPS performance target and based on the indicative TSR performance it is estimated that vesting of 51.2% of the TSR performance target will be achieved, the gross value of LTIP share awards that would vest on 6 April 2018 would be as follows:

	Share price at date of grant[3]	Share price at 31 December 2017[3]	Proportion to vest	Shares to vest	Performance element[1] £000	Share appreciation element[2] £000	Total £000
Nick Henry	1,179p	1,570p	15.4%	6,978	82,271	27,284	109,555
Stuart Kilpatrick	1,179p	1,570p	15.4%	4,681	55,189	18,303	73,492

(1) The performance element represents the face value of awards that are currently expected to vest on 6 April 2018.

(2) The share appreciation element represents the value due to the change in share price from the date of award to 31 December 2017.

(3) The share price at date of grant is based on a five day average immediately prior to the date of grant, and the share price at 31 December 2017 is based on a three month average.

LTIP awards granted in 2017

	Proportion of salary	Maximum shares awarded	Share price at date of grant[1]	Exercise price at grant
LTIPs granted on 9 March 2017				
Nick Henry	125%	34,728	1,610p	–
Stuart Kilpatrick	125%	23,292	1,610p	–

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

Vesting of the 2017 LTIP award is subject to achievement of performance targets over a three year period with 70% of the award based on EPS targets and 30% based on TSR targets. EPS target performance is measured over the three year period ending on 31 December 2019. The EPS element of the award vests if EPS growth at least equals the RPI increase over the period plus 9%. At the threshold level, 25% of the EPS element of the award will vest. Full vesting is achieved if EPS growth is greater than or equal to 18% in excess of the RPI increase over the vesting period. The TSR element of the award is subject to the Company's TSR performance relative to the FTSE 250 index excluding investment trusts, over the three year period from 6 April 2017. If at the end of the period the Company ranks in the upper quartile, all of the TSR element of the award will vest. If the ranking is at median level, 25% of TSR element of the award will vest. No element of the TSR part of the award will vest for performance below the median. For intermediate ranking, a proportionate part of each award will vest reducing on a straight-line basis. Any part of the award that does not vest at the end of a performance period will lapse immediately.

Deferred bonus awards granted in 2017 in respect of 2016 annual bonus

	Proportion of salary[1]	Shares awarded	Share price at date of grant[2]	Exercise price at grant
Awards granted on 9 March 2017				
Nick Henry	30%	7,984	1,610p	–
Stuart Kilpatrick	30%	5,355	1,610p	–

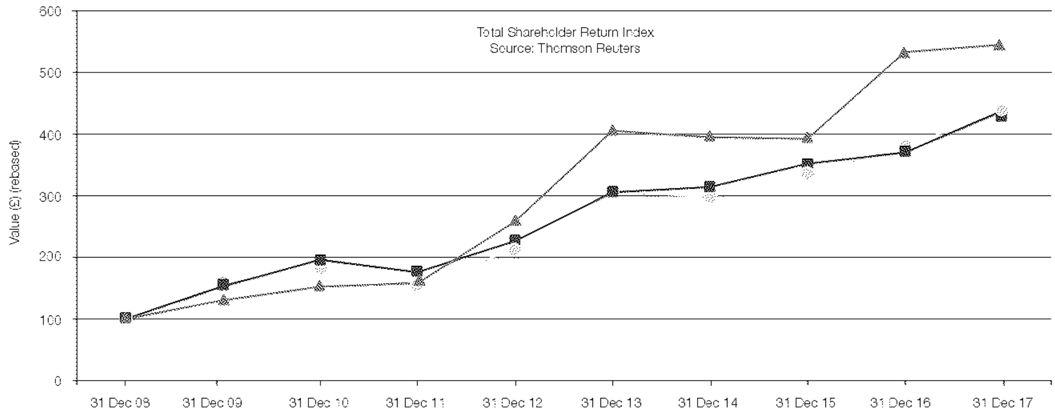
(1) Relates to the annual bonus awarded in respect of 2016, whereby any award in excess of 30% of salary was deferred into shares for 3 years with vesting based on continued service.

(2) The share price at date of grant was based on the average of the closing middle-market quotations during the period of five dealing days after the date of the announcement of the 2016 results and prior to the date of grant.

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 nine years



This graph shows the value, by 31 December 2017, of £100 invested in James Fisher and Sons plc on 31 December 2008, compared with the value of £100 invested in the FTSE 250 and FTSE SmallCap Indices on the same date.

The other points plotted are the values at intervening financial year-ends.

James Fisher and Sons plc FTSE 250 FTSE SmallCap

Remuneration of highest paid Executive Director compared with growth in underlying diluted earnings per share[1]

	2017	2016	2015	2014	2013	2012	2011	2010	2009
Annual change in underlying diluted EPS	**7%**	11%	(7)%	13%	18%	15%	16%	13%	5%
Salary, pensions and benefits (£000)	**512**	492	492	471	439	355	399	381	380
Annual performance bonus (£000)	**392**	429	97	287	263	210	268	256	77
Short-term remuneration (£000)	**904**	921	589	758	702	565	667	637	457
Share schemes (£000)	**109**	183	318	728	691	781	534	124	90
CEO total remuneration (£000)	**1,013**	1,104	907	1,486	1,393	1,346	1,201	761	547
Actual bonus as a percentage of the maximum	**88%**	100%	23%	100%	100%	100%	100%	100%	30%
LTIP vesting as a percentage of the maximum	**15%**	47%	100%	100%	100%	100%	100%	100%	100%
ESOS vesting as a percentage of the maximum	**–**	45%	–	100%	100%	100%	40%	–	60%

(1) 2009 – 2011 represent the remuneration of former Executive Chairman, Tim Harris. 2012 – 2017 represent Nick Henry's remuneration.

Percentage change in CEO's remuneration

The table below shows the percentage change in salary, benefits and annual bonus earned between the year ended 31 December 2016 and the year ended 31 December 2017 for the Chief Executive Officer compared to the average earnings of all of the Group's other UK employees. The Committee chose the Group's UK employees for pay comparison with the Chief Executive Officer as the most meaningful comparator group

	2017	2016	% change
Salary			
Chief Executive Officer (£000)	**447**	429	4.4%
UK employee average (£000)	**37**	35	5.7%
Benefits			
Chief Executive Officer (£000)	**14**	14	–
UK employee average (£000)	**1**	1	–
Annual bonus			
Chief Executive Officer (£000)	**391**	429	(8.7)%
UK employee average (£000)	**2**	3	(33.3)%
Average number of UK employees	**1,572**	1,662	(5.4)%

Relative importance of remuneration (unaudited)

	2017 £m	2016 £m	% change
Total employee remuneration	**125**	119	6
Total dividends paid	**14**	12	2

Interests in shares

The interests of Directors and their connected persons in ordinary shares as at 31 December 2017, including any interests in share options and shares provisionally awarded under the LTIP, ESOS and Sharesave are as follows:

	Beneficial Number	Unvested LTIP Number	Unvested Deferred Bonus Shares	Unvested share options ESOS Number	Sharesave Number	Vested but unexercised share options ESOS Number	Exercised during the year Number
Charles Rice	28,188	–	–	–	–	–	–
Nick Henry	198,669	129,111	7,984	–	–	187,752	20,138
Stuart Kilpatrick	36,503	86,597	5,355	–	–	69,961	–
Malcolm Paul	5,000	–	–	–	–	–	–
Aedamar Comiskey	–	–	–	–	–	–	–
David Moorhouse	–	–	–	–	–	–	–
Michael Salter	–	–	–	–	–	–	–

Executive Directors' interest in options over shares

	At 31 December 2017 Number	Exercise price	Date from which exercisable	Expiry date
Nick Henry	26,314	354p	21.03.12	21.03.19
	56,753	410p	19.03.13	19.03.20
	49,105	522p	30.03.14	30.03.21
	48,305	567p	09.04.15	09.03.22
	7,275	1,409p	10.04.17	10.04.24
	187,752			
Stuart Kilpatrick	32,808	522p	30.03.14	30.03.21
	32,274	567p	09.04.15	09.03.22
	4,879	1,409p	10.04.17	10.04.24
	69,961			
Total	257,713			

All options relate to the 2005 ESOS scheme. The 2005 ESOS expired in April 2015 and was not renewed. The last awards were made on 10 April 2014.

Options over 20,138 (2016: 29,615) shares were exercised by Nick Henry during the year and gains made of £181,235 (2016: £173,544). As at 26 February 2018 being the last practical date prior to the publication of this report, there were no changes to Directors' options under the ESOS and Sharesave schemes.

Executive Directors' interest in share awards

		1 January 2017 Number	Granted during year Number	Vested during year Number	Lapsed during year Number	31 December 2017 Number	Vesting date
Nick Henry	LTIP	20,656	–	(9,729)	(10,927)	–	6 April 2017
	LTIP	45,433	–	–	–	45,433	6 April 2018
	LTIP	48,950	–	–	–	48,950	6 April 2019
	LTIP	–	34,728	–	–	34,728	6 April 2020
	Deferred Bonus	–	7,984	–	–	7,984	9 March 2020
		115,039	**42,712**	**(9,729)**	**(10,927)**	**137,095**	
Stuart Kilpatrick	LTIP	13,854	–	(6,525)	(7,329)	–	6 April 2017
	LTIP	30,473	–	–	–	30,473	6 April 2018
	LTIP	32,832	–	–	–	32,832	6 April 2019
	LTIP	–	23,292	–	–	23,292	6 April 2020
	Deferred Bonus	–	5,355	–	–	5,355	9 March 2020
		77,159	**28,647**	**(6,525)**	**(7,329)**	**91,952**	
Total		**192,198**	**71,359**	**(16,254)**	**(18,256)**	**229,047**	

The schemes above are unapproved for HM Revenue and Customs purposes. As at 26 February 2018, being the last practical date prior to the publication of this report, there were no changes to the Executive Directors' interest in LTIP and Deferred Bonus Share awards.

Sourcing of shares and dilution

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

On vesting, the awards of shares under the LTIP are satisfied by the shares held by the James Fisher and Sons plc Employee Share Trust (Trust). During the year the Trust purchased 71,243 ordinary shares on the open market (2016: 38,823) and at 31 December 2017 the Trust held 27,620 (2016: 45,368) ordinary shares.

Share price during the financial year

The middle market price of one ordinary share in the Company during the financial year ranged from 1,428p to 1,750p and at 31 December 2017 was 1,565p.

Non-Executive Directors' remuneration

	Total fees	
	2017 £000	2016 £000
Charles Rice	**237**	232
Malcolm Paul	**71**	65
Aedamar Comiskey	**51**	50
David Moorhouse	**51**	50
Michael Salter	**51**	50

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 at the 2017 AGM in respect of the Directors' remuneration report for the year ended 31 December 2016 and the 2015 AGM when the remuneration policy was originally approved.

	4 May 2017 Annual General Meeting Remuneration Policy		30 April 2015 Annual General Meeting Remuneration Policy	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	40,757,830	98.19	38,714,064	98.32
Against	750,695	1.81	660,835	1.68
Total votes cast (excluding withheld votes)	**41,508,525**		**39,374,899**	
Total votes withheld	6,525		794,861	
Total votes cast (including withheld votes)	**41,515,050**		**40,169,760**	

Implementation of the remuneration policy for 2018

Following consultation with major shareholders, Nick Henry's 2018 base salary was increased by 10% to £492,000 reflecting changes to the size and complexity of his role. Nick Henry's responsibilities as CEO increased significantly in 2012 following the retirement of the then Executive Chairman, and the subsequent appointment of a Non-Executive Chairman. While Nick Henry received an increase in base salary at the time to reflect his new responsibilities, the level of the remuneration was designed to reflect a period of transition of the Chair from Executive to Non-Executive. Five years after the handover, that transitional period is at an end and, over the same period, despite the well-publicised decline in oil and gas markets:

- the performance of the Company in terms of both revenue and profit has increased significantly;
- the Group's market capitalisation has almost doubled;
- new offices have been opened in Asia Pacific, Africa and South America; and
- many new initiatives, for example in the renewable and defence markets, have been put into action.

The Remuneration Committee therefore felt that the increase was fair and reasonable.

Stuart Kilpatrick's base salary was increased by 3.3% to £310,000 which is consistent with the guidelines applied to the general workforce this year.

Malcolm Paul's fee as Chairman from the AGM (as determined by the Remuneration Committee in his absence), will be set at £200,000 p.a. (compared to Charles Rice's current fee of £237,450).

The maximum bonus opportunity continues to be set at 100% of base salary. The proposed financial target levels have been set to be challenging and appropriately demanding. 70% of the annual bonus will be determined by adjusted profit before tax targets and 30% by personal objectives. The targets are commercially sensitive but it is envisaged that disclosure of the targets and performance against targets will be set out in the 2018 Directors' remuneration report.

Awards under the 2015 LTIP will be granted to the Executive Directors over shares worth 125% of base salary with 70% of the award based on EPS growth targets and 30% based on relative TSR targets. The performance period for the EPS element of the award will run for three years from 1 January 2018 with 25% of the EPS element of the award vesting for EPS growth at least equal to the RPI increase over the period plus 9% rising on a straight-line basis to maximum vesting for EPS growth greater than or equal to 18% in excess of the RPI increase over the vesting period. For the TSR element (measured against the constituents of the FTSE 250 excluding investment trusts), the performance period will be three years from 6 April 2018 with full vesting if the Company ranks in the upper quartile and 25% of the TSR element vesting for ranking median with straight-line vesting in between.

Malcolm Paul
Chairman of the Remuneration Committee
26 February 2018

Directors' report

The Directors submit their report together with the audited financial statements of the Group for the year ended 31 December 2017.

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

Principal activities, development and performance

A review of the Group's principal activities and description of the factors that might affect the Group's development and performance in the future is set out in the Strategic report on pages 1 to 25. The Strategic report also details the principal risks and uncertainties facing the Company and the Group's approach to mitigating such risks. The Group is committed to continue investing in research and development and details of the Group's expenditure is set out in notes 4 and 13, on pages 72 and 77.

Results and dividends

The Group's profit after tax for the financial year was £40.7m (2016: £38.1m). The results are shown fully in the consolidated financial statements on pages 64 to 67 and summarised in the Financial review on pages 14 to 17. The Directors recommend a final dividend of 19.30p per share (2016: 17.60p) making a total dividend of 28.70p per share for the year (2016: 26.15p). Subject to shareholders' approval at the Annual General Meeting, to be held at 11.00am on Thursday 3 May 2018 at the Abbey House Hotel, Abbey Road, Barrow-in-Furness, Cumbria, LA13 0PA (AGM), the final dividend will be paid on 11 May 2018 to ordinary shareholders who are on the register on 6 April 2018. The Notice of AGM is set out on pages 111 to 117.

Post balance sheet events

On 19 February 2018 the Group acquired Cowan Manufacturing Pty Limited, based in New South Wales, Australia, which designs and sells portable hyperbaric chambers for consideration of AUD$2.6m (£1.5m) in cash.

Share capital

Details of the authorised and issued share capital of the Company and the shares held by the Company's Employee Share Trust are set out in note 27 on page 96. As at the date of this report, 50,200,541 ordinary shares of 25p each have been issued, are fully paid up and are listed on the London Stock Exchange.

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 holders of the ordinary shares are entitled to receive dividends as declared from time to time by the Directors.

The rights and obligations attaching to the shares are set out in the Company's Articles of Association (Articles). Copies of the Articles may be obtained from the Company Secretary, and are available for inspection at the Company's registered office during normal business hours. Subject to rights attaching to existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine, or if the Company has not so determined, as the Directors may determine. 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, whereby certain employees of the Company require the approval of the Company to deal in the Company's shares.

Deadlines for exercising voting rights and appointing a proxy or proxies to vote on the resolutions to be considered at the Company's forthcoming AGM are specified in the notes to the Notice of AGM on pages 111 to 117.

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

Substantial shareholders

At 23 February 2018 the Company had been notified of the following interests of 3% or more in its issued ordinary shares:

Shareholder	Number	%
Rowland Frederick Hart Jackson (non-beneficial)	8,703,093	17.34
Schroder Investment Management	4,666,066	9.29
Therapia Investments Limited	3,853,541	7.68
Standard Life Aberdeen plc	3,122,509	6.22
Baillie Gifford & Co Limited	2,414,695	4.81
Montanaro Asset Management	1,983,703	3.95
BlackRock Investment Mgt	1,744,522	3.48
Fidelity Worldwide Investment	1,623,280	3.23
	28,111,409	56.00
Total number of ordinary shares in issue	50,200,541	100.00

Purchase of own shares

At the 2017 AGM, the Company was given authority to purchase up to 2,508,627 of its ordinary shares until the date of its next AGM. No purchases were made during the year by the Company.

Directors

The biographies of the Board of Directors are set out on pages 26 and 27. There were no changes to the Board during the financial year ending 31 December 2017.

Directors' interests

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

	Holdings of ordinary shares of 25p each	
	At 31 December 2017 Number	At 31 December 2016 Number
Charles Rice	28,188	24,310
Nick Henry	198,669	191,022
Stuart Kilpatrick	36,503	38,045
Malcolm Paul	5,000	5,000

(1) Between 31 December 2017 and 26 February 2018, there were no changes to the Directors' shareholdings;

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

(3) The Directors' interests stated above include any shares held by their connected persons.

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 will be seeking to renew the authorities granted to them in prior years at the forthcoming AGM. The Directors are authorised to issue and allot ordinary shares, to disapply statutory pre-emption rights and to make market purchases of the Company's shares. Any shares purchased may be cancelled or held as treasury shares.

Appointment, retirement and re-election of Directors

A Director may be appointed by an ordinary resolution of the shareholders in general meeting following nomination by the Board or a member (or members) entitled to vote at such meeting, or following retirement by rotation if the Director chooses to seek re-election at a general meeting. In addition, the Directors may appoint a Director to fill a vacancy or as an additional Director, provided that the individual retires or is elected at the next AGM. A Director may be removed by the Company in certain circumstances set out in the Articles (for example bankruptcy or resignation), or by an ordinary resolution of the Company in general meeting. The Articles provide that any Director who has held office for more than three years since his last appointment must offer himself or herself up for re-election at the AGM and that at least one-third of the Board is subject to re-election at each AGM. Charles Rice is standing down from the Board at the AGM and therefore will not be seeking re-election. Justin Atkinson and Fergus Graham have been appointed to the Board since the last AGM and are therefore seeking election at the forthcoming AGM. With respect to the other Directors, having regard to the recommendation contained in the Code that all Directors should be subject to annual election by shareholders they will all retire at the AGM and stand for re-election.

Directors' and officers' liability insurance

The Company maintains an appropriate level of directors' and officers' liability insurance whereby the Directors and officers of the Company and its subsidiaries are indemnified against liability to third parties 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.

Directors' conflict of interest

Under the Companies Act 2006, a director must avoid a situation where a direct or indirect conflict of interest may occur. The Board has adopted established procedures to address the management of any potential and actual conflicts of interest. A review of conflicts which have been authorised has been undertaken by the Board, which concluded that any conflicts had been appropriately authorised, no circumstances existed which would necessitate that any prior authorisation be revoked or amended, and the authorisation process continued to operate effectively.

Additional information for shareholders

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

In accordance with the Companies Act 2006, certain information has been included in the Corporate responsibility report on pages 22 to 25, which would otherwise be required to be disclosed in the Directors' report. These are as follows:

- Greenhouse gas emissions reporting
- Employment of disabled persons
- Employee involvement

No political or charitable donations were made during the year. Details of branches of Group subsidiaries can be found on pages 107 to 109.

Significant agreements – change of control

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

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

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

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that arise in the event of a change of control of the Company.

Financial instruments

Information on the Group's financial risk management objectives and policies, along with its exposure to price risk, credit risk, liquidity risk and cash flow risk can be found in note 26 on page 90.

Information required by UK listing rule 9.8.4

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

Going concern

The Group's business activities, together with the factors likely to affect its future development, the financial position of the Group and a description of the principal risks and uncertainties are set out in the Strategic report on pages 19 to 21. The Group's primary sources of funding are bilateral facilities with a core group of banks. These bilateral facilities totalled £225m at 31 December 2017 (2016: £175m). Compliance with banking covenants is tested half yearly for the ratio of net debt: earnings before interest, tax, depreciation and amortisation (Ebitda), interest cover and fixed charge cover. No breaches in covenants occurred during the year.

The Group meets its day-to-day working capital requirements through operating cash flows, with borrowings in place to fund acquisitions and capital expenditure. The Group had £71.8m (2016: £49.7m) of undrawn committed facilities as at 31 December 2017. The Group's forecasts and projections, taking account of reasonable changes in trading performance, confirm that the Group should be able to operate within the level of its current banking facilities.

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

Viability statement

The Directors have assessed the Group's viability over a three year period ending 31 December 2020.

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

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

The review also includes a robust assessment of the principal risks facing the Group as set out on pages 20 and 21, and the potential impact on its business model, future performance, solvency and liquidity over the period. The potential consequence of Brexit and continued global economic uncertainty and the Group's ability to mitigate the impact of any of these risks continued to be considered in 2017.

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

Based on their assessment of the Group's prospects and viability, the Directors confirm they have a reasonable expectation that the Group will be able to continue to operate and to meet its liabilities, as they fall due, for the period to 31 December 2020.

Disclosure of information to the Auditor

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

- so far as he is aware, there is no relevant audit information of which the Company's auditors is 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.

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements each financial year in accordance with applicable law and regulations. Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRS standards as adopted by the EU and applicable law and have elected to prepare the 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, relevant and reliable;
- state whether they have been prepared in accordance with IFRS standards as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error, and 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.

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 financial 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 Strategic report and the Directors' report include 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
26 February 2018

Independent auditor's report to the members of James Fisher and Sons plc

1 Our opinion is unmodified

We have audited the financial statements of James Fisher and Sons plc (the Company) for the year ended 31 December 2017 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes, including the accounting policies in note 31.

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 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the Directors on 30 June 2008. The period of total uninterrupted engagement is for the 10 financial years ended 31 December 2017. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Revenue from construction contracts £81.7m (2016: 91.5m), Risk vs 2016:
Refer to page 36 (Audit Committee report), page 103 (accounting policy) and page 72 (financial disclosures).

The risk: Complex accounting

The contractual arrangements that underpin the measurement and recognition of revenue by the Group can be complex, with significant judgements involved in the assessment of current and future financial performance. In particular, where services rendered are provided through long-term contracts and are not completed at the balance sheet date and output measures cannot be estimated reliably, revenue is recognised in proportion to the stage of completion of the transaction measured by reference to either an output measure, such as deliverables completed or an input measure, such as physical progress, attributable man hours and costs incurred measured against the expected outcome. The stage of completion 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 known.

Our response: Our audit procedures included:

1. **Methodology choice:** assessing whether the revenue recognition methodology applied was consistent with accounting standards.
2. **Sampling:** selecting the contracts for substantive audit procedures based on qualitative factors, such as commercial complexity and life of contract, and quantitative factors, such as financial significance and profitability that we considered to be indicative of risk.
3. **Input assessment:** agreeing, for the sample above, observable inputs used in the calculations of costs incurred, such as direct costs, labour charges and document delivery records to source data, including customer acceptance acts and countersigned agreements, including testing the allocation of costs incurred to contracts.
4. **Accounting analysis:** assessing, for the sample above, whether the judgements made by management over the stage of completion and estimates over cost to complete, including specific output measures and costs incurred, are consistent with our understanding of contract activities and performance, including considering contract losses and recoverability of revenue relating to variation orders in light of managements historical experience on similar contracts.
5. **Assessing transparency:** assessing the appropriateness of the Group's disclosures in respect of revenue from construction contracts.

Our results: We found revenue recognition from construction contracts acceptable (2016: acceptable).

Recoverability of Group intangible assets, £199.2m (2016: £180.5m) and Parent Company investment in subsidiaries, £409.2m (2016: £363.0m) 2016: Risk vs 2016:
Refer to page 36 (Audit Committee report), page 101 (accounting policy) and page 76 (financial disclosures).

The risk: Forecast based valuation

Goodwill and intangible assets in the Group and Parent Company investment in subsidiaries are the most quantitatively significant items on the Group and Parent Company balance sheet respectively, and their recoverability is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.

This is considered to be one of the areas that had the greatest effect on our overall Group and Parent Company audits due to their materiality in the context of the Group and Parent Company financial statements and due to the inherent significant judgements involved in the impairment test.

Our response: Our audit procedures included:

1. **Historical comparisons:** assessing the reasonableness of the budgets by considering the historical accuracy of previous forecasts.
2. **Our sector experience:** assessing whether assumptions used, in particular those relating to forecast revenue growth, profit margins and maintenance capital expenditure, reflect our knowledge of the business and industry, including known or probable changes in the business environment.
3. **Benchmarking assumptions:** challenging the key inputs used in the impairment test, in particular discount rates, by comparing them to externally derived data, including available sources for comparable companies.
4. **Sensitivity analysis:** performing breakeven analysis on the key assumptions noted above.
5. **Accounting analysis:** challenging the Group's assessment of the recoverability of capitalised development costs by assessing the technical feasibility and future profitability of the related assets, including comparing the management's judgements to our understanding of project progress and performance to date obtained from our other audit procedures.
6. **Assessing transparency:** assessing whether the Group's disclosures about the impairment test appropriately reflected the risks inherent in the valuation of intangible assets and investments in subsidiaries.

Our results: We found the resulting estimate of the recoverable amount of Group intangible assets and Parent Company investments in subsidiaries to be acceptable.

Group operations in overseas jurisdictions with uncertain legislation, Risk vs 2016:
Refer to page 36 (Audit Committee report), page 62 (accounting policies) and page 105 (financial disclosures).

The risk: Omitted exposures

The Group is multinational and has operations in a number of developing markets. Operating in these territories presents increased 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. Further, during 2015 the principal customer of one of the Group's overseas subsidiaries terminated its contract, whilst settlement was reached in 2017 with the customer, uncertainty remains around the timing and value of any potential residual exposures with the local authorities.

Our response: Our audit procedures included:

1. **Inspection:** considering the Group's exposure to potential 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 inspected 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 or potential matters were identified we obtained confirmations from the Group's legal counsel and legal representatives.
2. **Input assessment:** critically assessing the calculation of provisions and liabilities arising from any legal matters recognised by the Group by challenging management assumptions based on our knowledge and review of underlying correspondence and documentation, including formal confirmations and discussions with external and own lawyers, where relevant.
3. **Sector experience:** using our own local specialists analysing and challenging the assumptions used to determine provisions for tax matters based on their knowledge and experience of local regulations and practices.
4. **Assessing transparency:** assessing the appropriateness of the Group's disclosures in respect of provisions, including taxation, recognised and contingencies disclosed.

Our results: The results of our testing were satisfactory and we considered the liability recognized, and the contingency disclosures made, to be acceptable (2016: acceptable).

Valuation of the intangibles acquired in a business combination, £9.8m (2016: £0.5m) and contingent consideration, £12.8m (2016: £6.8m) Risk vs 2016:
Refer to page 36 (Audit Committee report), page 101 (accounting policies) and page 87 (financial disclosures)

The risk: Subjective valuation

The Group acquired new businesses during the year on a consideration partly contingent on the future performance of the acquired businesses. The Group also has contingent considerations payable on acquisitions in the past, which are re-measured at the end of each year under the provisional acquisition accounting based on an estimated outturn of the future performance of the business. As there is a significant level of judgement involved in estimating the fair value of acquired intangible assets and contingent consideration, we consider this to be a significant audit risk.

Our response: Our audit procedures included:

1. **Methodology choice:** assessing, using our own valuation specialist, the results of the intangible asset valuation reports by checking that the valuations were in accordance with relevant accounting standards and acceptable valuation practice.
2. **Benchmarking assumptions:** challenging the key inputs used in determining the valuation of intangible assets acquired, in particular, discount rates and comparable market transactions, by comparing them to externally derived data.
3. **Our sector experience:** assessing whether the assumptions used in calculating contingent consideration, in particular those relating to forecast revenue growth, contract performance and profit margins, reflect our knowledge of the business and industry, including assessing the results of the businesses since acquisition and historical accuracy of the previous forecasts.
4. **Assessing transparency:** assessing the appropriateness of the Group's disclosures in respect of fair value measurement of acquired net assets and contingent consideration payables.

Our results: We found the valuation of the acquired businesses and contingent consideration to be acceptable (2016: acceptable).

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 (2016: £2.1m), determined with reference to a benchmark of Group profit before tax of 49.0m (2016: £44.9m), of which it represents 4.5% (2016: 4.7%).

The materiality for the Parent Company financial statements as a whole was set at £0.7m (2016: £1.5m), determined with reference to a benchmark of gross assets of £438.5m (2016: £360.7m), of which it represents 0.2% (2016: 0.42%).

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.1m (2016: £0.1m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 188 (2016: 140) reporting components, we subjected 34 (2016: 40) to full scope audits for Group purposes.

We conducted reviews of financial information (including enquiry) at a further 12 (2016: 6) non-significant components to obtain further coverage. These components were not individually financially significant enough to require an audit for Group reporting purposes.

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	36 (2016: 40)	86% (2016: 91%)	77% (2016: 85%)	84% (2016: 86%)
Reviews of financial information (including enquiry)	12 (2016: 6)	4% (2016: 3%)	9% (2016: 6%)	6% (2016: 2%)
Total	**48 (2016: 46)**	**90% (2016: 94%)**	**86% (2016: 91%)**	**90% (2016: 88%)**

The remaining 10% of total Group revenue, 14% of Group profit before tax and 11% of total Group assets is represented by 142 of reporting components, none of which individually represented more than 10% of any of total Group revenue, Group profit before tax or total Group assets. For these residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from £0.1m to £1.0m (2016: £0.1m to £0.5m), having regard to the mix of size and risk profile of the Group across the components. The work on 15 (2016: 22) of the 48 (2016: 46) components was performed by component auditors and the rest, including the audit of the Parent Company, was performed 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 conferences, 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 We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' going concern statement on page 56 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 56 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

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

- the Directors' confirmation within the viability statement on page 56 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal risks and uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

Corporate governance disclosures

We are required to report to you if:

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

We are required to report to you if the Corporate governance statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6 We have nothing to report on the other matters on which we are required to report by exception

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.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 57, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence.

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related annual accounts items.

In addition we considered the impact of laws and regulations in the specific areas of health and safety, anti-bribery, employment law, legislation in overseas territories and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the Directors and other management and inspection of regulatory and legal correspondence. We considered the effect of any known or possible non-compliance in these areas as part of our procedures on the related annual accounts items. Further detail in respect of Group operations in overseas jurisdictions with uncertain legislation is set out in the key audit matter disclosures in section 2 of this report.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component audit teams of relevant laws and regulations identified at Group level, with a request to report on any indications of potential existence of non-compliance with relevant laws and regulations (irregularities) in these areas, or other areas directly identified by the component team.

As with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

8 The purpose of our audit work and to whom we owe our responsibilities

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

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

26 February 2018

Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER 2017

		Year ended 31 December 2017			Year ended 31 December 2016		
	Notes	Before separately disclosed items £m	Separately disclosed items £m	Total £m	Before separately disclosed items £m	Separately disclosed items £m	Total £m
Group revenue	4	**505.4**	**–**	**505.4**	466.0	–	466.0
Cost of sales		**(350.9)**	**–**	**(350.9)**	(324.3)	–	(324.3)
Gross profit		**154.5**	**–**	**154.5**	141.7	–	141.7
Administrative expenses		**(100.4)**	**–**	**(100.4)**	(92.3)	(2.3)	(94.6)
Share of post-tax results of joint ventures	15	**1.7**	**–**	**1.7**	1.4	–	1.4
Acquisition related income and (expense)	5	**–**	**(1.3)**	**(1.3)**	–	1.4	1.4
Operating profit	4	**55.8**	**(1.3)**	**54.5**	50.8	(0.9)	49.9
Net finance expense	7	**(5.5)**	**–**	**(5.5)**	(5.0)	–	(5.0)
Profit before taxation		**50.3**	**(1.3)**	**49.0**	45.8	(0.9)	44.9
Income tax	8	**(8.7)**	**0.4**	**(8.3)**	(7.1)	0.3	(6.8)
Profit for the year		**41.6**	**(0.9)**	**40.7**	38.7	(0.6)	38.1
Attributable to:							
Owners of the Company		**41.1**	**(0.9)**	**40.2**	38.5	1.2	39.7
Non-controlling interests		**0.5**	**–**	**0.5**	0.2	(1.8)	(1.6)
		41.6	**(0.9)**	**40.7**	38.7	(0.6)	38.1
Earnings per share				**pence**			pence
Basic	10			**80.1**			79.4
Diluted	10			**79.5**			78.7

Consolidated statement of other comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Profit for the year		**40.7**	38.1
Items that will not be classified to the income statement			
Actuarial gain/(loss) in defined benefit pension schemes	21	**3.2**	(3.1)
Tax on items that will not be reclassified		**(0.2)**	(0.1)
		3.0	(3.2)
Items that may be reclassified to the income statement			
Exchange differences on foreign currency net investments		**(7.5)**	16.8
Effective portion of changes in fair value of cash flow hedges	26	**7.8**	(3.3)
Effective portion of changes in fair value of cash flow hedges in joint ventures	15	**(0.2)**	(0.1)
Net changes in fair value of cash flow hedges transferred to income statement		**(0.9)**	0.6
Deferred tax on items that may be reclassified	8	**(1.0)**	0.4
		(1.8)	14.4
Total comprehensive income for the year		**41.9**	49.3
Owners of the Company		**41.4**	50.7
Non-controlling interests		**0.5**	(1.4)
		41.9	49.3

Consolidated and Company statement of financial position

AT 31 DECEMBER 2017

		Group		Company	
	Notes	**31 December 2017 £m**	31 December 2016 £m	**31 December 2017 £m**	31 December 2016 £m
Non-current assets					
Goodwill	12	**174.6**	165.0	**–**	–
Other intangible assets	13	**24.6**	15.5	**–**	–
Property, plant and equipment	14	**132.5**	131.0	**5.3**	5.6
Investment in joint ventures	15	**7.1**	6.4	**–**	–
Investments in subsidiaries	16	**–**	–	**409.2**	363.0
Available for sale financial assets	16	**2.3**	1.4	**2.3**	1.4
Deferred tax assets	9	**3.2**	2.9	**2.8**	4.3
		344.3	322.2	**419.6**	374.3
Current assets					
Inventories	17	**52.1**	54.1	**–**	–
Trade and other receivables	18	**201.9**	157.4	**6.2**	7.9
Cash and cash equivalents		**20.3**	21.8	**12.2**	7.4
		274.3	233.3	**18.4**	15.3
Current liabilities					
Trade and other payables	19	**(132.7)**	(126.1)	**(10.8)**	(26.6)
Provisions for liabilities and charges	20	**(4.8)**	(3.2)	**–**	–
Current tax		**(8.5)**	(8.4)	**(1.4)**	(0.7)
Loans and borrowings	24	**(0.4)**	(3.1)	**(11.9)**	(18.5)
		(146.4)	(140.8)	**(24.1)**	(45.8)
Net current assets		**127.9**	92.5	**(5.7)**	(30.5)
Total assets less current liabilities		**472.2**	414.7	**413.9**	343.8
Non-current liabilities					
Provisions for liabilities and charges	20	**(11.5)**	(5.0)	**–**	–
Retirement benefit obligations	21	**(19.8)**	(26.8)	**(13.7)**	(19.6)
Cumulative preference shares	27	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Loans and borrowings	24	**(152.3)**	(124.4)	**(152.1)**	(124.3)
Deferred tax liabilities	9	**(2.3)**	(0.1)	**–**	–
		(186.0)	(156.4)	**(165.9)**	(144.0)
Net assets		**286.2**	258.3	**248.0**	199.8
Equity					
Called up share capital	27	**12.6**	12.5	**12.6**	12.5
Share premium		**25.7**	25.6	**25.7**	25.6
Treasury shares		**(0.4)**	(0.6)	**(0.4)**	(0.6)
Other reserves		**1.0**	2.8	**2.5**	(4.6)
Retained earnings		**246.1**	217.0	**207.6**	166.9
Equity attributable to owners of the Company		**285.0**	257.3	**248.0**	199.8
Non-controlling interests		**1.2**	1.0	**–**	–
Total equity		**286.2**	258.3	**248.0**	199.8

The consolidated financial statements were approved by the Board of Directors on 26 February 2018 and signed on its behalf by:

N P Henry
Chief Executive Officer

Consolidated and Company cash flow statement

FOR THE YEAR ENDED 31 DECEMBER 2017

		Group		Company	
	Notes	**31 December 2017 £m**	31 December 2016 £m	**31 December 2017 £m**	31 December 2016 £m
Profit before taxation		**49.0**	44.9	**53.8**	38.5
Adjustments to reconcile profit before tax to net cash flows					
Depreciation and amortisation		**27.4**	25.8	**1.1**	0.9
Acquisition costs charged		**1.0**	0.7	**0.2**	–
Profit on disposal of fixed assets		**(0.9)**	(0.6)	**–**	–
Transferred from hedging reserve to income statement		**(1.5)**	–	**(1.5)**	–
Provision for contract cessation		**–**	2.3	**–**	–
Adjustment to provision for contingent consideration		**(1.7)**	(3.4)	**–**	–
Net finance expense		**5.5**	5.1	**(0.3)**	–
Share of post-tax results of joint ventures		**(1.7)**	(1.4)	**–**	–
Share based payments		**0.9**	1.1	**0.9**	0.8
Increase in inventories		**(1.1)**	–	**–**	–
Increase in trade and other receivables		**(44.4)**	(5.7)	**1.6**	4.3
Increase/(decrease) in trade and other payables		**1.6**	(13.3)	**(8.9)**	9.3
Defined benefit pension cash contributions less service cost		**(4.4)**	(4.2)	**(4.0)**	(3.3)
Cash generated from operations		**29.7**	51.3	**42.9**	50.5
Cash outflow from acquisition costs		**(0.8)**	(0.6)	**(0.2)**	–
Income tax (payments)/receipts		**(8.0)**	(6.9)	**1.9**	(0.7)
Cash flow from operating activities		**20.9**	43.8	**44.6**	49.8
Investing activities					
Dividends from joint venture undertakings		**1.4**	0.7	**–**	–
Proceeds from the disposal of property, plant and equipment		**2.6**	1.7	**–**	–
Proceeds from the disposal of investments		**–**	0.1	**–**	–
Finance income		**0.4**	0.2	**4.8**	4.2
Acquisition of subsidiaries, net of cash acquired	23	**(2.6)**	(19.1)	**–**	(7.3)
Net loans advanced to subsidiaries		**–**	–	**(46.1)**	(53.6)
Investment in joint ventures and available for sale assets		**(0.6)**	–	**–**	–
Acquisition of property, plant and equipment		**(23.1)**	(13.9)	**(0.9)**	(0.2)
Development expenditure		**(4.2)**	(2.7)	**–**	–
Cash flows used in investing activities		**(26.1)**	(33.0)	**(42.2)**	(56.9)
Financing activities					
Proceeds from the issue of share capital		**0.1**	0.1	**0.1**	0.1
Finance costs		**(5.3)**	(4.1)	**(4.4)**	(3.0)
Purchase of own shares by Employee Share Ownership Trust		**(0.9)**	(0.6)	**(0.9)**	(0.6)
Capital element of finance lease repayments		**(0.1)**	(0.2)	**–**	–
Proceeds from borrowings		**95.4**	95.9	**21.3**	22.8
Repayment of borrowings		**(70.4)**	(93.5)	**–**	–
Dividends paid	11	**(13.5)**	(12.3)	**(13.5)**	(12.3)
Dividends paid to non-controlling interests		**(0.4)**	–	**–**	–
Cash flows from financing activities		**4.9**	(14.7)	**2.6**	7.0
Net (decrease)/increase in cash and cash equivalents	25	**(0.3)**	(3.9)	**5.0**	(0.1)
Cash and cash equivalents at 1 January		**21.8**	23.0	**7.4**	7.6
Net foreign exchange differences		**(1.2)**	2.7	**(0.2)**	(0.1)
Cash and cash equivalents at 31 December		**20.3**	21.8	**12.2**	7.4

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2017

	Capital		Attributable to equity holders of parent					
	Share capital £m	Share premium £m	Retained earnings £m	Other reserves £m	Treasury shares £m	Total shareholders equity £m	Non-controlling interests £m	Total equity £m
At 1 January 2016	12.5	25.5	192.9	(11.3)	(1.6)	218.0	2.4	220.4
Total comprehensive income	–	–	36.6	14.1	–	50.7	(1.4)	49.3
Contributions by and distributions to owners:								
Ordinary dividends paid	–	–	(12.3)	–	–	(12.3)	–	(12.3)
Share based payments	–	–	1.1	–	–	1.1	–	1.1
Tax effect of share based payments	–	–	0.3	–	–	0.3	–	0.3
Purchase of shares by ESOT	–	–	–	–	(1.1)	(1.1)	–	(1.1)
Sale of shares by ESOT	–	–	–	–	0.5	0.5	–	0.5
Arising on the issue of shares	–	0.1	–	–	–	0.1	–	0.1
	–	0.1	(10.9)	–	(0.6)	(11.4)	–	(11.4)
Transfer	–	–	(1.6)	–	1.6	–	–	–
Balance at 31 December 2016	12.5	25.6	217.0	2.8	(0.6)	257.3	1.0	258.3
Total comprehensive income	–	–	**43.2**	**(1.8)**	–	**41.4**	**0.5**	**41.9**
Contributions by and distributions to owners:								
Ordinary dividends paid	–	–	**(13.5)**	–	–	**(13.5)**	**(0.4)**	**(13.9)**
Share based payments	–	–	**0.9**	–	–	**0.9**	–	**0.9**
Acquisition	–	–	**(0.3)**	–	–	**(0.3)**	**0.1**	**(0.2)**
Purchase of shares by ESOT	–	–	–	–	**(1.5)**	**(1.5)**	–	**(1.5)**
Sale of shares by ESOT	–	–	–	–	**0.5**	**0.5**	–	**0.5**
Arising on the issue of shares	**0.1**	**0.1**	–	–	–	**0.2**	–	**0.2**
	0.1	**0.1**	**(12.9)**	–	**(1.0)**	**(13.7)**	**(0.3)**	**(14.0)**
Transfer	–	–	**(1.2)**	–	**1.2**	–	–	–
At 31 December 2017	**12.6**	**25.7**	**246.1**	**1.0**	**(0.4)**	**285.0**	**1.2**	**286.2**

Other reserve movements

Other reserves	Translation reserve £m	Heading reserve £m	Total equity £m
At 1 January 2016	(10.1)	(1.3)	(11.4)
Other comprehensive income for the period	16.6	(2.4)	14.2
At 31 December 2016	6.5	(3.7)	2.8
Other comprehensive income for the period	**(7.5)**	**5.7**	**(1.8)**
At 31 December 2017	**(1.0)**	**2.0**	**1.0**

Company statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2017

	Capital Share capital £m	Share premium £m	Retained earnings £m	Other reserves £m	Treasury shares £m	Total equity £m
At 1 January 2016	12.5	25.5	143.3	(2.3)	(1.6)	177.4
Total comprehensive income	–	–	36.1	(2.3)	–	33.8
Ordinary dividends paid	–	–	(12.3)	–	–	(12.3)
Share based compensation	–	–	1.1	–	–	1.1
Tax effect of share based compensation	–	–	0.3	–	–	0.3
Purchase of shares by ESOT	–	–	–	–	(1.1)	(1.1)
Sale of shares by ESOT	–	–	–	–	0.5	0.5
Arising on the issue of shares	–	0.1	–	–	–	0.1
Transactions with shareholders	–	0.1	(10.9)	–	(0.6)	(11.4)
Transfer on disposal of shares	–	–	(1.6)	–	1.6	–
At 31 December 2016	12.5	25.6	166.9	(4.6)	(0.6)	199.8
Total comprehensive income	**–**	**–**	**54.5**	**7.1**	**–**	**61.6**
Ordinary dividends paid	**–**	**–**	**(13.5)**	**–**	**–**	**(13.5)**
Share based compensation	**–**	**–**	**0.9**	**–**	**–**	**0.9**
Purchase of shares by ESOT	**–**	**–**	**–**	**–**	**(1.5)**	**(1.5)**
Sale of shares by ESOT	**–**	**–**	**–**	**–**	**0.5**	**0.5**
Arising on the issue of shares	**0.1**	**0.1**	**–**	**–**	**–**	**0.2**
	0.1	**0.1**	**(12.6)**	**–**	**(1.0)**	**(13.4)**
Transfer on disposal of shares	**–**	**–**	**(1.2)**	**–**	**1.2**	**–**
At 31 December 2017	**12.6**	**25.7**	**207.6**	**2.5**	**(0.4)**	**248.0**

Notes to the financial statements

1 General information

James Fisher and Sons plc (the Company) is a public limited company registered and domiciled in England and Wales and listed on the London Stock Exchange. The consolidated financial statements comprise the financial statements of the Company, its subsidiary undertakings and its interest in associates and jointly controlled entities (together referred to as the Group), for the year ended 31 December 2017. The Company's shares are listed on the London Stock Exchange. The Company and consolidated financial statements were approved for publication by the Directors on 26 February 2018.

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), adopted by the European Union (adopted IFRS). The financial statements are prepared on a going concern basis and on an historical cost basis, modified to include revaluation to fair value of certain financial instruments. As permitted by section 408 of the Companies Act 2006, a separate income statement and related notes for the holding company have not been presented in these financial statements. The profit after taxation in the Company was £54.2m (2016: £39.8m). The Group and Company financial statements are presented in Sterling and all values are rounded to the nearest million pounds (£m) except when otherwise indicated.

The consolidated financial statements and those of the Company have been prepared in accordance with IFRS adopted by the EU as at 31 December 2017 and are applied in accordance with the provisions of the Companies Act 2006.

2 Alternative performance measures

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

2.1 Underlying operating profit and underlying profit before taxation

Underlying operating profit is defined as operating profit before amortisation or impairment of acquired intangible assets, acquisition expenses, adjustments to deferred consideration (together referred to as, 'acquisition related income and expense'), the costs of a material restructuring, asset impairment or rationalisation of operations and the profit or loss relating to the sale of businesses. Amortisation of acquired intangible assets and acquisition expenses are recurring in nature where business combinations are part of a group's strategy. As acquisition expenses fluctuate with activity and to provide a better comparison to businesses that are not acquisitive, the Directors consider that both of these items should be separately disclosed to give a better understanding of operating performance. The Directors believe that the underlying operating profit is an important measure of the operational performance of the Group. Underlying profit before taxation is defined as underlying operating profit less net finance expense.

2.2 Underlying earnings per share

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

2.3 Capital employed and Return on Capital Employed (ROCE)

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

2.4 Cash conversion

Cash conversion is defined as the ratio of operating cash flow to underlying operating profit. Operating cash flow comprises cash generated from operations plus dividends from joint venture undertakings.

2.5 Underlying earnings before interest, tax, depreciation and amortisation (Ebitda)

Underlying Ebitda is defined as the underlying operating profit before interest, tax, depreciation and amortisation.

2.6 Underlying dividend cover

Underlying dividend cover is the ratio of underlying diluted earnings per share to the total dividend per share.

Underlying operating profit and underlying profit before taxation	**2017 £m**	2016 £m
Operating profit	**54.5**	49.9
Separately disclosed items before taxation	**1.3**	0.9
Underlying operating profit	**55.8**	50.8
Net finance expense	**(5.5)**	(5.0)
Underlying profit before taxation	**50.3**	45.8

2 Alternative performance measures continued

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

	2017 £m	2016 £m
Capital employed:		
Net assets	286.2	258.3
Less cash and short-term deposits	(20.3)	(21.8)
Plus borrowings	152.8	127.5
Capital employed	418.7	364.0
Underlying operating profit	55.8	50.8
Notional tax at the effective tax rate	(9.6)	(7.8)
	46.2	43.0
Average capital employed	378.5	331.3
Return on average capital employed %	12.2%	13.0%
Cash conversion:		
Cash generated from operations	29.7	51.3
Dividends from joint venture undertakings	1.4	0.7
Operating cash flow	31.1	52.0
Underlying operating profit	55.8	50.8
Cash conversion	56%	103%

Underlying Ebitda		
Underlying operating profit	55.8	50.8
Underlying depreciation and amortisation	25.4	24.6
Underlying Ebitda	81.2	75.4
Underlying dividend cover	pence	pence
Underlying earnings per share	81.4	76.5
Dividend per share	28.7	26.2
Underlying dividend cover (times)	2.8	2.9

3 Segmental information

For management reporting purposes, the Group has four operating segments reviewed by the Board: Marine Support, Specialist Technical, Offshore Oil and Tankships. These operating segments form the basis of the primary segmental disclosures below. Their principal activities are set out in the Strategic report on pages 10 to 13.

The Board assess the performance of the segments based on underlying operating profit. The Board believes that such information is the most relevant in evaluating the results of certain segments relative to other entities which operate within these industries. Inter-segmental sales are made using prices determined on an arms length basis. Sector assets exclude cash and short-term deposits and corporate assets that cannot reasonably be allocated to operating segments. Sector liabilities exclude borrowings, retirement benefit obligations and corporate liabilities that cannot reasonably be allocated to operating liabilities.

3 Segmental information continued

Year ended 31 December 2017	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Corporate £m	Total £m
Segmental revenue	237.5	156.3	56.6	57.0	–	507.4
Inter-segmental sales	(1.2)	(0.6)	(0.2)	–	–	(2.0)
Revenue	236.3	155.7	56.4	57.0	–	505.4
Underlying operating profit	24.5	21.1	3.8	8.8	(2.4)	55.8
Acquisition costs	(0.7)	(0.3)	–	–	–	(1.0)
Amortisation of acquired intangibles	(1.4)	(0.3)	(0.3)	–	–	(2.0)
Adjustment to provision for contingent consideration	0.9	0.8	–	–	–	1.7
Operating profit	23.3	21.3	3.5	8.8	(2.4)	54.5
Net finance expense						(5.5)
Profit before taxation						49.0
Income tax						(8.3)
Profit for the year						40.7
Assets and liabilities						
Segmental assets	233.8	183.6	128.0	32.2	33.9	611.5
Investment in joint ventures	4.1	3.0	–	–	–	7.1
Total assets	237.9	186.6	128.0	32.2	33.9	618.6
Segmental liabilities	(69.0)	(56.2)	(13.4)	(8.1)	(185.7)	(332.4)
	168.9	130.4	114.6	24.1	(151.8)	286.2
Other segmental information						
Capital expenditure	15.7	2.8	2.0	2.4	0.3	23.2
Depreciation and amortisation	9.9	4.0	9.6	3.3	0.6	27.4

Year ended 31 December 2016	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Corporate £m	Total £m
Segmental revenue	203.9	152.7	55.5	55.5	–	467.6
Inter-segmental sales	(0.3)	(0.9)	(0.4)	–	–	(1.6)
Revenue	203.6	151.8	55.1	55.5	–	466.0
Underlying operating profit	21.0	18.9	4.2	8.2	(2.5)	50.8
Contract cessation costs	(2.3)	–	–	–	–	(2.3)
Acquisition costs	(0.2)	(0.3)	(0.2)	–	–	(0.7)
Adjustment to provision for contingent consideration	2.8	0.5	–	–	–	3.3
Amortisation of acquired intangibles	(0.4)	(0.8)	–	–	–	(1.2)
Operating profit	20.9	19.3	4.0	8.2	(2.5)	49.9
Net finance expense						(5.0)
Profit before taxation						44.9
Income tax						(6.8)
Profit for the year						38.1
Assets and liabilities						
Segmental assets	208.6	141.8	133.6	33.4	31.7	549.1
Investment in joint ventures	3.7	2.7	–	–	–	6.4
Total assets	212.3	144.5	133.6	33.4	31.7	555.5
Segmental liabilities	(48.4)	(60.3)	(8.4)	(7.2)	(172.9)	(297.2)
	163.9	84.2	125.2	26.2	(141.2)	258.3
Other segmental information						
Capital expenditure	4.6	2.1	5.6	1.4	0.2	13.9
Depreciation and amortisation	7.4	4.0	11.0	3.2	0.2	25.8

3 Segmental information continued

Geographic information

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

	United Kingdom		Rest of Europe		Middle East, Africa & Americas		Asia Pacific		Total	
	2017 £m	2016 £m	2017 £m	2016 £m	2017 £m	2016 £m	2017 £m	2016 £m	2017 £m	2016 £m
Revenue										
Segmental revenue	210.5	178.6	43.7	51.1	107.8	105.6	145.4	132.3	507.4	467.6
Inter-segmental sales	(2.0)	(1.5)	–	(0.1)	–	–	–	–	(2.0)	(1.6)
Group revenue	208.5	177.1	43.7	51.0	107.8	105.6	145.4	132.3	505.4	466.0
Segmental assets	415.3	368.5	57.7	60.2	68.2	62.5	70.3	57.9	611.5	549.1
Investment in joint ventures	0.2	0.2	0.2	0.2	(0.2)	(0.2)	6.9	6.2	7.1	6.4
Segmental liabilities	(282.7)	(249.6)	(5.9)	(7.2)	(17.8)	(19.9)	(26.0)	(20.5)	(332.4)	(297.2)
	132.8	119.1	52.0	53.2	50.2	42.4	51.2	43.6	286.2	258.3

4 Revenue and operating charges

Revenue disclosed in the income statement comprises of goods and services of £388.8m (2016: £335.8m), rental income of £34.9m (2016: £38.7m) and construction contract income of £81.7m (2016: £91.5m).

Operating charges reflected within operating profit include:	2017 £m	2016 £m
Research and development costs	0.7	0.4
Net foreign currency losses	1.1	2.3
Cost of inventories recognised as an expense	82.6	96.7
Operating lease rentals:		
property	5.4	5.9
ships	7.1	7.9
other	0.5	0.6
	13.0	14.4
hire of vessels	–	2.5
	13.0	16.9

Auditor's remuneration comprises the following:

	2017 £m	2016 £m
Audit of the financial statements of the parent	0.1	0.2
Local statutory audits of subsidiaries	0.6	0.5
	0.7	0.7
Taxation services	–	0.1
Total fees payable to Group auditor	0.7	0.8

5 Separately disclosed items

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

	2017 £m	2016 £m
Administrative expenses:		
Contract cessation costs in Angola	–	(2.3)
Acquisition related income and (expense):		
Costs incurred in acquiring businesses	(1.0)	(0.7)
Amortisation of acquired intangibles	(2.0)	(1.2)
Adjustment to provision for contingent consideration	1.7	3.3
Separately disclosed items before taxation	(1.3)	(0.9)
Tax on separately disclosed items	0.4	0.3
	(0.9)	(0.6)

The adjustment to the provision for contingent consideration is based on the most recent business forecasts and relates to businesses acquired in 2013 and 2015.

6 Group employee costs

(a) Staff costs, including Directors' remuneration, were as follows:

	2017 £m	2016 £m
Wages and salaries	110.6	104.3
Social security costs	9.6	9.4
Pension costs	3.7	3.8
Share based compensation	0.9	1.1
	124.8	118.6

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

	2017 Number	2016 Number
Technical and administrative	2,460	2,480
Seafarers	264	275
	2,724	2,755

The Directors' remuneration and their interest in shares of the Company are set out in the Directors remuneration report on pages 40 to 53. The amount charged against operating profit in the year in respect of Director short-term remuneration was £1.4m (2016: £1.3m) in respect of emoluments and £0.1m (2016: £0.1m) in respect of pension contributions to defined contribution schemes. The charge for share based payments in respect of Directors was £0.6m (2016: £0.5m) and aggregate gains under the exercise of options was £0.2m (2016: £0.2m).

(b) Compensation of key management to the Group

	2017 £m	2016 £m
Short-term employee benefits	2.3	2.1
Share based payments	0.6	0.6
	2.9	2.7

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

7 Net finance expense

	2017 £m	2016 £m
Finance income:		
Interest receivable on short-term deposits	0.4	0.2
Finance expense:		
Bank loans and overdrafts	(4.4)	(4.0)
Interest element of cash flow hedges	(0.5)	–
Net interest on pension obligations	(0.7)	(1.0)
Unwind of discount on contingent consideration	(0.3)	(0.2)
	(5.9)	(5.2)
Net finance expense	(5.5)	(5.0)

8 Taxation

(a) The tax charge is based on profit for the year and comprises:	2017 £m	2016 £m
Current tax:		
UK corporation tax	(3.1)	(4.7)
Overseas tax	(6.8)	(4.7)
Adjustment in respect of prior years:		
UK corporation tax	(0.2)	0.3
Overseas tax	0.8	0.3
Total current tax	(9.3)	(8.8)
Deferred tax:		
Origination and reversal of temporary differences:		
UK corporation tax	0.5	0.8
Overseas tax	0.5	1.2
Total taxation on profit for the year	(8.3)	(6.8)

The total tax charge in the income statement includes a further £0.2m (2016: £0.2m) which is stated within the share of post-tax results of joint ventures.

(b) Income tax on comprehensive income	2017 £m	2016 £m
Current tax:		
Current tax on foreign exchange losses on internal loans	0.5	(0.1)
Current tax on contributions to defined benefit pension schemes	0.8	1.1
Current tax relating to derivatives	0.1	–
Current tax relating to share based payments	0.1	0.1
Deferred tax:		
Deferred tax on actuarial loss on defined benefit pension schemes	(1.0)	(1.1)
Deferred tax relating to derivatives	(1.0)	0.4
Deferred tax relating to share based payments	(0.1)	0.1
	(0.6)	0.5

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

	2017 £m	2016 £m
Profit before tax	49.0	44.9
Tax arising from interests in joint ventures	0.2	0.2
	49.2	45.1
Tax on profit at UK statutory tax rate of 19.25% (2016: 20%)	9.5	9.0
Tonnage tax relief on vessel activities	(1.0)	(1.0)
Expenses not deductible for tax purposes	0.2	0.4
Over provision in previous years		
Current tax	(0.6)	(0.7)
Deferred tax	–	(0.2)
Higher tax rates on overseas income	0.8	0.4
Research and development relief	(0.3)	(0.2)
Non-taxable income	(0.3)	(1.0)
Impact of change of rate	0.1	(0.7)
Losses not recognised	0.8	0.5
Other	(0.7)	0.5
	8.5	7.0

The effective rate on profit before income tax from continuing operations is 16.9% (2016: 15.1%). The effective income tax rate on the underlying profit before tax is 17.2% (2016: 15.4%). Over provision in previous years arose due to the timing in which certain transactions have been accounted for, rather than any correction.

At 31 December 2017 the Group had unrecognised tax losses of £10.2m (2016: £8.4m). A deferred tax asset has not been recognised in respect of these losses due to the uncertainty relating to their future recovery.

9 Deferred tax

Deferred tax at 31 December relates to the following:

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Deferred tax assets				
Retirement benefits	**2.8**	3.6	**1.9**	2.5
Share based payments	**0.9**	1.0	**0.9**	1.0
Derivative financial instruments	**–**	0.7	**–**	0.6
Losses carried forward	**3.1**	2.5	**–**	–
Temporary differences	**1.2**	1.0	**0.4**	0.3
	8.0	8.8	**3.2**	4.4
Deferred tax liabilities				
Property, plant and equipment	**(2.7)**	(3.0)	**0.1**	–
Intangible assets	**(4.0)**	(3.0)	**–**	–
Derivative financial instruments	**(0.4)**	–	**(0.5)**	(0.1)
	(7.1)	(6.0)	**(0.4)**	(0.1)
Net deferred income tax assets	**0.9**	2.8	**2.8**	4.3

Deferred tax assets and liabilities included in the consolidated balance sheet have been offset where appropriate when they arise in the same tax jurisdiction.

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

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Balance at 1 January	**2.8**	3.0	**4.3**	4.3
Charged to comprehensive income	**(2.0)**	(0.7)	**(1.7)**	(0.1)
Charged to equity	**(0.1)**	0.1	**(0.1)**	0.1
Credited to income statement	**1.0**	2.0	**0.3**	–
Transfer from current taxation	**0.4**	(1.9)	**–**	–
Exchange adjustments	**(0.1)**	0.4	**–**	–
Acquisitions	**(1.1)**	(0.1)	**–**	–
Balance at 31 December	**0.9**	2.8	**2.8**	4.3

At 31 December 2017 the Group has no recognised deferred income tax liability (2016: £nil) in respect of taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries. No deferred income tax liability has been recognised in respect of this temporary timing difference due to the foreign profits exemption, the availability of double taxation relief and the ability to control the remittance of earnings.

Deferred tax credited to the income statement in the year ended 31 December 2017 relates to the following:

The gross movement on the deferred income tax account is as follows:	Group	
	2017 £m	2016 £m
Deferred tax assets	**(0.1)**	(1.4)
Deferred tax liabilities:		
Property, plant and equipment	**(0.5)**	(0.5)
Intangible assets	**(0.2)**	(0.3)
Other items	**(0.2)**	2.1
Deferred income tax credit	**(1.0)**	(0.1)

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 27,620 (2016: 45,368) ordinary shares held by the James Fisher and Sons plc Employee Share Ownership Trust (ESOT), 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 2017, 105,840 options (2016: 112,108) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would be anti-dilutive. The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

10 Earnings per share continued

Weighted average number of shares	2017 Number of shares	2016 Number of shares
Basic weighted average number of shares	**50,163,144**	50,096,089
Potential exercise of share based payment schemes	**391,640**	387,067
Diluted weighted average number of shares	**50,554,784**	50,483,156

Underlying earnings per share

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

	2017 £m	2016 £m
Profit attributable to owners of the Company	**40.2**	39.7
Adjustments:		
Separately disclosed items	**1.3**	0.9
Non-controlling interest in separately disclosed items	**–**	(1.8)
Tax on separately disclosed items	**(0.4)**	(0.3)
Underlying profit attributable to owners of the Company	**41.1**	38.5

Earnings per share	**pence**	pence
Basic earnings per share	**80.1**	79.4
Diluted earnings per share	**79.5**	78.7
Underlying basic earnings per share	**82.0**	76.9
Underlying diluted earnings per share	**81.4**	76.3

11 Dividends paid and proposed

	2017 pence per share	2016 pence per share	2017 £m	2016 £m
Declared and paid during the year				
Equity dividends on ordinary shares:				
2016 final dividend	**17.60**	16.00	**8.8**	8.0
2017 interim dividend	**9.40**	8.55	**4.7**	4.3
			13.5	12.3

A final dividend in respect of the year ended 31 December 2017 of 19.30p per share (2016: 17.60p) is proposed.

12 Goodwill

Group	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Total £m
At 1 January 2016	55.5	34.5	40.1	10.3	140.4
Acquisitions	6.1	6.8	4.8	–	17.7
Exchange differences	4.6	0.4	1.9	–	6.9
At 31 December 2016	66.2	41.7	46.8	10.3	165.0
Acquisitions	**15.6**	**–**	**–**	**–**	**15.6**
Transfer	**(1.3)**	**–**	**(4.3)**	**–**	**(5.6)**
Exchange differences	**(0.3)**	**–**	**(0.1)**	**–**	**(0.4)**
At 31 December 2017	**80.2**	**41.7**	**42.4**	**10.3**	**174.6**

Impairment of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to cash generating units (CGU's) of which there are 13 in total. The recoverable amount of these units has been assessed based on value in use calculations using cash projections based on 3 year plans approved by the Board together with projections derived from those plans for the following 2 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. For presentation purposes the CGU's are grouped into the appropriate division.

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 are based on the 3 year plan. These growth rates vary depending on the market conditions in which the CGU operates. Direct costs are expected to increase in line with turnover.

12 Goodwill continued

Discount rates applied to cash projections reflect management's estimate of the return required from the business to reflect the cost of funds plus an appropriate risk premium. This has been determined with reference to the CGU's weighted average cost of capital (WACC) adjusted for risks specific to each CGU's cash flows. The range of pre-tax discount rates used was 6.1% to 7.1% (2016: 7.0% to 7.5%). Effective tax rates of between nil% and 30% (2016: 16.5%) depending on which jurisdiction the operations are forecast to take place in have been assumed as estimated long-term rates.

Based on the value in use calculations set out above no impairment of the goodwill of the CGU's was identified.

Sensitivity to impairment

The Directors have carried out sensitivity analysis to determine the impact on the carrying value of goodwill of a change in discount rate, revenue growth and terminal value growth and identified that movements of 1% would not give rise to an impairment to goodwill in any of the CGUs.

13 Other intangible assets

Group	Development costs £m	Intellectual property £m	Customer relationships £m	Total £m
Cost:				
At 1 January 2016	11.7	5.0	6.8	23.5
Additions	2.6	0.1	–	2.7
Disposals	(0.1)	–	–	(0.1)
Exchange differences	–	–	0.4	0.4
At 31 December 2016	14.2	5.1	7.2	26.5
Additions	**4.2**	**–**	**4.1**	**8.3**
Transfer	**–**	**2.7**	**2.9**	**5.6**
At 31 December 2017	**18.4**	**7.8**	**14.2**	**40.4**
Amortisation:				
At 1 January 2016	3.2	0.6	3.6	7.4
Charge for the period	1.8	0.4	1.2	3.4
Exchange differences	–	–	0.2	0.2
At 31 December 2016	5.0	1.0	5.0	11.0
Charge for the period	**2.3**	**0.5**	**2.0**	**4.8**
At 31 December 2017	**7.3**	**1.5**	**7.0**	**15.8**
Net book value at 31 December 2017	**11.1**	**6.3**	**7.2**	**24.6**
Net book value at 1 January 2017	9.2	4.1	2.2	15.5
Net book value at 1 January 2016	8.5	4.4	3.2	16.1

Customer relationships relate to items acquired through business combinations which are amortised over their estimated useful economic life. Development costs relate to new products developed by the Group and intellectual property represents amounts purchased or acquired relating to technology in the Group's activities. Based on an assessment of value in use there are no indications that any impairment of these assets has arisen during the period.

Company

The Company has no intangible assets.

14 Property, plant and equipment

Group	Vessels £m	Assets under construction £m	Freehold & leasehold property £m	Plant & equipment £m	Total £m
Cost:					
At 1 January 2016	72.8	4.1	28.7	143.1	248.7
Additions	1.9	4.2	0.8	7.0	13.9
Reclassifications	0.2	(6.5)	(1.6)	6.2	(1.7)
Acquisitions	–	–	4.5	4.0	8.5
Disposals	(0.8)	–	(0.5)	(3.4)	(4.7)
Exchange differences	2.3	0.3	1.0	11.2	14.8
At 31 December 2016	76.4	2.1	32.9	168.1	279.5
Additions	**4.6**	**8.6**	**1.1**	**8.9**	**23.2**
Transfer	**–**	**–**	**–**	**2.3**	**2.3**
Reclassifications	**0.7**	**(1.6)**	**(0.7)**	**1.6**	**–**
Acquisitions	**–**	**–**	**–**	**1.7**	**1.7**
Disposals	**(0.5)**	**(0.1)**	**–**	**(3.1)**	**(3.7)**
Exchange differences	**(0.5)**	**(0.1)**	**(0.3)**	**(2.5)**	**(3.4)**
At 31 December 2017	**80.7**	**8.9**	**33.0**	**177.0**	**299.6**
Depreciation and impairment:					
At 1 January 2016	47.2	–	5.7	68.2	121.1
Provided during the year	4.6	–	1.3	16.6	22.5
Disposals	(0.8)	–	(0.1)	(2.7)	(3.6)
Exchange differences	1.2	–	0.3	7.0	8.5
At 31 December 2016	52.2	–	7.2	89.1	148.5
Provided during the year	**4.9**	**–**	**1.6**	**16.2**	**22.7**
Reclassifications	**0.3**	**–**	**0.1**	**(0.4)**	**–**
Disposals	**(0.4)**	**–**	**(0.1)**	**(1.7)**	**(2.2)**
Exchange differences	**(0.3)**	**–**	**–**	**(1.6)**	**(1.9)**
At 31 December 2017	**56.7**	**–**	**8.8**	**101.6**	**167.1**
Net book value at 31 December 2017	**24.0**	**8.9**	**24.2**	**75.4**	**132.5**
Net book value at 1 January 2017	24.2	2.1	25.7	79.0	131.0
Net book value at 1 January 2016	25.6	4.1	23.0	74.9	127.6

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 2017 was £0.5m (2016: £0.3m). Included in vessels are assets with a cost of £6.7m (2016: £6.6m) and accumulated depreciation of £6.3m (2016: £6.1m) which relate to assets held under operating leases. Included in property, plant and equipment is aggregate interest capitalised of £0.8m (2016: £0.9m).

Company	Vessels £m	Freehold & leasehold property £m	Plant & equipment £m	Total £m
Cost:				
At 1 January 2016	9.5	2.1	2.6	14.2
Additions	–	–	0.1	0.1
Disposals	(0.3)	–	–	(0.3)
At 31 December 2016	9.2	2.1	2.7	14.0
Additions	**0.6**	**0.2**	**0.1**	**0.9**
At 31 December 2017	**9.8**	**2.3**	**2.8**	**14.9**
Depreciation:				
At 1 January 2016	5.6	1.1	1.1	7.8
Provided during the year	0.4	0.1	0.4	0.9
Disposals	(0.3)	–	–	(0.3)
At 31 December 2016	5.7	1.2	1.5	8.4
Provided during the year	**0.6**	**0.1**	**0.5**	**1.2**
At 31 December 2017	**6.3**	**1.3**	**2.0**	**9.6**
Net book value at 31 December 2017	**3.5**	**1.0**	**0.8**	**5.3**
Net book value at 1 January 2017	3.5	0.9	1.2	5.6
Net book value at 1 January 2016	3.9	1.0	1.5	6.4

Included in property, plant and equipment is aggregate interest capitalised of £0.1m (2016: £0.1m).

15 Investment in subsidiaries, associates and joint arrangements

Details of the Group's joint ventures and associated undertakings are set out on pages 107 to 109. The Group's share of the assets, liabilities and trading results of these joint venture entities at 31 December 2017 which are accounted for under the equity accounting method, are as follows:

	2017 £m	2016 £m
Current assets	25.5	22.2
Non-current assets	19.0	21.3
Current liabilities	(16.8)	(18.1)
Non-current liabilities	(22.6)	(21.0)
Loans to associate	2.0	2.0
	7.1	6.4
Revenue	11.5	10.5
Cost of sales	(9.5)	(6.2)
Administrative expenses	0.6	(1.9)
Profit from operations	2.6	2.4
Net finance expense	(0.7)	(0.8)
Profit before income tax	1.9	1.6
Taxation	(0.2)	(0.2)
Profit after tax	1.7	1.4
Segmental analysis of profit after tax:		
Marine Support	1.1	0.8
Specialist Technical	0.6	0.6
	1.7	1.4
Movement on investment in joint ventures:		
At 1 January	6.4	6.3
Acquisitions	0.6	–
Disposals	–	(0.9)
Profit for the period	1.7	1.4
Dividends received	(1.4)	(0.7)
Share of fair value losses on cash flow hedges	(0.2)	(0.1)
Exchange adjustments	–	0.4
At 31 December	7.1	6.4

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	2017 £m	2016 £m
At 1 January	1.4	1.5
Additions	0.9	–
Impairment	–	(0.1)
At 31 December	2.3	1.4
Company		
At 1 January	1.4	1.4
Additions	0.9	–
At 31 December	2.3	1.4

Available for sale financial assets include a 17.2% (2016: 17.2%) equity interest in ordinary shares in SEML De Co-operation Transmanche, an unlisted company incorporated in France, whose main activity is a port and ferry operator. In addition, the Group has a 50% interest in JFD Domeyer 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. During the year the Group acquired an option to subscribe for ordinary shares in Britannia's Gold Limited at a cost of £0.9m and in exchange for marine services supplied. The investments above are in unquoted entities which are held at initial cost and are subject to an annual impairment review.

16 Financial assets continued

Investments

Company	Subsidiary undertakings Shares £m	Loans £m	Total £m
Cost			
At 1 January 2016	159.9	143.1	303.0
Additions	6.8	75.9	82.7
Repayments	–	(22.3)	(22.3)
At 31 December 2016	166.7	196.7	363.4
Additions	**0.2**	**100.2**	**100.4**
Disposal	**(1.8)**	**–**	**(1.8)**
Recapitalisations	**7.4**	**(7.4)**	**–**
Repayments	**(0.2)**	**(52.2)**	**(52.4)**
At 31 December 2017	**172.3**	**237.3**	**409.6**
Amount provided			
At 1 January 2016	0.4	–	0.4
At 31 December 2016	0.4	–	0.4
At 31 December 2017	**0.4**	**–**	**0.4**
Net book value at 31 December 2017	**171.9**	**237.3**	**409.2**
Net book value at 31 December 2016	166.3	196.7	363.0

A list of subsidiary undertakings is included on pages 107 to 109.

17 Inventories

	Group 2017 £m	2016 £m
Work in progress	**12.1**	15.1
Raw materials and consumables	**6.6**	5.9
Finished goods	**33.4**	33.1
	52.1	54.1

Inventories are stated net of impairment provisions of £3.1m (2016: £4.2m). During the year £nil (2016: £nil) was charged to the income statement to write down inventories to net realisable value.

18 Trade and other receivables

	Group 2017 £m	Group 2016 £m	Company 2017 £m	Company 2016 £m
Trade receivables	**83.9**	70.4	**–**	–
Amounts owed by group undertakings	**–**	–	**1.3**	1.6
Amounts owed by joint venture undertakings	**4.3**	2.3	**–**	–
Other non-trade receivables	**13.0**	9.9	**3.9**	5.0
Taxation and social security	**–**	–	**0.4**	0.4
Prepayments	**10.3**	15.3	**0.6**	0.9
Accrued income	**90.4**	59.5	**–**	–
	201.9	157.4	**6.2**	7.9

Of the above, other non-trade receivables of £1.1m (2016: £0.2m) are expected to be recovered in more than one year. At 31 December 2017, the aggregate recognised profits (less recognised losses) to date under open construction contracts amounted to £51.6m (2016: £40.5m). Retentions relating to construction contracts included in trade receivables are £0.3m (2016: £0.3m). Included within the trade and other receivables balances is £8.3m (2016: £15.0m) in relation to construction contracts in progress.

19 Trade and other payables

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Trade payables	**48.4**	32.6	**0.4**	1.6
Amounts owed to group undertakings	**–**	–	**5.9**	15.0
Amounts owed to joint venture undertakings	**0.2**	0.2	**–**	–
Taxation and social security	**4.5**	4.5	**0.2**	0.2
Other payables	**16.0**	20.2	**1.2**	6.1
Accruals and deferred income	**63.6**	68.6	**3.1**	3.7
	132.7	126.1	**10.8**	26.6

20 Provisions for other liabilities and charges

	Contingent consideration £m	Warranty £m	Total £m
At 1 January 2016	8.1	0.6	8.7
Acquisitions	1.0	–	1.0
(Credited)/charged to the income statement	(2.5)	0.8	(1.7)
Unwinding of discount	0.2	–	0.2
At 1 January 2017	6.8	1.4	8.2
Acquisitions	**8.8**	**–**	**8.8**
Paid	**(1.5)**	**–**	**(1.5)**
(Credited)/charged to the income statement	**(1.6)**	**2.1**	**0.5**
Unwinding of discount	**0.3**	**–**	**0.3**
At 31 December 2017	**12.8**	**3.5**	**16.3**

Analysis of total provisions

	2017 £m	2016 £m
Current liability	**4.8**	3.2
Non-current liability	**11.5**	5.0
Total	**16.3**	8.2

Contingent consideration

Contingent consideration are further potential amounts payable for acquisitions made by the Group which is contingent on achieving profit targets in future years.

Warranty

This provision is based on management's assessment of the previous history of claims, and expenses incurred and an estimate of future obligations on goods supplied where a warranty has been provided to the customer.

21 Retirement benefit obligations

The Group and Company defined benefit pension scheme obligations relate to the James Fisher and Sons plc Pension Fund for Shore Staff (Shore staff), the Merchant Navy Officers Pension Fund (MNOPF) and the Merchant Navy Ratings Pension Fund (MNRPF). The financial statements incorporate the latest full actuarial valuations of the schemes which have been updated to 31 December 2017 by qualified actuaries using assumptions set out in the table below. The Group's obligations in respect of its pension schemes at 31 December 2017 were as follows:

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Shore staff	**(5.8)**	(10.1)	**(5.8)**	(10.1)
MNOPF	**(6.8)**	(8.5)	**(5.0)**	(6.3)
MNRPF	**(7.2)**	(8.2)	**(2.9)**	(3.2)
	(19.8)	(26.8)	**(13.7)**	(19.6)

21 Retirement benefit obligations continued

Shore staff

The assets of this scheme are held in a separate trustee-administered account and do not include any of the Group's assets. The scheme was closed to new members in October 2001 and closed to future accrual on 31 December 2010. The most recent actuarial valuation was as at 31 July 2016. It is valued every three years following which deficit contributions and the repayment period are subject to agreement between the Company and the Trustees. Estimated contributions to this scheme in 2018 are £1.6m.

MNOPF

The MNOPF is an industry-wide pension scheme which is accounted for as a defined benefit scheme. It is valued every three years and deficits have typically been funded over a ten year period. The most recent triennial actuarial valuation of the scheme was as at 31 March 2015 and no additional deficit funding was requested by the Trustees. The respective share of the Group and Company in the net retirement benefit obligation of the MNOPF are 3.2% (2016: 3.0%) and 1.6% (2016: 1.4%) respectively. Disclosures relating to this scheme are based on these allocations. The liability recognised represents the discounted value of committed cash flows. Information supplied by the trustees of the MNOPF has been reviewed by the Company's actuaries. The principal assumption in the review is the discount rate on the scheme's liabilities which was 2.50% (2016: 2.75%). The disclosures below relate to the Group's share of the assets and liabilities within the MNOPF. Estimated contributions to this scheme in 2018 are £1.9m.

MNRPF

The MNRPF is an industry-wide pension scheme. The most recent actuarial valuation of the MNRPF was at 31 March 2017 and the Group and Company have recognised a liability based on the discounted value of expected cash contributions. The share of the Group and the Company in the net retirement benefit obligation of the MNRPF are 2.46% and 0.89% respectively. The principal assumption in the MNRPF valuation is the discount rate on the scheme's liabilities which was 2.50% (2016: 2.75%). Subject to any changes arising out of the actuarial valuation as at 31 March 2017, estimated contributions to this scheme in 2018 are £5.3m.

Actuarial assumptions

The schemes' 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:

	2017	2016
Inflation (%)	**3.15**	3.25
Rate of increase of pensions in payment – Shore staff (%)	**3.05**	3.10
Discount rate for scheme liabilities (%)	**2.50**	2.75
Expected rates of return on assets (%)	**2.50**	2.75
Post-retirement mortality: (years)		
Shore staff scheme		
Current pensioner at 65 male	**20.9**	21.1
Current pensioner at 65 female	**22.7**	23.1
Future pensioner at 65 male	**21.9**	22.7
Future pensioner at 65 female	**24.0**	24.9

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

Sensitivities

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

Shore staff scheme

Key measure	Change in assumption	Change in deficit
Discount rate	Decrease of 0.25%	Increase by 3.2%
Rate of inflation	Increase by 0.25%	Increase by 1.6%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 4.2%

MNOPF

Key measure	Change in assumption	Change in deficit
Discount rate	Decrease of 0.25%	Increase by 0.7%

MNRPF

Key measure	Change in assumption	Change in deficit
Discount rate	Decrease of 0.25%	Increase by 0.2%

21 Retirement benefit obligations continued

In determining the discount rate, assumptions have been made in relation to corporate bond yields and the expected term of liabilities. As noted above, a change in discount rate applied has a significant impact on the value of liabilities.

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

	Group				Company			
As at 31 December 2017	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**
Equities	**4.7**	**–**	**1.9**	**6.6**	**4.7**	**–**	**0.6**	**5.3**
Gilts/corporate bonds	**–**	**57.4**	**25.3**	**82.7**	**–**	**29.0**	**8.9**	**37.9**
Other investments	**51.0**	**43.7**	**1.1**	**95.8**	**51.0**	**22.1**	**0.4**	**73.5**
Cash or liquid assets	**0.4**	**7.7**	**0.9**	**9.0**	**0.4**	**3.9**	**0.3**	**4.6**
Fair value of scheme assets	**56.1**	**108.8**	**29.2**	**194.1**	**56.1**	**55.0**	**10.2**	**121.3**
Present value of scheme liabilities	**(61.9)**	**(108.8)**	**(32.5)**	**(203.2)**	**(61.9)**	**(60.0)**	**(13.1)**	**(135.0)**
Effect of asset ceiling	**–**	**(6.8)**	**(3.9)**	**(10.7)**	**–**	**–**	**–**	**–**
Net pension liabilities recognised in the balance sheet	**(5.8)**	**(6.8)**	**(7.2)**	**(19.8)**	**(5.8)**	**(5.0)**	**(2.9)**	**(13.7)**

	Group				Company			
As at 31 December 2016	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
Equities	4.9	1.6	2.6	9.1	4.9	0.8	0.9	6.6
Gilts/corporate bonds	–	44.0	21.0	65.0	–	20.7	7.4	28.1
Other investments	49.2	45.6	2.4	97.2	49.2	21.5	0.8	71.5
Cash or liquid assets	0.1	12.8	1.8	14.7	0.1	6.0	0.6	6.7
Fair value of scheme assets	54.2	104.0	27.8	186.0	54.2	49.0	9.7	112.9
Present value of scheme liabilities	(64.3)	(112.5)	(36.0)	(212.8)	(64.3)	(55.3)	(12.9)	(132.5)
Net pension liabilities recognised in the balance sheet	(10.1)	(8.5)	(8.2)	(26.8)	(10.1)	(6.3)	(3.2)	(19.6)

The Merchant Navy Ratings Pension Fund (MNRPF) and the Merchant Navy Officers Pension Fund (MNOPF) contributions paid by the Group are not refundable in any circumstance and the balance sheet liability reflects an adjustment for any agreed deficit recovery contributions in excess of deficit determined using the Group's assumptions. Other investments in the shore staff scheme comprise diversified growth funds, liability driven investments, absolute return and private market funds.

(b) Expense recognised in the income statement

	Group				Company			
Year ended 31 December 2017	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**
Expenses	**0.1**	**–**	**–**	**0.1**	**0.1**	**–**	**–**	**0.1**
Interest cost on benefit obligation	**1.7**	**3.1**	**1.0**	**5.8**	**1.7**	**1.5**	**0.4**	**3.6**
Return on scheme assets	**(1.4)**	**(2.9)**	**(0.8)**	**(5.1)**	**(1.4)**	**(1.3)**	**(0.3)**	**(3.0)**
	0.4	**0.2**	**0.2**	**0.8**	**0.4**	**0.2**	**0.1**	**0.7**

The actual return on the Shore staff plan assets is £3.9m.

	Group				Company			
Year ended 31 December 2016	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
Expenses	0.2	–	–	0.2	0.2	–	–	0.2
Interest cost on benefit obligation	2.2	3.7	1.1	7.0	2.2	1.9	0.4	4.5
Return on scheme assets	(1.9)	(3.4)	(0.8)	(6.1)	(1.9)	(1.6)	(0.3)	(3.8)
	0.5	0.3	0.3	1.1	0.5	0.3	0.1	0.9

The actual return on the Shore staff plan assets is £8.4m.

21 Retirement benefit obligations continued

(c) Movements in the net defined benefit liability

	Group				Company			
Year ended 31 December 2017	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**
As at 1 January 2017	**10.1**	**8.5**	**8.2**	**26.8**	**10.1**	**6.3**	**3.2**	**19.6**
Expense recognised in the income statement	**0.4**	**0.2**	**0.2**	**0.8**	**0.4**	**0.2**	**0.1**	**0.7**
Contributions paid to scheme	**(1.5)**	**(1.9)**	**(1.2)**	**(4.6)**	**(1.5)**	**(1.5)**	**(0.4)**	**(3.4)**
Remeasurement gains and losses	**(3.2)**	**–**	**–**	**(3.2)**	**(3.2)**	**–**	**–**	**(3.2)**
	5.8	**6.8**	**7.2**	**19.8**	**5.8**	**5.0**	**2.9**	**13.7**

	Group				Company			
Year ended 31 December 2016	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
As at 1 January 2016	8.6	9.7	8.6	26.9	8.6	7.4	3.1	19.1
Expense recognised in the income statement	0.5	0.3	0.3	1.1	0.5	0.3	0.1	0.9
Contributions paid to scheme	(1.6)	(1.9)	(0.7)	(4.2)	(1.6)	(1.7)	–	(3.3)
Remeasurement gains and losses	2.6	0.4	–	3.0	2.6	0.3	–	2.9
	10.1	8.5	8.2	26.8	10.1	6.3	3.2	19.6

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

	Group				Company			
Year ended 31 December 2017	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**
As at 1 January 2017	**64.2**	**112.6**	**36.0**	**212.8**	**64.2**	**55.3**	**13.0**	**132.5**
Current service cost	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Expenses	**0.1**	**–**	**–**	**0.1**	**0.1**	**–**	**–**	**0.1**
Interest cost	**1.7**	**3.1**	**1.0**	**5.8**	**1.7**	**1.5**	**0.4**	**3.6**
Remeasurement (gain)/loss:								
Actuarial (gain)/loss arising from scheme experience	**(1.4)**	**1.8**	**0.6**	**1.0**	**(1.4)**	**4.7**	**0.2**	**3.5**
Actuarial gain arising from changes in demographic assumptions	**(1.0)**	**–**	**–**	**(1.0)**	**(1.0)**	**–**	**–**	**(1.0)**
Actuarial loss arising from changes in financial assumptions	**1.8**	**–**	**–**	**1.8**	**1.8**	**–**	**–**	**1.8**
Net benefits paid out	**(3.5)**	**(1.9)**	**(1.2)**	**(6.6)**	**(3.5)**	**(1.5)**	**(0.5)**	**(5.5)**
	61.9	**115.6**	**36.4**	**213.9**	**61.9**	**60.0**	**13.1**	**135.0**

	Group				Company			
Year ended 31 December 2016	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
As at 1 January 2016	59.4	93.6	29.3	182.3	59.4	46.9	10.5	116.8
Expenses	0.2	–	–	0.2	0.2	–	–	0.2
Interest cost	2.2	3.7	1.2	7.1	2.2	1.9	0.4	4.5
Remeasurement loss/(gain):								
Actuarial loss arising from scheme experience	–	17.0	6.2	23.2	–	8.0	2.2	10.2
Actuarial loss arising from changes in financial assumptions	9.2	0.2	–	9.4	9.1	0.2	–	9.3
Net benefits paid out	(6.7)	(2.0)	(0.7)	(9.4)	(6.6)	(1.7)	(0.2)	(8.5)
	64.3	112.5	36.0	212.8	64.3	55.3	12.9	132.5

21 Retirement benefit obligations continued

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

	Group				Company			
Year ended 31 December 2017	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**	**Shore staff £m**	**MNOPF £m**	**MNRPF £m**	**Total £m**
As at 1 January 2017	**54.2**	**104.0**	**27.8**	**186.0**	**54.2**	**49.0**	**9.7**	**112.9**
Return on scheme assets recorded in interest	**1.5**	**2.9**	**0.7**	**5.1**	**1.5**	**1.3**	**0.3**	**3.1**
Remeasurement loss:								
Return on plan assets excluding interest income	**2.4**	**1.8**	**0.7**	**4.9**	**2.4**	**4.7**	**0.3**	**7.4**
Contributions by employer	**1.5**	**2.0**	**1.2**	**4.7**	**1.5**	**1.5**	**0.4**	**3.4**
Net benefits paid out	**(3.5)**	**(1.9)**	**(1.2)**	**(6.6)**	**(3.5)**	**(1.5)**	**(0.4)**	**(5.4)**
	56.1	**108.8**	**29.2**	**194.1**	**56.1**	**55.0**	**10.3**	**121.4**

	Group				Company			
Year ended 31 December 2016	Shore staff £m	MNOPF £m	MNRPF £m	Total £m	Shore staff £m	MNOPF £m	MNRPF £m	Total £m
As at 1 January 2016	50.8	83.9	20.7	155.4	50.8	39.4	7.5	97.7
Return on scheme assets recorded in interest	1.9	3.4	0.8	6.1	1.9	1.6	0.3	3.8
Remeasurement loss:								
Return on plan assets excluding interest income	6.5	16.7	6.3	29.5	6.5	8.0	2.2	16.7
Contributions by employer	1.7	2.0	0.7	4.4	1.7	1.6	–	3.3
Net benefits paid out	(6.7)	(2.0)	(0.7)	(9.4)	(6.7)	(1.6)	(0.3)	(8.6)
	54.2	104.0	27.8	186.0	54.2	49.0	9.7	112.9

(f) History of experience gains and losses

Shore staff	**2017 £m**	2016 £m	2015 £m	2014 £m	2013 £m
Fair value of scheme assets	**56.1**	54.2	50.8	53.8	49.3
Defined benefit obligation	**(61.9)**	(64.3)	(59.4)	(64.3)	(59.1)
Deficit in scheme	**(5.8)**	(10.1)	(8.6)	(10.5)	(9.8)
Remeasurement gain/(loss)					
Return on plan assets excluding interest income	**2.4**	6.5	(1.3)	3.5	2.0
Remeasurement gain/(loss) on scheme liabilities	**1.4**	–	(0.1)	0.4	–

MNOPF

Group	**2017 £m**	2016 £m	2015 £m	2014 £m	2013 £m
Fair value of scheme assets	**108.8**	104.0	83.9	80.1	76.8
Defined benefit obligation	**(115.6)**	(112.5)	(93.6)	(91.4)	(90.3)
Deficit in scheme	**(6.8)**	(8.5)	(9.7)	(11.3)	(13.5)

MNOPF

Company	**2017 £m**	2016 £m	2015 £m	2014 £m	2013 £m
Fair value of scheme assets	**55.0**	49.0	39.5	37.7	36.1
Defined benefit obligation	**(60.0)**	(55.3)	(46.9)	(46.3)	(45.9)
Deficit in scheme	**(5.0)**	(6.3)	(7.4)	(8.6)	(9.8)

MNRPF

Group	**2017 £m**	2016 £m	2015 £m
Fair value of scheme assets	**29.2**	27.8	20.7
Defined benefit obligation	**(36.4)**	(36.0)	(29.3)
Deficit in scheme	**(7.2)**	(8.2)	(8.6)

21 Retirement benefit obligations continued

MNRPF

Company	2017 £m	2016 £m	2015 £m
Fair value of scheme assets	**10.2**	9.7	7.5
Defined benefit obligation	**(13.1)**	(12.9)	(10.6)
Deficit in scheme	**(2.9)**	(3.2)	(3.1)

The cumulative amount of actuarial gains and losses relating to all schemes recognised since 1 January 2004 in the Group's and Company's statement of comprehensive income is a loss of £50.3m (2016: £53.5m).

(g) Defined contribution schemes
The Group operates a number of defined contribution schemes. The pension charge for the year for these arrangements is equal to the contributions paid and was £3.7m (2016: £3.8m). During the year the Company contributed £0.3m (2016: £0.4m) into defined contribution schemes.

22 Share based payments

The Company operates a Long-Term Incentive Plan (LTIP) in respect of Executive Directors and certain senior employees and details of these are set out in the Director's remuneration report on pages 40 to 53. The Company also operates a Sharesave scheme (Sharesave) for eligible employees which is HM Revenue and Customs approved.

Long-Term Incentive Plan (LTIP)

The Group recognises an expense for these benefits provided to employees and the amount charged in respect of equity-settled share based payments was £0.9m (Company £0.6m) (Group and Company 2016: £1.1m). 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 over 377,100 (2016: 358,625) ordinary shares of 25p each.

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

Group	2017 Number	WAEP	2016 Number	WAEP	nil options 2017 Number	nil options 2016 Number
Outstanding at 1 January	**678,122**	**£7.09**	792,245	£7.03	**358,625**	321,598
Granted during the year	**40,684**	**£15.67**	68,632	£12.43	**105,840**	148,737
Forfeited during the year	**(61,940)**	**£13.73**	(93,195)	£10.96	**(48,883)**	(4,331)
Exercised	**(92,214)**	**£6.57**	(89,560)	£6.66	**(38,482)**	(107,379)
Outstanding at 31 December	**564,652**	**£7.07**	678,122	£7.09	**377,100**	358,625
Exercisable at 31 December	**420,132**	**£5.09**	467,210	£4.74	**–**	–

The weighted average share price at the date of exercise for the options exercised was £16.69 (2016: £12.80). For the share options outstanding at 31 December 2017, the weighted average remaining contractual life is 2 years and 7 months (2016: 3 years and 4 months). The weighted average fair value of options granted during the year was £10.94 (2016: £8.83). The range of exercise prices for options outstanding at the end of the year was £3.54 – £15.67 (2016: £3.54 – £14.89).

Company	2017 Number	WAEP	2016 Number	WAEP	nil options 2017 Number	nil options 2016 Number
Outstanding at 1 January	**528,922**	**£5.84**	653,571	£6.21	**230,017**	192,094
Granted during the year	**6,563**	**£15.67**	3,503	£12.43	**69,238**	96,463
Forfeited during the year	**(37,004)**	**£14.76**	(63,918)	£10.40	**(19,058)**	–
Exercised	**(66,039)**	**£4.94**	(64,234)	£5.46	**(30,384)**	(58,540)
Outstanding at 31 December	**432,442**	**£5.35**	528,922	£5.84	**249,813**	230,017
Exercisable at 31 December	**420,303**	**£5.09**	467,040	£4.74	**–**	–

The weighted average share price at the date of exercise for the options exercised was £16.64 (2016: £12.57). For the share options outstanding at 31 December 2017, the weighted average remaining contractual life is 2 years and 11 months (2016: 3 years and 9 months). The weighted average fair value of options granted during the year was £12.85 (2016: £11.34). The range of exercise prices for options outstanding at the end of the year was £3.54 – £15.67 (2016: £3.54 – £14.89). The fair value of share based payments has been estimated using the Black-Scholes model for the Sharesave and the earnings per share (EPS) element of the LTIP. The fair value of share based payments relating to the total shareholder return (TSR) element of the LTIP has been estimated using the Monte Carlo model.

22 Share based payments continued

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

	2017	2016
Dividend yield (%)	**1.6%**	1.8%
Expected life of option (years)	**3 – 7.22**	3 – 7.22
Share price at date of grant	**£15.94 – £16.67**	£12.54
Expected share price volatility (%)	**30%**	30%
Risk-free interest rate (%)	**0.17%**	0.54% – 0.89%

Sharesave

All employees, subject to the discretion of the Remuneration Committee, may apply for share options under an employee Save As You Earn plan which may from time to time be offered by the Company. An individual's participation is limited so that the aggregate price payable for shares under option at any time does not exceed the statutory limit. Options granted under the plans will normally be exercisable if the employee remains in employment and any other conditions set by the Remuneration Committee have been satisfied. Options are normally exercisable at the end of the related savings contract but early exercise is permitted in certain limited circumstances. The performance period will not normally be less than three and a half years or greater than seven and a half years. Awards were made under this scheme on 12 April 2017.

23 Business combinations

Year ended 31 December 2017

On 22 March 2017, the Group acquired the entire share capital of Rotos 360 Limited (Rotos 360) for an initial consideration of £1.5m in cash, with potential further consideration of up to £5.0m subject to profit targets for the three years ending 31 December 2019. Rotos 360 uses the latest technological innovation to provide solutions to the inspection, repair and reconditioning of wind farm rotor blades, primarily in the offshore environment and was established in 2013 as part of a UK Government funded research project to reduce the cost of operation and maintenance of offshore wind turbines. The acquisition which joined the Marine Support division, provides the Group with market-leading capability in wind turbine blade repair, further broadening its offering in the growing offshore wind farm sector.

On 6 December 2017, the Group acquired the entire share capital of EDS HV Group Limited (EDS) for an initial consideration of £9.0m in cash with potential further consideration of up to £5.6m subject to profit targets for the two years ending 30 September 2019. EDS, headquartered in Lancashire, provides a complete range of high voltage engineering services to the renewables industry, covering the design and installation stages of new wind farm construction projects through to the subsequent monitoring and fault management, repair and maintenance of the operating assets. The acquisition, which is in the Marine Support division, further broadens the Group's offering to the offshore wind farm sector. As the acquisition of EDS was made in December 2017, the fair values disclosed below will be reassessed prior to the end of the next half year period.

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

EDS	Book value £m	Fair value adjustments £m	Total £m
Intangible assets	0.1	2.7	2.8
Property, plant and equipment	0.7	–	0.7
Trade and other receivables	4.1	(0.5)	3.6
Cash and short-term deposits	1.0	–	1.0
Trade and other payables	(2.2)	(0.3)	(2.5)
Interest bearing loans and borrowings	(1.0)	–	(1.0)
Deferred tax	(0.1)	(0.5)	(0.6)
Fair value of net assets acquired	2.6	1.4	4.0
Goodwill			10.2
			14.2
Consideration:			
Cash consideration			9.0
Deferred consideration			5.2
			14.2

23 Business combinations continued

Rotos 360	Book value £m	Fair value adjustments £m	Total £m
Intangible assets	–	1.3	1.3
Property, plant and equipment	0.9	–	0.9
Trade and other payables	(0.6)	(0.2)	(0.8)
Interest bearing loans and borrowings	(0.2)	–	(0.2)
Deferred tax	(0.1)	(0.2)	(0.3)
Fair value of net assets acquired	0.0	0.9	0.9
Goodwill			4.2
			5.1
Consideration:			
Cash consideration			1.5
Contingent consideration			3.6
			5.1

Other acquisitions	Book value £m	Fair value adjustments £m	Total £m
Property, plant and equipment	0.2	–	0.2
Trade and other receivables	–	(1.2)	(1.2)
Interest bearing loans and borrowings	(0.1)	–	(0.1)
Deferred tax	–	0.2	0.2
Fair value of net assets acquired	0.1	(1.0)	(0.9)
Goodwill			1.2
Cash consideration			0.3

The book value of these business combinations has been adjusted for fair value adjustments relating to fixed assets, the write down of irrecoverable debtors and amounts capitalised as intangibles. None of the goodwill is expected to be deductible for income tax purposes. The fair value adjustments in the 'Other acquisitions' table relate to revisions of estimates made regarding businesses acquired in 2016.

Cashflow in respect of business combinations	EDS £m	Rotos 360 £m	Other £m	Prior period acquisitions £m	Total £m
Cash paid	0.2	1.5	0.3	1.6	3.6
Cash and short-term deposits acquired	(1.0)	–	–	–	(1.0)
Acquisition of business net of cash acquired	(0.8)	1.5	0.3	1.6	2.6
Interest bearing loans and borrowings acquired	1.0	0.2	–	–	1.2
Acquisition costs	0.1	0.1	0.5	0.1	0.8
	0.3	1.8	0.8	1.7	4.6

Contribution to Group results
The businesses acquired during the period contributed £0.7m to the Group's profit after tax and £7.7m of revenues. If these businesses had been acquired at the start of the financial year, the contribution to Group profit after tax would have been £1.4m with revenue of £15.8m.

24 Loans and borrowings

	Group		Company	
Non-current liabilities	2017 £m	2016 £m	2017 £m	2016 £m
Bank loans	152.1	124.3	152.1	124.3
Finance leases	0.2	0.1	–	–
	152.3	124.4	152.1	124.3

24 Loans and borrowings continued

Current liabilities	Group 2017 £m	Group 2016 £m	Company 2017 £m	Company 2016 £m
Overdrafts	–	–	11.9	18.5
Bank loans	0.2	3.0	–	–
Finance leases	0.2	0.1	–	–
	0.4	3.1	11.9	18.5

Bank loans

Loans analysed by currency are repayable as follows:

Year ended 31 December 2017

	Group			Company		
Currency	**GBP**	**USD**	**Total**	**GBP**	**USD**	**Total**
Due within one year	0.2	–	0.2	–	–	–
Due between one and two years	39.2	–	39.2	39.2	–	39.2
Due between two and five years	106.5	6.4	112.9	106.5	6.4	112.9
	145.9	6.4	152.3	145.7	6.4	152.1

Year ended 31 December 2016

	Group			Company		
Currency	GBP	USD	Total	GBP	USD	Total
Due within one year	3.0	–	3.0	–	–	–
Due between two and five years	104.4	19.9	124.3	104.4	19.9	124.3
	107.4	19.9	127.3	104.4	19.9	124.3

The interest rates charged during the year ranged from 1.4% to 2.1% (2016: 1.4% to 2.2%). 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:

	2017 £m	2016 £m
Future minimum payments due:		
Within one year	0.2	0.1
Within two to five years	0.2	0.1
	0.4	0.2
Less: finance charges allocated to future periods	–	–
	0.4	0.2
Present value of minimum lease payments is analysed as follows:		
Within one year	0.2	0.1
Within two to five years	0.2	0.1
	0.4	0.2

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 2017 £m	Cash flow £m	Other non-cash £m	Exchange movement £m	31 December 2017 £m
Cash in hand and at bank	21.8	(0.3)	–	(1.2)	20.3
Debt due after 1 year	(124.4)	(27.8)	(0.8)	0.8	(152.2)
Debt due within 1 year	(3.0)	2.8	–	–	(0.2)
	(127.4)	(25.0)	(0.8)	0.8	(152.4)
Finance leases	(0.1)	0.1	(0.4)	–	(0.4)
Net debt	(105.7)	(25.2)	(1.2)	(0.4)	(132.5)

	1 January 2016 £m	Cash flow £m	Other non-cash £m	Exchange movement £m	31 December 2016 £m
Cash in hand and at bank	22.9	(3.9)	–	2.8	21.8
Debt due after 1 year	(116.6)	(4.1)	(0.0)	(3.7)	(124.4)
Debt due within 1 year	–	1.7	(4.8)	0.1	(3.0)
	(116.6)	(2.4)	(4.8)	(3.6)	(127.4)
Finance leases	(0.2)	0.2	(0.1)	(0.0)	(0.1)
Net debt	(93.9)	(6.1)	(4.9)	(0.8)	(105.7)

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 to increase 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 2017 the Group had £71.8m (2016: £49.7m) of undrawn committed facilities none of which expire within twelve months.

The Group is required under the terms of its loan agreements to maintain covenant ratios in respect of net debt to Ebitda and net interest costs to earnings before interest (Ebit). The Group met its covenant ratios for the year ended 31 December 2017. The Directors have prepared forecasts of the cash flows for the subsequent eighteen-month period which indicate that, taking into account the factors noted above, the Group will meet its covenant requirements for this period. The total amount that it is able to borrow under existing revolving credit facilities is limited to a maximum of £200m (2016: £175m).

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

	2017 £m	2016 £m
Interest bearing loans and borrowings	152.7	127.5
Less cash and cash equivalents	(20.3)	(21.9)
Net debt	132.4	105.6
Equity attributable to the equity holders of the parent	285.0	257.3
Gearing ratio	46.5%	41.0%

The Group has exposure to the following financial risks:

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. These arise principally from the Group's receivables from customers and from cash balances held with financial institutions. The carrying amount of financial assets represents the maximum credit exposure. There are no significant concentrations of credit risk within the Group. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the industry and country in which each customer operates. The Group has a number of large customers including Government agencies in the UK and overseas, major oil companies and other multinational corporations. The ten largest customers of the Group accounted for approximately 20% of Group revenue (2016: 24%). No customer accounted for more than 3% (2016: 4%) 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.

26 Financial instruments continued

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

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Available for sale financial assets	**2.3**	1.4	**2.3**	1.4
Receivables	**186.7**	142.0	**2.3**	6.1
Cash and cash equivalents	**20.3**	21.8	**12.2**	7.4
Interest rate swaps used for hedging:				
Assets	**3.4**	0.9	**3.4**	0.9
	212.7	166.1	**20.2**	15.8

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			
	2017		2016	
	gross £m	**allowance £m**	gross £m	allowance £m
Not past due	**48.5**	**–**	33.9	–
Past due	**39.0**	**(3.6)**	38.0	(1.5)
	87.5	**(3.6)**	71.9	(1.5)

	Group		Company	
	gross 2017 £m	gross 2016 £m	**gross 2017 £m**	gross 2016 £m
Not yet due	**48.5**	33.9	**–**	–
Overdue 1 to 30 days	**15.2**	15.2	**–**	–
Overdue 31 to 60 days	**6.8**	7.8	**–**	–
Overdue 61 to 90 days	**5.5**	8.4	**–**	–
Overdue more than 90 days	**11.5**	6.6	**–**	–
	87.5	71.9	**–**	–

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

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Balance at 1 January	**1.5**	1.3	**–**	–
Exchange differences	**–**	0.1	**–**	–
Provided in the year	**2.8**	0.7	**–**	–
Recoveries	**(0.2)**	–	**–**	–
Write-offs	**(0.5)**	(0.6)	**–**	–
	3.6	1.5	**–**	–

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 impairment allowance is necessary in respect of trade receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its cash resources and borrowings 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 any single period. At 31 December 2017, the Group had £71.8m (2016: £49.7m) of undrawn committed bank facilities.

26 Financial instruments continued

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

31 December 2017

Group Non-derivative financial liabilities	**Carrying amount £m**	**Contractual cash flows £m**	**Within 1 year £m**	**1 – 2 years £m**	**2 – 5 years £m**
Unsecured bank loans	**152.3**	**(163.0)**	**(4.0)**	**(43.0)**	**(116.0)**
Finance lease liabilities	**0.4**	**(0.4)**	**(0.2)**	**(0.2)**	**–**
Trade and other payables	**136.5**	**(136.5)**	**(136.5)**	**–**	**–**
Derivative financial liabilities:					
Interest rate swaps used for hedging	**(0.7)**	**(0.8)**	**(0.3)**	**(0.1)**	**(0.4)**
Outflow on forward exchange contracts used for hedging:	**(2.3)**	**(35.2)**	**(35.2)**	**–**	**–**
	286.2	**(335.9)**	**(176.2)**	**(43.3)**	**(116.4)**

31 December 2016

Group Non-derivative financial liabilities	Carrying amount £m	Contractual cash flows £m	Within 1 year £m	1 – 2 years £m	2 – 5 years £m
Unsecured bank loans	127.4	(133.5)	(3.0)	–	(130.5)
Finance lease liabilities	0.1	(0.1)	(0.1)	–	–
Trade and other payables	104.7	(104.7)	(104.7)	–	–
Derivative financial liabilities:					
Interest rate swaps used for hedging	–	(0.6)	(0.3)	(0.3)	–
Outflow on forward exchange contracts used for hedging:	4.7	(65.6)	(55.3)	(10.3)	–
	236.9	(304.5)	(163.4)	(10.6)	(130.5)

31 December 2017

Company Non-derivative financial liabilities	**Carrying amount £m**	**Contractual cash flows £m**	**Within 1 year £m**	**1 – 2 years £m**	**2 – 5 years £m**
Unsecured bank loans	**152.1**	**(162.9)**	**(3.9)**	**(43.0)**	**(116.0)**
Trade and other payables	**4.5**	**(4.5)**	**(4.5)**	**–**	**–**
Derivative financial liabilities:					
Interest rate swaps used for hedging	**(0.7)**	**(0.8)**	**(0.3)**	**(0.1)**	**(0.4)**
Outflow on forward exchange contracts used for hedging:	**(2.3)**	**(35.2)**	**(35.2)**	**–**	**–**
	153.6	**(203.4)**	**(43.9)**	**(43.1)**	**(116.4)**

31 December 2016

Company Non-derivative financial liabilities	Carrying amount £m	Contractual cash flows £m	Within 1 year £m	1 – 2 years £m	2 – 5 years £m
Unsecured bank loans	124.3	(130.5)	–	–	(130.5)
Trade and other payables	3.1	(3.1)	(3.1)	–	–
Derivative financial liabilities:					
Interest rate swaps used for hedging	–	(0.6)	(0.3)	(0.3)	–
Outflow on forward exchange contracts used for hedging:	4.7	(65.6)	(55.3)	(10.3)	–
	132.1	(199.8)	(58.7)	(10.6)	(130.5)

26 Financial instruments continued

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

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

	31 December 2017						31 December 2016					
	USD m	EUR m	NOK m	SGD m	AUD m	NGN m	USD m	EUR m	NOK m	SGD m	AUD m	NGN m
Trade receivables	35.8	3.2	0.1	–	–	90.9	25.9	2.0	–	–	–	101.3
Cash at bank and in hand	7.6	2.2	0.3	–	0.1	533.6	4.2	3.8	0.1	0.2	0.1	1,154.9
Unsecured bank loans	(8.7)	–	–	–	–	–	–	–	–	(5.3)	–	–
Trade payables	(7.8)	(2.8)	(1.0)	(0.1)	–	(2.5)	(3.3)	(3.6)	(5.6)	(0.2)	(0.5)	–
Gross balance sheet exposure	26.9	2.6	(0.6)	(0.1)	0.1	622.0	26.8	2.2	(5.5)	(5.3)	(0.4)	1,256.2
Forecast sales	125.0	11.1	–	–	–	215.0	123.4	9.9	–	–	–	–
Forecast purchases	(44.5)	(13.6)	(2.2)	(0.2)	(0.3)	(15.0)	(44.7)	(14.9)	(18.0)	(0.0)	(2.3)	–
Gross exposure	107.4	0.1	(2.8)	(0.3)	(0.2)	822.0	105.5	(2.8)	(23.5)	(5.3)	(2.7)	1,256.2
Forward exchange contracts	(55.6)	–	–	–	–	–	(68.3)	–	–	–	–	–
Net exposure	51.8	0.1	(2.8)	(0.3)	(0.2)	822.0	37.2	(2.8)	(23.5)	(5.3)	(2.7)	1,256.2

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.

	2017		2016	
	Equity £m	Income statement £m	Equity £m	Income statement £m
US Dollar	(1.8)	(3.3)	(1.9)	(2.4)
Euro	(0.1)	0.1	(0.1)	0.1
Norwegian Kroner	(0.1)	0.1	–	0.2
Singaporean Dollar	(0.5)	(0.5)	(0.4)	(0.6)
Australian Dollar	(0.3)	(0.3)	(0.5)	(0.1)
Nigerian Naira	–	–	(0.2)	–
	(2.8)	(3.9)	(3.1)	(2.8)

(d) Interest rate risk
The Group uses interest rate swaps to convert interest rates on certain borrowings from floating rates to fixed 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:

	Group		Company	
	2017 £m	2016 £m	2017 £m	2016 £m
Fixed rate instruments				
Financial liabilities	(0.1)	(0.1)	(0.1)	(0.1)
Variable rate instruments				
Financial assets	20.3	21.8	12.2	7.4
Financial liabilities	(152.3)	(127.4)	(164.0)	(142.8)
	(132.0)	(105.6)	(151.8)	(135.4)

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 2017, a general increase of one percentage point would have had the following impact:

	2017 Income statement £m	2016 Income statement £m
Variable rate instruments	(1.3)	(1.0)
Interest rate swaps	0.8	0.3
Cash flow sensitivity	(0.5)	(0.7)

(e) Fair values

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

		2017		2016	
Group	Note	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Liabilities carried at amortised cost					
Unsecured bank loans	24	(152.3)	(145.6)	(127.4)	(120.7)
Trade and other payables	19	(136.5)	(136.5)	(104.7)	(104.7)
Finance leases	24	(0.4)	(0.5)	(0.1)	(0.1)
Preference shares	27	(0.1)	(0.1)	(0.1)	(0.1)
		(289.3)	(282.7)	(232.3)	(225.6)

Company					
Liabilities carried at amortised cost					
Overdrafts	24	(11.9)	(11.9)	(18.5)	(18.5)
Unsecured bank loans	24	(152.1)	(145.5)	(105.7)	(99.3)
Trade and other payables	19	(4.5)	(4.5)	(3.1)	(3.1)
Preference shares	27	(0.1)	(0.1)	(0.1)	(0.1)
		(168.6)	(162.0)	(127.4)	(121.0)

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).

26 Financial instruments continued

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

Group	Level 2 2017 £m	2016 £m
Financial assets measured at fair value		
Forward exchange contracts – cash flow hedges	**2.3**	0.1
Interest rate swaps – cash flow hedges	**1.1**	0.8
	3.4	0.9
Financial liabilities measured at fair value		
Forward exchange contracts – cash flow hedges	**–**	(4.8)
Interest rate swaps – cash flow hedges	**(0.4)**	(0.8)
Financial liabilities not measured at fair value		
Unsecured bank loans	**(145.6)**	(120.7)
Finance leases	**(0.5)**	(0.2)
	(146.5)	(126.5)
	(143.1)	(125.6)

Company	Level 2 2017 £m	2016 £m
Financial assets measured at fair value		
Forward exchange contracts – cash flow hedges	**2.3**	0.1
Interest rate swaps – cash flow hedges	**1.1**	0.8
	3.4	0.9
Financial liabilities measured at fair value		
Forward exchange contracts – cash flow hedges	**–**	(4.8)
Interest rate swaps – cash flow hedges	**(0.4)**	(0.8)
Financial liabilities not measured at fair value		
Unsecured bank loans	**(145.5)**	(99.3)
	(145.9)	(104.9)
	(142.5)	(104.0)

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

Fair value hedges – Group and Company

At 31 December 2017 and 31 December 2016 the Group did not have any outstanding fair value hedges.

Cash flow hedges – Group and Company

At 31 December 2017, 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 £m
Sell			
US$ 47,803,000	January 2018 – December 2018	1.2800	2.3

At 31 December 2016, the Group and Company held forward currency contracts designated to hedge future commitments in US Dollars, Japanese Yen and Swedish Krone. The terms of the contracts are as follows:

	Maturity	Exchange rate	Fair value £m
Sell			
US$ 81,036,004	January 2017 – June 2018	1.3441	(4.7)
JPY 19,900,000	February 2017 – April 2017	132.3144	–
Buy			
SEK 1,000,000	January 2017 – June 2017	11.5599	–

The foreign exchange contracts have been negotiated to match the expected profile of receipts. At 31 December 2017, these hedges were assessed to be highly effective and an unrealised gain of £6.0m (2016: loss £3.3m) relating to the hedging instruments is included in equity.

26 Financial instruments continued

Interest rate swaps

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

	Amount				Fair value	
	2017 £m	2016 £m	Maturity	Fixed rate %	**2017 £m**	2016 £m
Sterling interest rate swaps	**81.0**	31.0	30 January 2019 to 31 October 2022	0.47% – 3.71%	**0.7**	–

27 Share capital

Group and Company

Authorised

83,200,000 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 millions of shares	**2017**	2016	**2017**	2016
In issue on 1 January and 31 December	**50.2**	50.2	**0.1**	0.1

	2017 £m	2016 £m	**2017 £m**	2016 £m
Issued share capital	**12.6**	12.5	**0.1**	0.1

The preference shareholders are entitled to receive 3.5% cumulatively per annum on the par value of the shares and are treated as a liability in the balance sheet. The ordinary shareholders receive dividends as declared from time to time by the Directors.

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

Treasury shares	**2017 £m**	2016 £m
27,620 (2016: 45,368) ordinary shares of 25p	**0.4**	0.6

The Company has an established Employee Share Ownership Trust, the James Fisher and Sons plc Employee Share Ownership Trust, to meet potential obligations under long-term incentive schemes awarded to employees. The market value of these shares at 31 December 2017 was £0.4m (2016: £0.7m). The Trust has not waived its right to receive dividends.

In the year ended 31 December 2017, 18,128 (2016: 8,415) ordinary shares with an aggregate nominal value of £4,532 (2016: £2,104) were issued to satisfy awards made under the Company's Executive Share Option Scheme at an option price of 354p (2016: 596p) per share giving rise to total consideration of £64,173 (2016: £50,151).

During the year the Trust purchased 71,243 (2016: 38,823) of the Company's shares in the market at an average cost per share of £16.38 (2016: £13.66) and a total cost of £1,166,653 (2016: £530,412).

28 Commitments and contingencies

Operating leases

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

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Within one year	**12.5**	14.2	**–**	–
After one year but not more than five years	**17.3**	20.7	**1.5**	1.5
After five years	**7.0**	9.7	**0.5**	0.5
	36.8	44.6	**2.0**	2.0

Capital commitments

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

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
	0.3	0.2	**–**	–

Contingent liabilities

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

(b) A Group VAT registration is operated by the Company and 25 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 nine vessels. The charters expire between 2018 and 2021.

(d) Subsidiaries of the Group have issued performance and payment guarantees to third parties with a total value of £44.6m (2016: £42.4m).

(e) The Group is liable for further contributions in the future to the MNOPF 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) The Group operates in overseas jurisdictions with uncertain legislation and assesses the regulatory, compliance and taxation potential liability on a case by case basis.

(i) The Company and its subsidiaries may be parties to legal proceedings and claims which arise in the ordinary course of business, and can be material in value. Appropriate provision has been made in these accounts where, in the opinion of the Directors, liabilities may materialise.

29 Related party transactions

Transactions with related parties

FCM businesses

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

First Response Marine

The Group holds through James Fisher Marine Services Limited (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 £2.0m 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 (2016: £0.1m). Dividends received or receivable during the period included in the results of the Group are £0.6m (2016: £0.4m).

JFD Domeyer

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

Eurotestconsult

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

29 Related party transactions continued

Britannia's Gold Limited (BGL)

During the year the Group acquired an option to subscribe for ordinary shares in Britannia's Gold Limited, in exchange for marine services provided to BGL at a cost of £0.9m. Nick Henry, Group CEO is a non executive Director of BGL.

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

		Services to related £m	Sales to related £m	Purchases from £m	Amounts owed by £m	Amounts owed to £m
FCM businesses	**2017**	**–**	**0.2**	**0.8**	**0.4**	**0.2**
	2016	–	0.4	1.0	–	0.2
First Response Marine	**2017**	**3.4**	**–**	**–**	**1.7**	**–**
	2016	–	3.4	–	0.9	–
JFD Domeyer	**2017**	**–**	**0.8**	**–**	**0.1**	**–**
	2016	–	1.3	–	1.0	–
Eurotestconsult	**2017**	**0.2**	**1.2**	**–**	**0.1**	**–**
	2016	–	1.3	–	0.4	–
Wuhu Divex Diving Systems	**2017**	**–**	**0.7**	**–**	**2.0**	**–**
	2016	–	–	–	–	–
BGL	**2017**	**4.2**	**–**	**–**	**–**	**–**
	2016	–	–	–	–	–

No provision for bad debts has been made in respect of these balances (2016: £nil). No bad debts arose during the period relating to these transactions (2016: £nil).

All transactions with related parties are priced on an arms length basis on terms equivalent to those provided to wholly external 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 2017 was £237.3m (2016: £196.7m). Amounts owed to subsidiary undertakings by the Company at 31 December 2017 totalled £5.9m (2016: £15.0m).

The Company has had no expense in respect of bad or doubtful debts of subsidiary undertakings in the year (2016: £nil).

30 Post balance sheet event

On 19 February 2018, the Group acquired Cowan Manufacturing Pty Limited, based in New South Wales, Australia for £1.5m. The business designs and sells portable hyperbaric chambers.

31 Significant accounting policies

The principal accounting policies, which have been applied consistently throughout the year and the preceding year, are set out below.

31.1 Basis of preparation of the consolidated financial statements

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

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

Joint arrangements

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

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

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

Non-controlling interests

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

31 Significant accounting policies continued

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

31.2 Foreign currency

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

(i) Foreign currency transactions in functional currency

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

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

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

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

(ii) Net investment in foreign operations

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

(iii) Translation from functional currency to presentational currency

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

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

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

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

31.3 Financial instruments

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

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

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

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

31 Significant accounting policies continued

(c) Derivative financial instruments

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

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

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

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

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

(i) Cash flow hedges

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

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

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

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

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

(ii) Fair value hedges

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

(iii) Interest-bearing loans and other borrowings

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

(iv) Other

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

(d) Cash and cash equivalents

Cash and short-term deposits included in the statement of financial position 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.

31.4 Intangible assets

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

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

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

31 Significant accounting policies continued

(a) Goodwill arising on a business combination

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

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

(b) Acquired intangible assets

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

31.5 Property, plant and equipment

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

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

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

No depreciation is charged on assets under construction.

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

31.6 Impairment of tangible and intangible assets

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

(a) Impairment of goodwill

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

(b) Impairment of tangible and other intangible assets

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

(c) Research and development costs

Research expenditure is expensed in the income statement as incurred.

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

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

31 Significant accounting policies continued

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

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

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

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

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

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

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

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

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

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

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

In preparation for the adoption of IFRS 16, Leases, in the financial statements for the year ending 31 December 2019, management are in the process of assessing the potential impact.

31.10 Pension plans
(i) Defined contribution schemes

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

(ii) Defined benefit schemes

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

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

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

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

31 Significant accounting policies continued

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

31.11 Share based payments

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

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

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

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

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

31.12 Short-term employee benefits

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

31.13 Share capital and reserves

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

(a) Treasury shares

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

(b) Employee Share Ownership Plan (ESOP)

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

The Group maintains the following reserves:

Translation reserve

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

Hedging reserve

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

31.14 Revenue recognition

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

(a) Construction contracts

(i) General

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

31 Significant accounting policies continued

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

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

Where the Group has a contract to design and assemble an asset followed by a long-term service contract to operate and maintain that asset, the revenue is recognised separately on the respective parts of the contract.

(ii) Bid costs

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

(b) Warranty costs

Provision is made for warranties offered with products where it is probable that an obligation to transfer economic benefits to the customer in future will arise. This provision is based on management's assessment of the previous history of claims and probability of future obligations arising on a product by product basis. Provisions for warranty costs are set out in note 20.

31.15 Non-current assets held for sale

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

31.16 Intra-group financial instruments

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

32 Significant accounting judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. The outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed and revised on an on-going basis.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included below:

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.

Impairment of goodwill

Goodwill, which is set out in note 12, of £174.6m (2016: £165.0m) is tested annually for any permanent impairment in accordance with the accounting policy in note 31.6. The value in use of the Group's cash generating units (CGU) requires assumptions about future levels of demand, gross margins and cost inflation. Inherent uncertainty involved in forecasting and discounting future cash flows is a key area of judgement. If indicators of impairment exist the carrying value of goodwill is compared to its recoverable amount which represents the higher of the net present value of the CGU's forecast cash flow and its carrying value. The assessment also includes sensitivity analysis to identify the range of outcomes and the validity of underlying assumptions.

Business combinations

Business combinations are set out in note 23 and the Group makes an assessment of the fair values of the assets and liabilities arising in a business combination and of any related contingent consideration. Judgement is applied in assessing appropriate fair values of the assets and liabilities required, identifying any intangible assets of the acquired business and in estimating the likelihood of contingent targets being achieved during the relevant period. The outcome of contingent consideration 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. The Group uses a discounted cash flow analysis to assess the value of contingent consideration.

Revenue

Revenue is set out in notes 4 and 31.14. 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. Areas of judgement relate to construction contract accounting and specifically estimating the stage of completion and forecast outturn of the contract.

32 Significant accounting judgements and estimates continued

Income taxes

Taxation is set out in notes 8, 9 and 31.8. 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.

Operating in overseas jurisdictions

The Group operates in emerging markets which increases contractual, operational and financial risk with potentially uncertain or changing regulatory and political environments. This is referred to in the Group's principal risks and uncertainties on page 21 and in note 26. In preparing the consolidated financial statements the management form a judgement about the risk of exchange control regulations, political stability, potential changes to tax regions and operating environments.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material misstatement to the carrying amounts of assets and liabilities within the year ending 31 December 2018 is included in the following notes:

- Note 9 – recognition of deferred tax assets, and the availability of future taxable profit against which tax losses carried forward can be used;
- Notes 12 and 13 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs; and
- Note 23 – Business combinations.

33 Standards issued but not yet effective

IFRS 15 and 16 are expected to have a material impact on the Group's financial statements in the period of initial application.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance including IAS 18 Revenue, and IAS 11 Construction Contracts.

Sale of goods

Revenue is currently recognised when the significant risk and rewards of ownership have passed to the buyer which is assumed to pass on delivery of the goods. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods.

Rendering of Services

The Group is involved in providing a range of services including submarine rescue services. The transfer of risks and rewards is assumed to pass to the customer on delivery of the goods or stage of completion of the provision of the relevant services. Under IFRS 15, the total consideration in the service contracts will be allocated to individual performance obligations as identified within the contract. The stand-alone selling prices will be determined based on the list prices at which the Group sells such services in separate transactions. The estimated negative impact on retained earnings at 1 January 2017 as a result of these changes in accounting for contracts that have not been completed at that date is £0.6m.

Construction Contracts

Contract revenue and costs currently are recognised in accordance with the stage of completion of the contract, where the outcome can be estimated reliably, in the period in which the work is performed.

Under IFRS 15 performance obligations in contracts with customers are identified and the total contract value is allocated to each of the performance obligations identified. Revenue is recognised as each performance obligation is satisfied. For some of the goods that the Group provides, the customer controls all of the work in progress as the products are manufactured, or the goods manufactured are of a specialised nature. The revenue from these contracts will be recognised as the products are manufactured in line with the performance over time criteria set out in IFRS 15. Where the identification of IFRS 15 performance obligations gives rise to more or less recognition criteria than previous contracts is estimated to be an impact on revenue recognised.

The estimated negative impact on retained earnings at 1 January 2017 as a result of these changes in accounting for contracts that have not been completed at that date is approximately £4.5m.

Bid Costs

Currently, all bid costs incurred relating to the design, manufacture or operation of assets or the provision of services to third parties are expensed, except for those incurred after the point at which the contract award is virtually certain (that would not have arisen if the contract was not secured). Under IFRS 15 management do not expect any significant changes to arise.

The Group's assessment indicates that this will result in a reduction of the opening retained earnings of £0.4m at 1 January 2017.

The Group will continue to work to finalise the impact of the new requirements of IFRS 15, including its subsidiaries and joint ventures. As a result of this on-going work, it is possible that there may be changes to the impact outlined below. However, these are not expected to be significant.

33 Standards issued but not yet effective continued

Transition

The Group plans to adopt IFRS 15 using the full retrospective method, utilising the practical expedients available. As a result, the Group will apply the requirements of IFRS 15 to the comparative period presented together with its financial statements for the year ending 31 December 2018. The expedients available are:

- Expedient 1 – Contracts started and completed in the same annual reporting period. An entity need not restate completed contracts that begin and end in the same annual reporting period;
- Expedient 1A – Further, an entity can elect not to restate contracts that are completed contracts at the beginning of the earliest period presented;
- Expedient 2 – That allows an entity to use the transaction price at the date on which the contract was completed, rather than estimating the variable consideration amounts in each comparative reporting period;
- Expedient 3 – An entity need not separately evaluate the effect of contract modifications before the start of the earliest reporting period presented; and
- Expedient 4 – An entity does not need to disclose for reporting periods presented before the date of initial application (January 2018):
  - Amount of the transaction price allocated to remaining performance obligations; and
  - An explanation of when it expects to recognise the revenue

The Group's assessment indicates that the adoption of these expedients will not result in a significantly different outcome.

Estimated impact of the adoption of IFRS 15

The Group is required to adopt IFRS 15 Revenue from Contracts with Customers from 1 January 2018. The Group has assessed the estimated impact that the initial application of IFRS 15 will have on its consolidated financial statements. The estimated impact of the adoption of this standard on the Group's equity as at 1 January 2017 is based on assessments undertaken to date and is summarised below. The actual impacts of adopting the standards as at 1 January 2018 may change because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application. Estimates to 1 January may also change due to the adoption of the retrospective transition option.

£m	Balance at 31 December 2016	Estimated adjustments due to adoption of IFRS 15	Balance at 1 January 2017
Equity			
Retained earnings	(217.0)	5.0	**(212.0)**

The total estimated adjustment, net of tax, to the opening balance of the Group's equity at 1 January 2017 is £5.0m.

The estimated impact on the consolidated income statement in 2017 is to reduce revenue by approximately £6.0m and to reduce profit before taxation by £0.7m - £1.5m.

IFRS 16 Leases

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and is effective for annual periods beginning on or after 1 January 2019.

IFRS 16 requires lessees to reflect all leases on their balance sheet. A lessee will recognise a right-of-use asset reflecting its right to use the asset and a lease liability recognising its obligation to make lease payments. There are exceptions for short-term leases and leases of low-value items. IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for the right-of-use assets and interest expense on lease liabilities.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements. The actual impact of applying IFRS 16 on the financials statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any renewal options and the extent to which the Group chooses to use the practical expedients and recognition exemptions.

The most significant impact is that the Group will recognise an asset and liability for its operating leases of vessels. As at 31 December 2017, the Group's future minimum lease payments under non-cancellable operating leases of vessels amounted to £12.8m, on an undiscounted basis (see note 28).

As part of its assessment the Group will determine whether it is appropriate to restate comparative information, or adopt a modified retrospective approach.

Subsidiaries and associated undertakings

Subsidiary undertakings

Name of company	Address	Group percentage of equity capital	Name of company	Address	Group percentage of equity capital
Marine Support					
Clariden Holdings SA	80 Broad Street, City of Monrovia, County of Mosterrado, Liberia	100%	James Fisher Subsea Excavation Pte. Limited	133 Cecil Street, #16-01, Keck Seng Tower, Singapore, 069535	100%
EDS HV Group Limited	Barrow-in-Furness[1]	100%	James Fisher Subsea Limited	Barrow-in-Furness[1]	100%
EDS HV Management Limited	Barrow-in-Furness[1]	100%	James Fisher Testing Services (Ireland) Limited	Unit D, Zone 5, Clonminam Business Park, Portlaoise, County Laois, Ireland	100%
EDS HV Services Limited	Barrow-in-Furness[1]	100%	James Fisher Testing Services Limited	Barrow-in-Furness[1]	100%
Electricity Distribution Services Limited	Barrow-in-Furness[1]	100%	JCM Scotload Ltd	Barrow-in-Furness[1]	100%
F.C.N. Limited	c/o Trident Trust, Trident Chambers, Road Town, Tortola, British Virgin Islands	100%	JF STS (Guernsey) Limited	4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 2JA	100%***
Fender Care (Changshu) Ltd	Room 1211, Building 4, Huifeng Times Plaza, No 22 Huanghe Road, Changshu City, Jiangsu, 215500, China	100%	Load Test Sdn Bhd	Ground Floor, 8, Lorong Universiti B, Section 16, 46350, Petaling Jaya, Selangor Darul Ehsan, Malaysia	100%
Fender Care do Brasil Comercio E Servicos Navais LTDA	Rua 01 S/N, Lote 115, Quadra 01, Balneario das Garcias, Rio de Janeiro, Brazil, 28890-000	100%	Maritime Engineers (Asia Pacific) Pte Ltd	1 North Bridge Road, #06-15, High Street Centre, Singapore, 179094	100%
Fender Care Limited	Barrow-in-Furness[1]	100%	Maritime Engineers Pty Ltd	23 Sparks Road, Henderson, WA 6166, Australia	100%
Fender Care Marine (Asia Pacific) Pte Ltd	6 Pioneer Place, 627705, Singapore	100%	Mojo Maritime France	3 rue de France Comte, CS50311, Hauts de Quimpcanpoix, 5103, Cherbourg, France	100%
Fender Care Marine (Gibraltar) Limited	28 Irish Town, Gibraltar	100%	Mojo Maritime Limited	Barrow-in-Furness[1]	100%
Fender Care Marine Ltd	Barrow-in-Furness[1]	100%	Namibia Subtech Diving and Marine (Proprietary) Limited	PO Box 90757, Shop 48, Second Floor, Old Power Station Complex, Armstrong Street, Windhoek, Namibia	100%
Fender Care Marine Products (Asia Pacific) Pte Limited	6 Pioneer Place, 627705, Singapore	100%	Osiris Marine Services Limited	Barrow-in-Furness[1]	100%
Fender Care Marine Services Group Limited	Barrow-in-Furness[1]	100%	Osiris Underwater Engineering Services Limited	Barrow-in-Furness[1]	100%
Fender Care Marine Sohar LLC	Al Batinah Region, PO Box 37, Sohar, 327	70%	Prolec Limited	Barrow-in-Furness[1]	100%
Fender Care Marine Solutions Limited	Barrow-in-Furness[1]	100%	Rotos 360 Limited	Barrow-in-Furness[1]	100%
Fender Care Norway AS	Kaiveien 4, 9900 Kirkenes, Norway	100%	Scotload Ltd	Oldmeldrum[2]	100%
Fendercare Australia Pty Ltd	23 Sparks Road, Henderson WA 6166, Australia	100%	Strainstall Engineering Services Limited	Barrow-in-Furness[1]	100%
Fendercare Marine Ghana Limited	11 Aduemi Close, North Kaneshie, Accra, Ghana	50%	Strainstall Group Limited	Barrow-in-Furness[1]	100%*
Fendercare Marine West Limited	5th Floor, Anderson Square, Sheddon Road, PO Box 866, George Town, KY1-1103, Cayman Islands	100%	Strainstall Malaysia Sdn Bhd	Ground Floor, 8, Lorong Universiti B, Section 16, 46350 Petaling Jaya Selangor Darul Ehsan, Malaysia	100%
Fendercare Servicos Marinhos do Brasil LTDA	Rua 01 S/N, Lote 115, Quadra 01, Balneario das Garcias, Rio de Janeiro, Brazil, 28890-000	100%	Strainstall Middle East Limited	Vistra (Cayman), Grand Pavilion, Hibiscus Way, 802 West Bay Road, PO Box 31119, Grand Cayman, KY1-1205, Cayman Islands	100%
Foresight HV Operations Limited	Second Floor, Sketrick House, Jubilee Road, Newtownards, Northern Ireland, BT23 4YH	100%	Strainstall Singapore Pte Ltd	50 Raffles Place, #06-00 Singapore Land Tower, Singapore, 048623	100%
Hughes Marine Engineering Limited	Barrow-in-Furness[1]	100%	Strainstall UK Limited	Barrow-in-Furness[1]	100%
Hughes Sub Surface Engineering Limited	Barrow-in-Furness[1]	100%	Subtech (Pty) Ltd	Warehouse 1, 20 Rustic Close, Briardene, Durban, 4051, South Africa	100%
Insight Marine Projects Limited	Barrow-in-Furness[1]	100%	Subtech (Pty) Ltd	Rua da Educacao, No.38, Matola, Mozambique	Branch
Integrated Mooring Solutions Limited	Barrow-in-Furness[1]	100%	Subtech Core Innovation (Pty) Ltd	PO Box 18897, Dalbridge, Kwa-Zulu Natal, 4014	100%
James Fisher Fender Care Limited	Barrow-in-Furness[1]	100%*	Subtech Diving & Marine Tanzania Limited	The Slipway Road, Msasani Peninsula, Dar Es Salaam, United Republic of Tanzania	100%
James Fisher Marine Services Limited	Barrow-in-Furness[1]	100%*	Subtech Group Holdings (Pty) Ltd	Warehouse 1, 20 Rustic Close, Briardene, Durban, 4051, South Africa	100%
James Fisher MFE Limited	Barrow-in-Furness[1]	100%	Subtech Marine (Pty) Ltd	PO Box 90757, Shop 48, Old Power Station Complex, Armstrong Street, Windhoek, Namibia	70%
James Fisher MIMIC Limited	Barrow-in-Furness[1]	100%*	Subtech Middle East Saudi Co LLC	Office 102, Al Jazira Building, Alkhobar, Saudi Arabia	95%

SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS CONTINUED

Name of company	Address	Group percentage of equity capital	Name of company	Address	Group percentage of equity capital
Marine Support continued					
James Fisher Nigeria Limited	34 Awolowo Road, Ikoyi, Lagos, Nigeria	49%	Subtech Norte Limitada	Rua da Educacao, No.38, Matola, Mozambique	100%
James Fisher Ocean Team Limited	Rooms 1318-19, 13/F, Hollywood Plaza, 610 Nathan Road, Mongkok, Kowloon, Hong Kong	60%	Subtech Offshore Ltd	Ocra (Mauritius) Limited, Level 2, Max City Building, Remy Ollier Street, Port Louis, Mauritius	100%
James Fisher Personnel SA de CV	Gabriel Mancera 1041 Del Valle, Benito Juarez, 03100, Ciudad de Mexico, D.F., Mexico	100%	Subtech South Africa (Pty) Ltd	Warehouse 1, 20 Rustic Close, Briardene, Durban, 4051, South Africa	100%
James Fisher Servicos Empresariais Ltda	Rua 01 No 223, Quadra 02, Lote 146-part, Balneario das Garcas, Brazil	100%	Testconsult Limited	Barrow-in-Furness[1]	100%
James Fisher Subsea Excavation Incorporated	21559 Provincial Boulevard, Katy TX 77450, United States	100%	Vision Marine Ltd	80 Broad Street, City of Monrovia, County of Mosterrado, Liberia	100%
James Fisher Subsea Excavation Mexico SA de CV	Gabriel Mancera 1041 Del Valle, Benito Juarez, 03100, Ciudad de Mexico, D.F., Mexico	100%			
Specialist Technical					
Cowan Manufacturing Pty Limited	7A Walker Street, Warners Bay, New South Wales, 2282 Australia	100%	James Fisher Nuclear GmbH	Uwestraße 12 D-22525 Hamburg, Germany	80%
Divex Asia Pacific Pty Ltd	54 Bushland Ridge, Bibra Lake WA 6163, Australia	100%	James Fisher Nuclear Limited	Oldmeldrum[2]	100%
Divex FZE	PO Box 261749, Jebel Ali Free Zone, Dubai, United Arab Emirates	100%	James Fisher Rumic Limited	Barrow-in-Furness[1]	100%*
Divex Limited	Oldmeldrum[2]	100%	James Fisher Singapore Pte Ltd	19 Loyang Lane, Singapore, 508929	100%
Harsh Environment Systems Limited	Barrow-in-Furness[1]	100%	James Fisher Technologies LLC	Units 1 and 2, 1234 Sherman Drive, Longmont CO 80501, Colorado	51%
Hatch Holdings Limited	Barrow-in-Furness[1]	100%	JF Nuclear Limited	Barrow-in-Furness[1]	100%
High Technology Sources Limited	Barrow-in-Furness[1]	100%	JFD Australia Pty Ltd	BDO, 38 Station Street, Subiaco WA 6008, Australia	100%
Inspection Holdings Limited	Barrow-in-Furness[1]	100%	JFD Limited	Oldmeldrum[2]	100%
James Fisher (Ro-Ro) Limited	Barrow-in-Furness[1]	100%*	JFD Singapore Pte Ltd	19 Loyang Lane, Singapore, 508929	100%
James Fisher Defence Italy SRL	Via Giulio Caccini, 100198, Rome, Italy	100%	JFD South Africa (Pty) Ltd	c/o Mazars, Mazars House, Rialto Road, Grand Moorings Precinct, Century City, Cape Town, SA 7441, South Africa	100%
James Fisher Defence Limited	Barrow-in-Furness[1]	100%	Lexmar Sat Systems Pte Ltd	19 Loyang Lane, Singapore, 508929	100%
James Fisher Defence North America Limited	Suite 808, 1220 North Market Street, Wilmington DE 19801, United States	100%	NDT (Inspection & Testing) Limited	Barrow-in-Furness[1]	100%
James Fisher Defence Sweden Aktiebolag	Rindovagen, Rindo Vastra, 185 41 Vaxholm, Sweden	100%	Raygen Limited	Barrow-in-Furness[1]	100%
James Fisher NDT Limited	Barrow-in-Furness[1]	100%	Remac Limited	Barrow-in-Furness[1]	100%
Offshore Oil					
Buchan Technical Services Limited	Barrow-in-Furness[1]	100%	RMSPumptools FZE	1-153, THUB, Dubai Silicon Oasis, Dubai, United Arab Emirates	100%
James Fisher Air Supply Norway Limited	Barrow-in-Furness[1]	100%	RMSPumptools Limited	Barrow-in-Furness[1]	100%
James Fisher and Sons (Seafloor Dynamex) Limited	Barrow-in-Furness[1]	100%*	SC177590 Limited	Oldmeldrum[2]	100%*
James Fisher Eiendom AS	Finnestadsvingen 23, 4029 Stavanger, Norway	100%	Scan Tech AS	Finnestadsvingen 23, 4029 Stavanger, Norway	100%
James Fisher Marine Services Malaysia Ltd	Level 1, Lot 7, Block F, Sanguking Commercial Building Jalan Patau-Patau, 87000 Labuan FT, Malaysia	100%	Scan Tech Personell AS	Finnestadsvingen 23, 4029 Stavanger, Norway	100%
James Fisher Marine Services Middle East Limited FZCO	PO Box 371072, Dubai, United Arab Emirates	100%	Scan Tech Produkt Personell AS	Finnestadsvingen 23, 4029 Stavanger, Norway	100%
James Fisher Norway AS	Finnestadsvingen 23, 4029 Stavanger, Norway	100%*	Scantech Offshore do Brasil Comercio E Servicos Ltda	R 01 223, Lote 146 Quadra 02, Balneario das Garcas, Rio das Ostras, 28.898-268, Brazil	100%
James Fisher Offshore Limited	Oldmeldrum[2]	100%*	Scantech Offshore Limited	Barrow-in-Furness[1]	100%*
James Fisher Offshore Malaysia Sdn Bhd	Room A, Ground Floor, Lot 7, Block F, Saguking Commercial Building Jalan Patau-Patau, 87000 Labuan FT, Malaysia	100%	Scantech Offshore Pty Ltd	23 Sparks Road, Henderson WA 6166, Australia	100%
JF Singapore Holdings Pte Ltd	160 Robinson Road, #17-01, SBF Center, Singapore, 068914	100%	Scantech Offshore UK Limited	Oldmeldrum[2]	100%
Monyana Engineering Services Limited	Oldmeldrum[2]	100%	Solmead Limited	Oldmeldrum[2]	100%
Pump Tools Limited	Oldmeldrum[2]	100%	Solvapli Limited	Oldmeldrum[2]	100%
Return to Scene Limited	Barrow-in-Furness[1]	100%	Strata Oil Tools Limited	Oldmeldrum[2]	100%

Name of company	Address	Group percentage of equity capital	Name of company	Address	Group percentage of equity capital
Tankships					
Cattedown Wharves Limited	Barrow-in-Furness[1]	100%	James Fisher (New Zealand) Limited	Level 10, 34 Shortland Street, Auckland 1010, New Zealand	100%*
Everard (Guernsey) Ltd	4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 2JA	50%	James Fisher (Shipping Services) Limited	Barrow-in-Furness[1]	100%
F.T. Everard Shipping Limited	Barrow-in-Furness[1]	100%	James Fisher Everard Limited	Barrow-in-Furness[1]	100%*
F.T.Everard & Sons Limited	Barrow-in-Furness[1]	100%*	Onesimus Dorey (Shipowners) Limited	4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 2JA	100%
James Fisher (Crewing Services) Limited	Barrow-in-Furness[1]	100%*	Scottish Navigation Company Limited	Oldmeldrum[2]	100%*
James Fisher (Guernsey) Limited	4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 2JA	100%***			
Holding Companies					
James Fisher (Aberdeen) Limited	Barrow-in-Furness[1]	100%*	JF Australia Holding Pty Ltd	54 Bushland Ridge, Bibra Lake, WA 6163	100%
James Fisher Holdings UK Limited	Barrow-in-Furness[1]	100%*	JF Nordvik Limited	12 Castle Street, St Helier, Jersey, JE2 3RT	100%*
James Fisher Hong Kong Limited	Level 17, Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	100%	JF Overseas Limited	Barrow-in-Furness[1]	100%*
James Fisher Nuclear Holdings Limited	Barrow-in-Furness[1]	100%*	James Fisher Subtech Group Limited	Barrow-in-Furness[1]	100%*
James Fisher Properties Limited	Oldmeldrum[2]	100%	James Fisher and Sons Nigeria Limited	7th Floor, 1 Kingsway Road, Falomo, Ikoyi, Lagos, Lagos State, Nigeria	99%*
James Fisher Tankships Holdings Limited	Barrow-in-Furness[1]	100%*			

Associated undertakings and significant holdings in undertakings other than subsidiary undertakings

Marine Support					
Asteria Navigation Inc	80 Broad Street, City of Monrovia, County of Mosterrado, Liberia	45%	Fendercare Marine Omega India Private Limited	JA 1104 - 1106, DLF Tower - A, Jasole District Centre, New Delhi, 11044, India	50%
Eurotestconsult Limited	Clonminan Industrial Estate, Portlaoise, County Laois, Ireland	50%	James Fisher (Angola) Limitada	Rua Damiao de Gois No.67, Alvalade, Borough, District of Maianga, Ingombota, Municipality, Angola	49%*
Eurotestconsult UK Limited	Ruby House, 40A Hardwick Grange, Woolston, Warrington, Cheshire, WA1 4RF	50%	James Fisher Angola UK Limited	Barrow-in-Furness[1]	50%
FC Viking SDN BHD	Suite 6.01, 6th Floor, Plaza See Hoy Chan Jalan Raja Chulan, 50200, Kuala Lumpur, Malaysia	49%	Lome Offshore Services Inc	Trust Co Complex, Ajeltake Road, Majouro, Marshall Islands	45%
Fender Care Benelux B.V.	Torontostraat 20, 3197 KN, Rotterdam Botlek, Netherlands	50%	Offshore Lightering Services Ltd	Trust Co Complex, Ajeltake Road, Majouro, Marshall Islands	45%
Fender Care Marine LLC	Fujairah Port, PO Box 5198, Fujairah, United Arab Emirates	49%**	Silvertide Navigation Inc	80 Broad Street, City of Monrovia, County of Mosterrado, Liberia	45%
Fender Care Marine Services LLC	G013, GH-1, Industrial City of Abu Dhabi (ICAD-1), Mussafeh, PO Box 45628, Abu Dhabi, United Arab Emirates	49%**	Strainstall Laboratories WLL	PO Box 2255, Dohar, Qatar	49%**
Fender Care Middle East LLC	PO Box 25896, Shartandhaid, Fujairah Road Route 88, Al Jaffa, Sharjah, United Arab Emirates	49%**	Strainstall Middle East LLC	S4, plot 599-1254, Jebel Ali Industrial Area 1, Dubai, United Arab Emirates	49%**
Fender Care Omega (Middle East) FZC	E-LOB Office No. E-69G-20, PO Box 51602, Hamriyah Free Zone - Sharjah, United Arab Emirates	50%	Strainstall Saudi Arabia Limited	PO Box 30124, Riyadh 11372, Saudi Arabia	49%**
Fendercare Marine (M) SDN BHD	5-2 Jalan 109E, Desa Business Park, Taman Desa Off Jalan Klang Lama, 58100 Kuala Lumpur, Wilayah Persekutuan, Malaysia	40%	Strainstall Testing Lab LLC	PO Box 62579, Abu Dhabi, UAE	49%**
			Work Boat Services Inc	Trust Co Complex, Ajeltake Road, Majouro, Marshall Islands	45%
Specialist Technical					
First Response Marine Pte Ltd	16 Benoi Road, 629889, Singapore	50%	Wuhu Divex Diving System Limited	No.58 Yongchang Road, Jiujiang District, Wuhu City, Anhui Province, China	49%
JFD Domeyer GmbH	Konsul-Smidt-Str. 15, 28217, Bremen, Germany	50%			

1 Fisher House, PO Box 4, Barrow-in-Furness, Cumbria, LA14 1HR
2 North Meadows, Oldmeldrum, Aberdeenshire, AB51 0GQ

* held by the Parent Company (all other subsidiaries are held by an intermediate subsidiary)
** consolidated as subsidiary undertakings
*** held by nominee shareholders

Group financial record

FOR THE FIVE YEARS ENDED 31 DECEMBER

	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Revenue					
Marine Support	**236.3**	203.6	193.0	164.1	171.3
Specialist Technical	**155.7**	151.8	129.4	121.5	81.9
Offshore Oil	**56.4**	55.1	63.0	104.9	99.2
Tankships	**57.0**	55.5	52.5	54.3	61.3
	505.4	466.0	437.9	444.8	413.7
Underlying operating profit					
Marine Support	**24.5**	21.0	19.3	14.2	18.3
Specialist Technical	**21.1**	19.9	13.9	13.3	7.7
Offshore Oil	**3.8**	4.2	7.4	22.4	19.7
Tankships	**8.8**	8.2	7.2	4.7	4.0
Common costs	**(2.4)**	(2.5)	(2.2)	(3.1)	(3.1)
	55.8	50.8	45.6	51.5	46.6
Net finance costs	**(5.5)**	(5.0)	(4.4)	(4.6)	(5.3)
Underlying profit before taxation	**50.3**	45.8	41.2	46.9	41.3
Separately disclosed items	**(1.3)**	(0.9)	5.0	2.3	4.9
Profit before taxation	**49.0**	44.9	46.2	49.2	46.2
Taxation	**(8.3)**	(6.8)	(5.5)	(8.7)	(7.5)
Profit after taxation	**40.7**	38.1	40.7	40.5	38.7
Intangible assets	**199.2**	180.5	156.5	127.1	113.7
Property, plant and equipment	**132.5**	131.0	127.6	116.6	108.2
Investment in associates and joint ventures	**9.4**	7.8	7.7	10.6	10.8
Working capital	**117.8**	86.3	68.1	49.5	44.8
Contingent consideration	**(12.8)**	(9.2)	(14.5)	(9.1)	(12.1)
Pension obligations	**(19.8)**	(26.8)	(27.0)	(21.8)	(23.1)
Taxation	**(7.6)**	(5.6)	(4.1)	(6.4)	(4.2)
Capital employed	**418.7**	364.0	314.3	266.5	238.1
Net borrowings	**132.5**	105.7	93.9	62.3	54.3
Equity	**286.2**	258.3	220.4	204.2	183.8
	418.7	364.0	314.3	266.5	238.1

	pence	pence	pence	pence	pence
Earnings per share					
Basic	**80.1**	79.4	79.7	80.2	76.6
Diluted	**79.5**	78.7	79.2	79.2	75.7
Underlying basic	**82.0**	76.9	69.0	74.9	66.3
Underlying diluted	**81.4**	76.3	68.5	74.0	65.6
Dividends declared per share	**28.7**	26.1	23.8	22.0	20.0
Other key performance indicators					
Operating margin (%)	**11.0%**	10.9%	10.4%	11.6%	11.3%
Return on capital employed (post-taxation) (%)	**12.2%**	13.0%	13.5%	16.5%	16.9%
Net gearing (%)	**46.5%**	41.0%	43.0%	30.7%	29.6%
Dividend cover (times)	**2.8**	2.9	2.9	3.4	3.3

Notice of Annual General Meeting

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 3 May 2018 at 11.00am to consider and, if thought fit, to pass Resolutions 1 to 15 inclusive as ordinary resolutions and Resolutions 16 to 19 as special resolutions.

Ordinary Resolutions

Resolution 1

To receive the Annual Accounts and the reports of the Directors and the auditor thereon for the year ended 31 December 2017.

Resolution 2

To approve the remuneration policy (contained in the Annual report on remuneration for the year ended 31 December 2017) as set out on pages 42 to 45 (inclusive) in the Annual Report and Accounts.

Resolution 3

To approve the Annual statement by the chairman of the Remuneration Committee and the Annual report on remuneration (other than the part containing the remuneration policy) for the year ended 31 December 2017 as set out on pages 40 and 41 and on pages 45 to 53 (inclusive) in the Annual Report and Accounts.

Resolution 4

To declare a final dividend for the year ended 31 December 2017 of 19.30p per ordinary share.

Resolution 5

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

Resolution 6

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

Resolution 7

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

Resolution 8

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

Resolution 9

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

Resolution 10

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

Resolution 11

To elect Mr J R Atkinson as a Director of the Company.

Resolution 12

To elect Mr F H S Graham as a Director of the Company.

Resolution 13

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

Resolution 14

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

Resolution 15

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 £4,183,378 provided that this authority shall expire on the date of the next AGM of the Company or, if earlier, on 30 June 2019, 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.

Special Resolutions

Resolution 16

That subject to the passing of Resolution 15, the Directors be and are hereby given power to allot equity securities (as defined in section 560 of the Companies Act 2006 (the Act) of the Company for cash pursuant to the authority conferred by Resolution 15 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the Act did not apply to such allotment or sale 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 and other persons are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held or deemed to be held by them on any such record date, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) to any person or persons of equity securities up to an aggregate nominal amount of £627,507,

and shall expire upon the expiry of the general authority conferred by Resolution 15 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 17

That subject to the passing of Resolution 15, the Directors be and are hereby given power in addition to any authority granted under Resolution 16 to allot equity securities (as defined in section 560 of the Companies Act 2006 (the Act) for cash under the authority given by Resolution 15 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:

(a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £627,507; and

(b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice, and shall expire upon the expiry of the general authority conferred by Resolution 15 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

The Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (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 2,510,027 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 an amount equal to the higher of (a) 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 and (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out; 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 2019 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

That any general meeting (other than an AGM) may be called on not less than 14 clear days' notice.

By order of the Board

Jim Marsh
Company Secretary
26 February 2018

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 a printed copy of the Annual Report and Accounts for 2017 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 SAS 34 Beckenham Road, BR3 9ZA. Please note that delivery using this service can take up to 5 business days.

2. Any member entitled to vote at the above meeting may appoint one or more proxies to attend, speak and vote on a show of hands or on a poll, instead of him. A proxy need not be a member of the Company but must attend the meeting in order to represent a member. If you wish your proxy to speak on your behalf, you will need to appoint someone other than the Chairman or other Director as your proxy. 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 Link Asset Services, 34 Beckenham Road, BR3 4TU. Alternatively you may submit your proxy form online by accessing the shareholder portal at www.signalshares.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 postcode (if resident in the UK). In each case your proxy instruction must be received no later than 11.00am on 1 May 2018. 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 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. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the general meeting. Please contact our Registrar if you need any further guidance on this.
6. Copies of the Directors' service contracts, the letters of appointment of the Non-Executive Directors, together with a copy of the Company's Articles of Association will be available for inspection at the Company's registered office during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) until the close of the AGM and are available for inspection at the place of the AGM from 10.30am on the date of the meeting until the close of the meeting.

7. Members satisfying the thresholds in section 527 of the Companies Act 2006 (the Act) can require the Company to publish a statement on its website setting out (i) any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting, or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which Annual Accounts and Reports were laid in accordance with section 437 of the Act, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditor no later than the time it is made 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. The Company must cause to be answered 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 any related documents (including the proxy form) for communication with the Company for any purpose other than as expressly stated in it.
10. Only persons entered on the register of members of the Company at close of business on 1 May 2018 (or, if the meeting is adjourned, at close of business 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 26 February 2018 (being the latest practical date before the publication of this Notice), the Company's issued share capital consists of 50,200,541 ordinary shares, carrying one vote each, and 100,000 preference shares carrying one vote each. Therefore the total voting rights in the Company are 50,300,541. 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.

Explanatory Notes

Resolution 1 – Annual Report

The Companies Act 2006 requires the Directors of a public company to lay its Annual Report before the Company in general meeting, giving shareholders the opportunity to ask questions on the contents. The Annual Report comprises the accounts, the auditor's report, the Directors' report, the Directors' remuneration report and the Strategic report. The Company proposes, as an ordinary resolution, a resolution on its Annual Report in accordance with the UK Corporate Governance Code (Code).

Resolution 2 – Approval of the 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 Annual report on remuneration). The proposed policy is set out on pages 42 to 45 of the Annual Report. The vote on Resolution 2 is a binding vote and, if passed, will mean that the Company can only make remuneration payments to a current or future director or a payment for loss of office to a past director if that payment is made in accordance with the approved policy. The Company is required to ensure that a vote on its remuneration policy takes place at least every three years, or earlier if any changes to the policy are proposed. As the Directors' remuneration policy was last approved at the 2015 AGM, it is required to be approved at this year's AGM.

Resolution 3 – Approval of the Annual statement by the chairman of the Remuneration Committee and the Annual report on remuneration

The Company proposes an ordinary resolution to approve the Annual statement by the chairman of the Remuneration Committee and the Annual report on remuneration for the financial year ended 31 December 2017 (other than the Directors' remuneration policy covered by Resolution 2). The Annual statement and the Annual report on remuneration are set out on pages 40 and 41 and on pages 45 to 53 of the Annual Report. The vote on this Resolution 3 is advisory only and the Directors' entitlement to remuneration is not conditional on its being passed. The Company's auditor, KPMG LLP, has audited those parts of the Directors' remuneration report that are required to be audited.

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 19.30p per ordinary share in respect of the financial year ended 31 December 2017. If the meeting approves Resolution 4, the final dividend will be paid on 11 May 2018 to ordinary shareholders who are on the register at the close of business on 6 April 2018.

Resolutions 5 to 12 – 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. Charles Rice is standing down from the Board at the AGM and therefore will not be seeking re-election. Subject to his re-election, Malcolm Paul will replace Charles Rice as Chairman from the end of the AGM. Justin Atkinson who joined the Company on 1 February 2018 as a Non-Executive Director will be proposed for election for the first time at this year's AGM, as will Fergus Graham who joined the Board on 1 March 2018 as an Executive Director. With respect to the other Directors, in accordance with the provision of the Code they will all retire from office and offer themselves for re-election at the AGM.

Following performance reviews the Chairman and the Board believe that each of the Directors standing for re-election continue to perform effectively and with commitment to their role including commitment of time for Board and Committee meetings and other duties. In addition the Board believes that Justin Atkinson should be elected because he will bring experience of successfully managing a group on a similar growth path to the Group. The Board also considers that each of the Non-Executive Directors is independent in character and judgement. Each of Resolutions 5 to 12 shall be proposed as ordinary resolutions. Biographical details of each of our Directors appear on pages 26 and 27 of the Annual Report.

Resolutions 13 and 14 – Re-appointment of auditor/auditor's remuneration

The Company is required to appoint an auditor at each general meeting at which accounts are laid before the Company, to hold office until the conclusion of the next such meeting. These resolutions propose the re-appointment of KPMG LLP as the Company's auditor to hold office from the conclusion of the AGM until the conclusion of the next general meeting at which accounts are laid before the Company, and authorises the Audit Committee to agree the auditor's remuneration.

Resolution 15 – 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 £4,183,378 representing approximately 33% of the nominal value of the Company's total issued ordinary share capital as at 26 February 2018, being the latest practical date before publication of this Notice. The authority will expire at the conclusion of the AGM to be held in 2019, or, if earlier, on

30 June 2019 and replaces an authority granted on 4 May 2017 which expires at the conclusion of the forthcoming AGM.

The Directors have no present intention to exercise this authority. At 26 February 2018, the Company does not hold any treasury shares.

Resolutions 16 and 17 – Permission to allot a limited number of shares other than to existing shareholders

Resolution 16, 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 issue or other pre-emptive offer (where difficulties arise in offering shares to certain overseas shareholders and in relation to fractional entitlements) the authority contained in this resolution will be limited to an aggregate nominal value of £627,507 which includes the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash, and which represents approximately 5% of the Company's issued ordinary share capital as at 26 February 2018, being the latest practicable date prior to the publication of this Notice.

In line with best practice, the Company has not issued more than 7.5% of its issued share capital on a non pre-emptive 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 issue shares for cash on a non pre-emptive basis representing more than 7.5% of the Company's issued share capital in any rolling three-year period (other than in connection with an acquisition or specified capital investment as described in the Pre-Emption Group's Statement of Principles) without prior consultation with shareholders. The Directors have no present intention to exercise this authority.

Resolution 17 is in addition to Resolution 16 and is also a special resolution. In line with the Pre-Emption Group's Statement of Principles, as updated in March 2015, Resolution 17 will enable the Directors to allot shares for cash or sell shares out of treasury up to a further nominal amount of £627,507 representing approximately 5% of the Company's issued ordinary share capital as at 26 February 2018, being the latest practicable date before the publication of this Notice, without first having to offer them to existing shareholders in proportion to their existing shareholdings. The authority under Resolution 17 will only be used to allot shares or sell shares out of treasury in connection with an acquisition or specified capital investment of a kind contemplated by the Statement of Principles and which is announced contemporaneously with the allotment, or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The Directors have no current intention of exercising this authority. If this authority is used, the Company will publish details of the placing in its next Annual Report and Accounts.

The authorities under Resolutions 16 and 17 will lapse at the conclusion of the AGM to be held in 2019 or on 30 June 2019, whichever is earlier. The maximum nominal value of equity securities which could be allotted if both authorities were used would be £1,255,014, which represents approximately 10% of the Company's issued ordinary share capital as at 26 February 2018.

Resolution 18 – Authority to purchase own shares

This special resolution, gives the Company authority to purchase in the market up to 2,510,027 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 2019, or on 30 June 2019, whichever is earlier, and replaces a similar authority granted on 4 May 2017 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 26 February 2018, being the latest practical date before publication of this Notice, there were options over ordinary shares in the capital of the Company representing 1.88% of the Company's total issued ordinary 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 1.97% of the Company's total issued ordinary 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 an AGM) on 14 clear days' notice

The notice period required by the Companies Act 2006 for general meetings is 21 clear days unless shareholders approve a shorter notice period, which cannot, however, be less than 14 clear days. AGMs must always be held on at least 21 clear days' notice. This special resolution renews an authority given at last year's AGM which enables the Company to call general meetings (other than an AGM) on 14 clear days' notice. In order to preserve this ability, shareholders must have approved the calling of meetings on 14 clear days' 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, taking into account the circumstances and noting the recommendations of the UK Corporate Governance Code, the Directors consider that the flexibility is merited by the business of the meeting and is in the interests of the Company and shareholders as a whole.

Recommendation

The Directors consider that the proposed resolutions set out in the Notice of AGM are in the best interests of the Company and its shareholders as a whole and they unanimously recommend that you vote in favour of them, as the Directors intend to do in respect of their own holdings of shares in the Company.

Investor information

Registered Office and Advisers

Company Secretary and registered office
J H J Marsh
James Fisher and Sons plc
Fisher House, PO Box 4
Barrow-in-Furness
Cumbria LA14 1HR

Registered no. 211475

Registrar
Link Asset Services
34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditor
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
2nd Floor
4 Hardman Square
Spinningfields
Manchester M3 3EB

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

Santander UK PLC
2 Triton Square
Regent's Place
London NW1 3AN

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

Jefferies International Limited
Vintners Place
68 Upper Thames Street
London EC4V 3BJ

Financial Calendar

5 April 2018
Ex dividend date for 2017 final dividend

6 April 2018
Record date

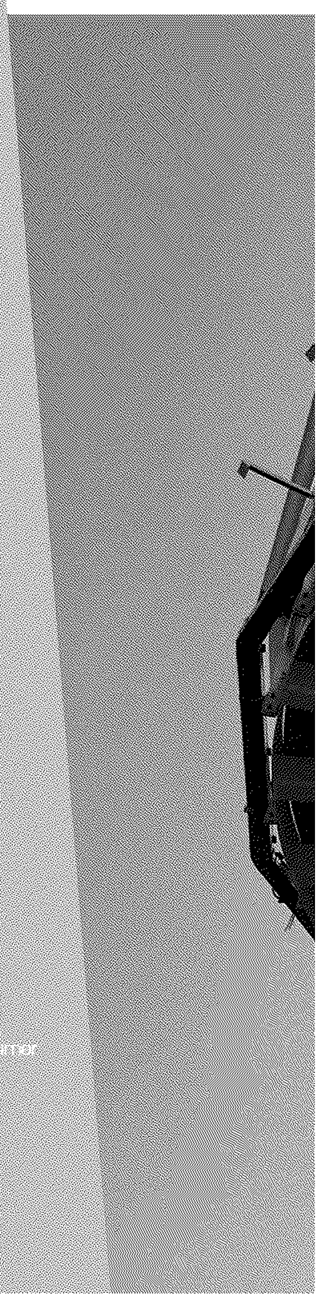
3 May 2018
Annual General Meeting

11 May 2018
Payment of 2017 final dividend

29 August 2018
Announcement of 2018 Half Year results

Disclaimer

This Annual 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 Annual Report contains certain forward-looking statements that are subject to future events 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 Annual 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 Annual Report should be construed as a profit forecast.



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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This Annual Report is available at www.james-fisher.com

Designed and produced by [illegible]

Årsberetning 2017
for
James Fisher Norway AS

Virksomhetens art og hvor den drives.
James Fisher Norway AS er eierselskap i Scan Tech Konsernet som driver med utvikling, salg, produksjon og utleie av maskinteknisk utstyr for offshore og onshore markedet i Norge og utlandet.

Fortsatt drift
Forutsetningen om fortsatt drift er til stede, og årsregnskapet for 2017 er satt opp under denne forutsetningen. Med bakgrunn i usikkerhet knyttet til aktivitetsnivå og den generelle nedgangen i olje og gass industrien og tilhørende stram likviditet har selskapet innhentet morselskapsgaranti fra James Fisher & Sons hvor morselskapet garanterer for selskapets forpliktelser i en periode på minimum 12 måneder etter avleggelse av regnskapet for 2017.

Arbeidsmiljø
I henhold til gjeldende lover og forskrifter fører selskapet oversikt over totalt sykefravær blant selskapets ansatte. Selskapet hadde 0 sykefraværsdager i 2017. Det er forøvrig vår bestemte oppfatning at arbeidsmiljøet og den generelle trivsel på arbeidsplassen er god.
Det har ikke vært noen arbeidsulykker.

Ytre miljø
Selskapet forurenser ikke det ytre miljø.

Årsregnskapet
Det fremlagte resultat, balanse og kontantstrømoppstilling med tilhørende noter, gir etter styrets mening fyllestgjørende informasjon om driften for 2017, samt stillingen ved årsskiftet. Selskapets langsiktige gjeld til morselskapet i England ble konvertert til egenkapital i 2017. Kontantstrømmen fra operasjonelle aktiviteter er ikke i samsvar med driftsresultatet grunnet rentekostnader. Det har forøvrig ikke inntrådt forhold som er av betydning ved bedømmelsen av selskapet etter regnskapsårets utgang, med unntak av at langsiktig fordring på NOK 200 million mot datterselskapet Scan Tech AS har blitt konvertert til egenkapital i Scan Tech AS og dermed til investering i datterselskap i James Fisher Norway AS.

I September 2016 kjøpte James Fisher Norway AS et selskap som heter SWT AS som driver med rigg kjøling. Dette selskapet har blitt fusjonert med Scan Tech AS med virkning fra 1. Januar 2017.

Forsknings- og utviklingsaktiviteter
Det har ikke vært vesentlige forsknings og utviklingsaktiviteter i selskapet i 2017.

Likestilling
Ved årsskiftet var det totalt 1 ansatt hvorav 1 kvinne. Styret består av 3 menn og 0 kvinner.

Styret ser det ikke som nødvendig å iverksette spesielle tiltak for å fremme likestilling og for å forhindre forskjellsbehandling i strid med lov om likestilling mellom kjønnene.

Fremtidig utvikling
Den generelle nedgangen i aktivitetsnivå innen olje og gass bransjen fortsatte inn i 2017. Selskapets datterselskap er i svært stor grad eksponert mot dette, men vi har sett en forbedring i løpet av 2017 hvor underskudd har blitt betydelig redusert, vi forventer at denne forbedringen vil fortsette inn i 2018 og tror på positive driftsresultater i kommende år. Dette skyldes blant annet nøkkelkontrakt innenfor materialhåndtering mot Johan Sverdrup utbyggingen på norsk sokkel. Selskapet ser også positivt på utviklingen på lengre sikt etter hvert som aktiviteten innenfor leting, modifikasjoner og vedlikehold forventes å ta seg opp. Selskapets datterselskap har en attraktiv maskinpark som vil generere gode inntekter i lang tid fremover. Det er fortsatt høy etterspørsel etter våre produkter og tjenester i den norske oljebransjen, og vi ser også en økende etterspørsel i utlandet. Det forventes moderat økning i aktivitet i datterselskapene i 2018 og vi mener selskapet står godt rustet for videre vekst på noe lengre sikt. Det understrekes også at det i løpet av 2017 har vært foretatt ytterligere gjeldskonverteringer i selskapet og dette har styrket egenkapitalen i selskapet betydelig samtidig som det reduserer fremtidig kontantstrøm knyttet til renteutgifter. Til tross for dette har selskapet konkludert med at det er behov for en regnskapsmessig nedskriving av posten aksjer i Scan Tech AS med kr. 70.000.000. Denne nedskrivingen skyldes selskapets manglende evne til å dokumentere fremtidige kontantstrømmer som reflekterer balanseført verdi av

datterselskapet snarere enn manglende tro på fremtidig inntjening. Det understrekes at styret forventer at nedskrivingen vil være av midlertidig karakter.

Resultat
Årsresultatet i morselskapet er et underskudd på 73,3 mill i 2017 skyldes i all hovedsak en nedskriving av posten aksjer i datterselskap på kr. 70 mill som beskrevet over. Selskapets finansielle stilling er god med en egenkapital på 421,3 millioner og gjelden i selskapet er i all hovedsak konsernintern.

Finansiell risiko
Markedsrisiko
Selskapet er ikke særlig disponert for endringer i valutamarkedet.
Selskapet er eksponert mot endringer i rentenivået, da selskapets gjeld har flytende rente.

Kredittrisiko
Risiko for at motparter ikke har økonomisk evne til å oppfylle sine forpliktelser anses lav, da de fleste av selskapenes kunder er store internasjonale olje- og service selskaper.

Likviditetsrisiko
Selskapet vurderer likviditeten i selskapet som tilfredsstillende med utsikter til positive kontantstrømmer fra drift. Morselskapet James Fisher Plc. vil også stille midler til rådighet i den grad det skulle oppstå kortsiktig likviditetsbehov for eksempel knyttet til ytterligere investeringsaktivitet.

Diskriminering
Diskrimineringslovens formål er å fremme likestilling, sikre like muligheter og rettigheter og å hindre diskriminering på grunn av etnisitet, nasjonal opprinnelse, avstamning, hudfarge, språk, religion og livssyn. Selskapet arbeider aktivt, målrettet og planmessig for å fremme lovens formål innenfor vår virksomhet. Aktivitetene omfatter blant annet rekruttering, lønns- og arbeidsvilkår, forfremmelse, utviklingsmuligheter og beskyttelse mot trakassering.

Selskapet har som mål å være en arbeidsplass hvor det ikke forekommer diskriminering på grunn av nedsatt funksjonsevne. Selskapet arbeider aktivt og målrettet for å utforme og tilrettelegge de fysiske forholdene slik at virksomhetens ulike funksjoner kan benyttes av flest mulig. For arbeidstakere eller arbeidssøkere med nedsatt funksjonsevne foretas det individuell tilrettelegging av arbeidsplass og arbeidsoppgaver.

Resultatdisponering morselskap
Styret foreslår følgende inndekning av årsunderskuddet:

Overføringer annen egenkapital	(73 332 744),-
[illegible]	(73 332 744),-

Stavanger, 9/5-18

I styret for
James Fisher Norway AS

Stuart Charles Kilpatrick
Styremedlem

Nicholas Paul Henry
Styreleder

Christopher G. Stevens
Styremedlem / Daglig leder

James Fisher Norway AS

Årsregnskap 2017

James Fisher Norway AS
Årsregnskap 2017

Resultatregnskap

Beløp i NOK	Note	2017	2016
Driftsinntekter			
Annen driftsinntekt	1, 3, 13	1 500 000	1 500 000
Sum inntekter		1 500 000	1 500 000
Driftskostander			
Lønnskostnad	4, 5	1 134 619	1 141 736
Avskrivninger	6	1 333 333	1 333 333
Nedskriving på aksjer i datterselskap	7	70 000 000	0
Annen driftskostnad	4	212 251	167 482
Sum driftskostnader		72 680 203	2 642 551
Driftsresultat		(71 180 203)	(1 142 551)
Finansinntekter og finanskostnader			
Inntekt fra investering i datterselskap		1 102 436	50 384
Renteinntekt fra foretak i samme konsern	13	7 199 522	6 652 457
Annen renteinntekt		0	20
Rentekostnad til foretak i samme konsern	13	10 226 093	14 325 643
Annen rentekostnad		996 600	1 228 344
Annen finanskostnad	12	0	8 995
Netto finansposter		(2 920 735)	(8 860 121)
Resultat før skattekostnad		(74 100 938)	(10 002 672)
Skattekostnad	9	(768 194)	(2 325 647)
Årsresultat		(73 332 744)	(7 677 025)
Overføringer og disponeringer			
Overført til-/fra annen egenkapital	10	(73 332 744)	(7 677 025)
Sum disponeringer		(73 332 744)	(7 677 025)

James Fisher Norway AS
Årsregnskap 2017

Balanse

Beløp i NOK	Note	2017	2016
Eiendeler			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter og lignende	6	**4 000 004**	5 333 337
Utsatt skattefordel	9	**4 968 714**	4 200 520
Sum immaterielle eiendeler		**8 968 718**	9 533 857
Finansielle anleggsmidler			
Investering i datterselskap	7	**237 807 268**	308 003 968
Langsiktig fordring på selskap i samme konsern	8	**200 000 000**	200 000 000
Sum finansielle anleggsmidler		**437 807 268**	508 003 968
Sum anleggsmidler		**446 775 986**	517 537 825
Omløpsmidler			
Fordringer			
Andre fordringer		**16 301**	185 435
Fordringer på selskap i samme konsern	8	**17 792 153**	13 373 122
Sum fordringer		**17 808 454**	13 558 557
Bankinnskudd, kontanter og lignende	2	**118 559**	121 227
Sum omløpsmidler		**17 927 013**	13 679 784
Sum eiendeler		**464 702 999**	531 217 609

James Fisher Norway AS
Årsregnskap 2017

Balanse

Beløp i NOK	Note	2017	2016
Egenkapital og gjeld			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	10, 11	60 000 000	30 000 000
Overkurs		312 595 172	65 000 000
Ikke registrert kapitalforhøyelse	10	0	69 189 893
Sum innskutt egenkapital		372 595 172	164 189 893
Opptjent egenkapital			
Annen egenkapital	10	48 658 625	121 991 369
Sum opptjent egenkapital		48 658 625	121 991 369
Sum egenkapital		421 253 797	286 181 262
Gjeld			
Langsiktig gjeld			
Øvrig langsiktig gjeld	8	0	205 000 000
Sum langsiktig gjeld		0	205 000 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	14	3 653 055	27 872 583
Leverandørgjeld		0	2 880
Betalbar skatt	9	0	0
Skyldige offentlige avgifter		73 865	256 605
Kortsiktig konserngjeld	8	39 597 424	11 772 998
Annen kortsiktig gjeld		124 858	131 281
Sum kortsiktig gjeld		43 449 202	40 036 347
Sum gjeld		43 449 202	245 036 347
Sum egenkapital og gjeld		464 702 999	531 217 609

Stavanger, den 9. Mai *2018*

Nicholas Paul Henry
Styrets leder

Stuart Charles Kilpatrick
Styremedlem

Christopher Graeme Stevens
Styremedlem / Daglig leder

James Fisher Norway AS
Årsregnskap 2017

Kontantstrømanalyse

Beløp i NOK		Note	2017	2016
Kontantstrømmer fra operasjonelle aktiviteter				
	Resultat før skattekostnad		**-74 100 938**	-10 002 672
-	Periodens betalte skatter	9	**0**	0
+	Ordinære avskrivninger	6	**1 333 334**	1 333 334
+	Nedskrivning anleggsmidler		**70 000 000**	0
+/-	Endring i kundefordringer og leverandørgjeld		**-2 880**	-1 090
+/-	Endring i andre tidsavgrensningsposter		**176 670**	10 162
=	Netto kontantstrøm fra operasjonelle aktiviteter		**-2 593 814**	-8 660 266
	Kontantstrømmer fra investeringsaktiviteter			
+	Innbetalinger ved salg av varige driftsmidler		**0**	0
-	Utbetalinger ved investering i aksjer og andeler		**0**	-31 695 534
=	Netto kontantstrøm fra investeringsaktiviteter		**0**	-31 695 534
	Kontantstømmer fra finansieringsaktiviter			
+	Innbetalinger ved opptak av ny langsiktig gjeld		**0**	69 189 893
-	Utbetalinger ved nedbetaling av langsiktig gjeld		**0**	0
+/-	Netto endring i rentebærende konsernmellomværende		**26 810 674**	-35 569 036
+/-	Netto endring i kassekreditt		**-24 219 528**	6 734 373
-	Utbetaling av utbytte		**0**	0
=	Netto kontantstrøm fra finansieringsaktiviteter		**2 591 146**	40 355 230
=	Netto endring i kontanter og kontantekvivalenter		**-2 668**	-570
+	Beholdning av kontanter og kontantekvivalenter ved periodens begynnelse		**121 227**	121 797
=	**Beholdning av kontanter og kontantekvivalenter ved periodens slutt**	2	**118 559**	121 227

James Fisher Norway AS
Årsregnskap 2017

Noter

Note 1 - Regnskapsprinsipp

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapsskikk.

Andre inntekter
Andre inntekter består av royalties på teknologirettigheter, og inntektsføres linær med rettighetenes levetid.

Kostnadsføringstidspunkt (sammenstilling)
Utgifter sammenstilles med og kostnadsføres samtidig med de inntekter utgiftene kan henføres til. Utgifter som ikke kan henføres direkte til inntekter, kostnadsføres når de påløper.
For leieavtaler som ikke blir balanseført, operasjonelle leieavtaler, blir leiebetalingene kostnadsført.

Vurdering og klassifisering av balanseposter
Anleggsmidler er eiendeler bestemt til varig eie eller bruk i virksomheten. Anleggsmidler vurderes til anskaffelseskost, men nedskrives til virkelig verdi dersom verdifallet ikke forventes å være forbigående. Langsiktig gjeld balanseføres til opptakskost. Omløpsmidler og kortsiktig gjeld omfatter poster som forfaller til betaling innen ett år samt poster som knytter seg til varekretsløpet. Øvrige poster er klassifisert som anleggsmiddel/langsiktig gjeld. Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til opptakskost.

Fordringer
Kundefordringer og andre fordringer er oppført i balansen til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av individuelle vurderinger av de enkelte fordringene.

Varebeholdning
Lager av innkjøpte varer er individuelt verdsatt til laveste av anskaffeleseskost etter FIFO-prinsippet og virkelig verdi. Egentilvirkede ferdigvarer og varer under tilvirkning er vurdert til full tilvirkningskost.
Det foretas nedskriving for påregnelig ukurans.

Valuta
Transaksjoner i utenlandsk valuta regnskapsføres til valutakursen på transaksjonstidspunktet.
Pengeposter i utenlandsk valuta er vurdert til balansedagens kurs, ikke-pengeposter omregnes ikke.
Pengeposter og ikke-pengeposter som er nedskrevet i samsvar med regnskapsloven § 5-2 eller § 5-3 og hvor verdien fastsettes i utenlandsk valuta, omregnes til valutakursen på måletidspunktet.
Valutakursdifferanser resultatføres løpende i den perioden de oppstår under andre finansposter med mindre de kvalifiserer til sikringsbokføring. Selskapets presentasjonsvaluta og funksjonelle valuta er norske kroner.

Innskuddsbaserte pensjonsordninger
Pensjonsforpliktelse overfor ansatte med innskuddsbasert pensjonsordning består i å yte et avtalt tilskudd til den enkeltes pensjonssparing. Dette gjøres ved innskudd til et forsikringsselskap. Selskapet har ikke noen ytterliggere betalingsforpliktelse eller risiko etter at innskuddene er betalt. Pensjonskostnaden tilsvarer periodens innskudd.

Varige driftsmidler
Varige driftsmidler balanseføres og avskrives over driftsmidlets økonomiske levetid dersom de har levetid over 3 år. Vedlikehold av driftsmidler kostnadsføres løpende, mens påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives over resterende økonomiske levetid.

James Fisher Norway AS
Årsregnskap 2017

Noter

Forskning og utvikling
Utgifter til forskning og utvikling balanseføres i den grad det kan identifiseres en fremtidig økonomisk fordel knyttet til utvikling av en identifiserbar immateriell eiendel. I motsatt fall kostnadsføres slike utgifter løpende. Balanseført forskning og utvikling avskrives lineært over økonomisk levetid.

Skatt
Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 23 % på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt ligningsmessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverseres eller kan reverseres i samme periode er utlignet og nettoført. Andre skattereduserende forskjeller er ikke utlignet, men balanseført dersom det er sannsynlig at foretaket kan utnytte dem, og eventuelt nettoført.

Kontantstrømoppstilling
Kontantstrømoppstillingen er utarbeidet etter den indirekte metode. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.

Datterselskap
Datterselskap er vurdert etter kostmetoden i selskapsregnskapet. Dersom virkelig verdi av selskapene er lavere enn virkelig verdi og verdifallet ikke forventes å være forbigående, foretas nedskriving til virkelig verdi. Mottatt utbytte fra selskapene inntektsføres som finansinntekt i året hvor utbyttet er avsatt i avgivende selskap dersom det er opptjent i eierperioden. Det er ikke utarbeidet konsernregnskap da konsernet er et underkonsern av James Fisher PLC som utarbeider konsernregnskap.

James Fisher Norway AS

Årsregnskap 2017

Noter

Note 2 - Bankinnskudd

Innestående på skattetrekkskonto per 31.12.17 er kr 40 022 ,-.

Note 3 - Salgsinntekter

	2017	2016
Pr. Virksomhetsområde		
Inntekt fra immaterielle eiendeler	1 500 000	1 500 000
Sum	**1 500 000**	**1 500 000**
Geografisk fordeling		
Norge	1 500 000	1 500 000
Utland	0	0
Sum	**1 500 000**	**1 500 000**

Note 4 - Lønnskostnader, antall ansatte, godtgjørelser, lån til ansatte og godtgjørelse til revisor

Lønnskostnader	**2 017**	**2016**
Lønninger	885 130	884 875
Arbeidsgiveravgift	141 282	142 963
Pensjonskostnader	90 208	95 898
Andre ytelser	18 000	18 000
Sum	**1 134 620**	**1 141 736**
Gjennomsnittlig antall årsverk	1	1

Daglig leder er ansatt og mottar lønn i datterselskapet Scan Tech AS. Det foreligger ingen avtale om godtgjørelse, bonus eller etterlønn mellom daglig leder og selskapet utover godtgjørelse fra Scan Tech AS

Det er ikke utbetalt godtgjørelse til styret i året.

Kostnadsført honorar til revisor	**2017**
Lovpålagt revisjon	84 410
Teknisk bistand skatt og årsregnskap	0
Øvrige tjenester, inkl. attesteringer mv.	111 090
Sum	195 500

James Fisher Norway AS

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Note 5 - Pensjoner

Selskapet er pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon. Selskapets pensjonsordninger tilfredsstiller kravene i denne lov.

Note 6 - Immaterielle eiendeler

	Konsesjoner, patenter og lignende	Sum
Anskaffelseskost pr 01.01.	20 000 000	**20 000 000**
Tilgang kjøpte immaterielle eiendeler	0	**0**
Avgang solgte immaterielle eiendeler	0	**0**
Anskaffelseskost 31.12.	20 000 000	**20 000 000**
Akkumulerte avskrivninger 01.01	14 666 663	**14 666 663**
Årets avskrivninger	1 333 333	**1 333 333**
Avgang avskrivninger	0	**0**
Akkumulerte avskrivninger 31.12	15 999 996	**15 999 996**
Balanseført verdi pr. 31.12.	4 000 004	**4 000 004**
Økonomisk levetid		15 år
Avskrivingsplan		Lineær

James Fisher Norway AS
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Noter

Note 7 - Datterselskap

Selskapets navn	Forretningskontor	Eierandel	Stemmeandel
Scan Tech AS	Stavanger	100 %	100 %
Scan Tech Personell AS	Stavanger	100 %	100 %
Scan Tech Produkt Personell AS	Stavanger	100 %	100 %
	Resultat 2017	**Egenkapital**	**Bokført verdi**
Scan Tech AS	-4 990 126	13 308 490	235 640 832
Scan Tech Personell AS	77 505	5 374 044	2 130 000
Scan Tech Produkt Personell AS	22 197	64 080	36 436
Sum investeringer i datterselskap			237 807 268

Det er foretatt en nedskriving av aksjene i datterselskapet Scan Tech AS på NOK 70 millioner i 2017.

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Note 8 - Mellomværende med selskap i samme konsern, kundefordringer m.v.

Fordring på selskap i samme konsern:

Foretak i samme konsern i Norge	2017	2016
Scan Tech AS	216 689 717	213 322 738
Scan Tech Personell AS	1 073 230	16 373
Scan Tech Produkt Personell AS	29 206	34 011
Sum	**217 792 153**	**213 373 122**

Av dette er en fordring mot Scan Tech AS på NOK 200,000,000 langsiktig. Denne fordringen ble konvertert til egenkapital i Januar 2018.

Annen kortsiktig gjeld til selskap i samme konsern:

Foretak i samme konsern	2017	2016
James Fisher Eiendom AS	0	8 353 628
Scan Tech Personell AS	7 200 158	7 659
Scan Tech Produkt Personell AS	4 313	6 432
Scan Tech AS	25 572 139	0
James Fisher and Sons PLC (UK)	6 820 814	0
James Fisher Nordvik Ltd (Guernsey)	0	3 408 159
Sum	**39 597 424**	**11 775 878**

Øvrig langsiktig gjeld til foretak i samme konsern:

Foretak i samme konsern	2017	2016
James Fisher Nordvik Ltd (Guernsey)	0	205 000 000
Sum	**0**	**205 000 000**

Langsiktig gjeld på NOK 205 million ble konvertert til egenkapital i Desember 2017, totalt ble NOK 208,4 million konvertert til egenkapital i denne transaksjonen.

James Fisher Norway AS

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Note 9 - Skatt

Årets skattekostnad fordeler seg på:		**2017**	**2016**
Beregnet betalbar skatt		0	0
Endring i utsatt skatt		-768 194	-2 325 647
Sum skattekostnad/(inntekt)		**-768 194**	**-2 325 648**
Beregning av årets skattegrunnlag:			
Resultat før skattekostnad		-74 100 938	-10 002 672
Nedskriving av aksjer i datterselskap		70 000 000	0
Permanente forskjeller		-1 102 436	-50 384
Endring i midlertidige forskjeller		4 100 938	10 002 672
Mottatt konsernbidrag		1 102 436	50 384
Årets skattegrunnlag		**0**	**0**
Beregnet betalbar skatt	24%/25%	0	0

Oversikt over midlertidige forskjeller:

	31.12.2017	**31.12.2016**
Gevinst- og tapskonto	1 811 567	2 264 459
Sum midlertidige forskjeller	**1 811 567**	**2 264 459**
Fremførbart underskudd	-4 566 366	-918 320
Fremførbart rentefradrag	-18 848 306	-18 848 306
Sum grunnlag utsatt skattefordel	**-21 603 105**	**-17 502 167**
Skattesats	23 %	24 %
Utsatt skattefordel	**-4 968 714**	**-4 200 520**

Note 10 - Egenkapital

	Aksjekapital	**Overkurs**	**Annen egenkapital**	**Sum**
Egenkapital pr 01.01.2017	**30 000 000**	**65 000 000**	**121 991 369**	**216 991 369**
Ikke registrert kapitalforhøyelse pr. 01.01.2017	**15 000 000**	**54 189 893**		**69 189 893**
Årets resultat			-73 332 744	-73 332 744
Gjeldskonvertering	15 000 000	193 405 279		208 405 279
Egenkapital pr. 31.12.2017	**60 000 000**	**312 595 172**	**48 658 625**	**421 253 797**

James Fisher Norway AS
Årsregnskap 2017

Noter

Note 11 - Aksjekapital og aksjonærinformasjon

Aksjekapitalen består av:

	Antall	Pålydende	Balanseført
A-aksjer	15 000	4000,00	60 000 000

Eneste aksjonær pr 31.12.17:

	A-aksjer	Eierandel	Stemmeandel
James Fisher & Sons PLC	15 000	100 %	100 %
Totalt antall aksjer	15 000	100 %	100 %

James Fisher Norway AS har forretningskontor i Finnestadsvingen 23, 4029 Stavanger.
Her kan regnskapet utleveres.

James Fisher Norway AS med datterselskap inngår i konsernregnskapet som utarbeides av James Fisher & Son Plc. Selskapene benytter unntaksregelen i regnskapsloven § 3-7 for plikt til utarbeidelse av konsernregnskap for underkonsern.
Konsernregnskapet for James Fisher & Sons PLC kan finnes på www.james-fisher.com eller bestilles i trykket utgave ved henvendelse til James Fisher & Sons PLC, Fisher House, Cumbria LA14 1HR, England.

Note 12 - Valuta

	2017	2016
Agio gevinster	0	1 031
Agio tap	0	10 026
Netto agio gevinst-/tap	**0**	**-8 995**

James Fisher Norway AS
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Note 13 - Transaksjoner med nærstående

Annen driftsinntekt	2017	2016
Scan Tech AS	1 500 000	1 500 000
Sum	**1 500 000**	**1 500 000**

Renteinntekt fra foretak i samme konsern	2017	2016
Scan Tech AS	7 199 522	6 652 457
Scan Tech Personell AS	0	0
Scan Tech Produkt Personell AS	0	0
James Fisher Eiendom AS	0	0
Sum	**7 199 522**	**6 652 457**

Rentekostnad til foretak i samme konsern	2017	2016
James Fisher and Sons PLC	121 298	0
James Fisher Nordvik Ltd (Guernsey)	10 104 795	14 325 643
Sum	**10 226 093**	**14 325 643**

Alle transaksjoner med nærstående parter er gjennomført til betingelser fastsatt etter armlengdes prinsipp.

Note 14 - Gjeld til kredittinstitusjoner mv

	31.12.2017	31.12.2016
Trukket kassekreditt	3 653 054	27 872 583
Tilgjengelig trekkfasilitet utover trukket kreditt	46 346 946	22 127 417
Sum trekkfasilitet	**50 000 000**	**50 000 000**

Selskapet og dets datterselskaper har en konsernkontoordning med en tilknyttet trekkfasilitet som kan benyttes fullt ut av de selskapene som inngår i ordningen. Innbyrdes innskudd og trekk på konsernkontoordningen er presentert som fordring og gjeld til konsernselskaper i balansen. Selskapets morselskap James Fisher and Sons Plc har stilt en kausjon til selskapets bankforbindelse i relasjon til trekkfasiliteten.

Med bakgrunn i usikkerhet knyttet til aktivitetsnivå og den generelle nedgangen i olje og gass industrien og tilhørende stram likviditet har selskapet innhentet morselskapsgaranti fra James Fisher & Sons hvor morselskapet garanterer for selskapets forpliktelser i en periode på minimum 12 måneder etter avleggelse av regnskapet for 2017.