25 August 2020

James Fisher and Sons plc
Half year results for the six months ended 30 June 2020

James Fisher and Sons plc (FSJ.L) ('James Fisher'), the leading marine service provider, announces its unaudited results for the six months ended 30 June 2020.

	2020	2019	**% change**
Revenue	**£258.1m**	£286.9m	**(10)%**
Underlying operating profit *	**£19.5m**	£24.5m	**(20)%**
Underlying profit before tax *	**£15.1m**	£20.9m	**(28)%**
Underlying diluted earnings per share *	**23.6p**	33.2p	**(29)%**
Cash conversion	**312%**	106%	
Interim dividend per share	**8.0p**	11.3p	**(29)%**
Statutory operating profit	**£11.5m**	£24.5m	**(53)%**
Statutory profit before tax	**£7.1m**	£20.9m	**(66)%**
Statutory diluted earnings per share	**9.9p**	33.6p	**(71)%**

* excludes separately disclosed items of £(8.0)m (2019: £nil) (note 5).

Highlights:

- Key priority remains the safety and wellbeing of employees and customers
- Swift response to Covid-19 to reduce costs, optimise cash flow and protect liquidity
- Resilient trading performance
- £30m reduction in debt
- Interim dividend of 8.0p per share

Commenting on the results, Chief Executive Officer, Eoghan O'Lionaird, said:

"The first half of 2020 was one of the most demanding periods the Company has faced, and the commitment, support and engagement of our employees in stepping up to the challenges has been remarkable. The Group responded swiftly to both the unprecedented headwinds presented by Covid-19 and the longer-term implications for energy demand by taking actions to reduce costs and protect the Group's liquidity. Whilst the second half is expected to remain challenging and the outlook for our end markets is uncertain, we expect trading to improve through the second half, assuming no material deterioration in the Covid-19 situation.

James Fisher is well diversified by geographical sector and end market. The resilience of the Group, our strong liquidity position combined with swift actions taken to reduce costs, position James Fisher well for any improvement in market conditions in the second half and beyond. Whilst the financial performance in 2020 will be lower than 2019, the Group remains well placed to deliver future growth for its shareholders."

For further information:

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Notes:
1. James Fisher 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 3 in these half year results.
2. Certain statements contained in this announcement constitute forward-looking statements. Forward-looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of James Fisher to be materially different from future results, performance or achievements expressed or implied by such statements. Such risks, uncertainties and other factors include exchange rates, general economic conditions and the business environment.

Review of the six months ended 30 June 2020

Resilient performance in challenging conditions

The first half of 2020 was particularly challenging for our employees, customers and suppliers, local communities and shareholders as, after a stable start to the year, oil prices were adversely impacted by over production relative to real demand which was then quickly followed by the global lockdown due to Covid-19.

The Group responded quickly to these challenges with our priority being to protect our employees and, within that context, to do all we could to continue to provide our services and goods to customers, whilst supporting and maintaining our supply chain. The commitment, support and engagement of our 3,000 employees during this period has been remarkable. Since the third week of March, approximately 70% of our office-based staff have been working from home, made possible by our past investment in the appropriate technology. At our operational sites we introduced enhanced safety measures, deep cleansing and social distancing which has helped to keep people safe, whilst maintaining good levels of efficiency and performance.

The Group took swift actions to reduce costs, optimise cash flow and protect liquidity. This included the deferral of all discretionary capital expenditure, instituting a hiring freeze, placing approximately 400 UK employees on furlough and implementing a 20% pay deferral for approximately 800 employees across the world. The deferred pay will be repaid to our employees during the second half of the current year, with the exception of all Board members, the Executive Committee and our senior leadership team, who have agreed that their pay reduction of 20% for the second quarter will not be reimbursed. The Group has returned to full salaries with effect from 1 July 2020 and has ceased to take advantage of the UK Government's furlough scheme since July.

In addition, the Group has deferred payment of cash bonuses in relation to the 2019 financial year until July and deferred payments of taxes where possible and defined benefit pension scheme contributions, with the agreement of the Pension Trustees. We announced on 26 March 2020 that the payment of the final dividend in relation to the year ended 31 December 2019 had been suspended as part of our response to protect the Group's liquidity going into the Covid-19 lockdown and we have now taken the decision to cancel this dividend.

Financial performance

Revenue in the first half of 2020 was 10% lower than the prior year period comparator at £258.1m (2019: £286.9m). All our divisions showed good resilience and traded profitably in each month during the second quarter and underlying operating profit for the first half was £19.5m (2019: £24.5m).

Underlying profit before taxation was £15.1m (2019: £20.9m) and underlying diluted earnings per share were 23.6p (2019: 33.2p).

The strong momentum we saw in Offshore Oil through the second half of 2019 continued into the first quarter of 2020 and although there was a negative impact in the second quarter, this division reported a first half underlying operating profit which was 23% ahead of the prior period.

The combination of Covid-19 and the sharp decline in energy prices has resulted in projects in our subsea operations in both Renewables and Oil & Gas being deferred into the second half of 2020 and beyond. In response to these challenges, we have taken actions, which are ongoing, to restructure our Marine Support division. In addition, less favourable market conditions have led us to revise assumptions of the carrying values of certain assets across the Group which has resulted in an impairment charge. These items are included within separately disclosed items by virtue of their size and nature. Total separately disclosed items in the period were £8.0m (2019: £nil) comprising restructuring in Marine Support of £1.5m, impairment charges of £4.8m and acquisition related charges of £1.7m.

Statutory operating profit for the first six months of 2020, which is the underlying operating profit less separately disclosed items, was £11.5m (2019: £24.5m) and statutory diluted earnings per share were 9.9p (2019: 33.6p).

Dividends

We believe the Group has weathered the initial storm of Covid-19 and we have seen a significant improvement in the financial headroom on our committed banking facilities. Global economies are slowly recovering, and the price of oil has partially recovered from the low point in April. We operate in diverse markets and have a wide geographic spread so whilst certain parts of our business have been seriously impacted by Covid-19, other parts of our business have been resilient.

With this backdrop the Board has declared an interim dividend of 8.0 pence per share (2019: 11.3p), reflecting the reduction in underlying profit before taxation in the period. The dividend will be paid on 6 November 2020 to shareholders on the register at the close of business on 2 October 2020.

Strategic Review

Our strategy has been to grow our business organically by leveraging our extensive marine services skill base in areas of specialist expertise across global markets, supplemented by selective bolt-on acquisitions which broaden the Group's range of specific niche services, products or geographical coverage. Our strategic aim is to deliver long-term growth in earnings per share and to consistently increase shareholder value. Whilst the Group prioritises organic growth, this has been supplemented by value enhancing acquisitions which fit into our existing divisions. James Fisher looks to acquire businesses that have a niche product or service offering with growth potential, a track record of profitability, cash generation and strong management.

The appointment of Eoghan O'Lionaird as CEO on 1 October 2019 was an opportune time to revisit and retest the Group's strategy and to create a plan for further growth in the years ahead. We had intended to hold a capital markets day in June 2020 to update shareholders on our strategic review but whilst considerable progress has been made, our primary focus has been on protecting the Group, its employees and its financial integrity and we have deferred any announcement until next year.

Environmental, Social and Governance

The Health and Safety of our employees is always our highest priority and new measures in response to Covid-19 were quickly implemented throughout our Group. Regrettably, 56 James Fisher employees have contracted the virus and one has sadly passed away. The majority of cases in the Group have been in Brazil and many of our team working in Mozambique were quarantined following an outbreak at their operational base. We have sought to ensure any affected employees receive the best medical care and support.

Our work in reviewing the Group strategy includes expanding our focus to include our five key stakeholder groups: employees, customers and suppliers, the local communities in which we operate, the environment and our shareholders. With the objective of ensuring that our strategy is intrinsically sustainable, each of our operating companies is updating their respective strategies to include policies, objectives and actions focused on each of these primary stakeholders.

James Fisher continues to focus on diversity and inclusion. In the first half of 2020, women represented 29% of our Board membership and 29% of our Executive Committee.

Liquidity

During the first half, with the support of its bankers, the Group increased its committed revolving credit facilities by £50m to £300m (30 June 2019: £250m). Rapid actions taken to protect the Company and improve liquidity resulted in a £29.9m reduction in borrowings when compared to 31 December 2019. At 30 June 2020, the Group had headroom against its committed revolving credit facilities of £115.6m (2019: £83.7m). The ratio of net debt (inclusive of bonds and guarantees) to Ebitda was 2.5 times (2019: 2.3 times) as calculated under our banking agreements, which require a covenant of less than 3.5 times.

Outlook

The first half of 2020 was one of the most demanding periods the Company has faced, and the commitment, support and engagement of our employees in stepping up to the challenges has been remarkable. The Group responded swiftly to both the unprecedented headwinds presented by Covid-19 and the longer-term implications for energy demand by taking actions to reduce costs and protect the Group's liquidity. Whilst the second half is expected to remain challenging and the outlook for our end markets is uncertain, we expect trading to improve through the second half, assuming no material deterioration in the Covid-19 situation.

James Fisher is well diversified by geographical sector and end market. The resilience of the Group, our strong liquidity position combined with swift actions taken to reduce costs position James Fisher well for any improvement in market conditions in the second half and beyond. Whilst the financial performance in 2020 will be lower than 2019, the Group remains well placed to deliver future growth to its shareholders.

Business review

Marine Support

	H1 2020	H1 2019	change
Revenue (£m)	**121.2**	140.0	(13)%
Underlying operating profit (£m)	**4.8**	6.7	(28)%
Underlying operating margin	**4.0%**	4.8%	(80)bps
Return on capital employed	**4.4%**	6.7%	(230)bps

Revenue in Marine Support was 13% lower in the period at £121.2m (2019: £140.0m), mainly due to lack of subsea and high voltage projects in the Renewables sector, as projects were cancelled or deferred.

Despite the challenges of Covid-19, good progress in the early beach landing project in Mozambique offset a reduction of subsea oil & gas projects in the Middle East and West Africa. Ship-to-ship services performed strongly with revenue 20% higher than the first half of 2019.

Given the £18.8m fall in revenue, underlying operating profit was resilient, decreasing by £1.9m compared to the prior period comparative as the lack of subsea projects offset excellent profit growth in ship-to-ship services. The Group responded quickly to the challenges within Marine Support and reduced headcount in the first half with an associated one-off charge of £1.5m which will lead to annualised savings in the future.

The businesses acquired in 2019, Martek Marine and Brazil based, Servicos Maritimos Continental, adapted well to the Covid-19 situation and both made strong contributions to the first half.

Specialist Technical

	H1 2020	H1 2019	change
Revenue (£m)	**65.7**	74.1	(11)%
Underlying operating profit (£m)	**7.5**	9.3	(19)%
Underlying operating margin	**11.4%**	12.6%	(120)bps
Return on capital employed	**13.4%**	16.1%	(270)bps

Revenue was 11% lower in Specialist Technical with difficulty experienced in receiving components from the supply chain and in progressing and completing projects in Asia Pacific as a result of Covid-19. This adversely affected our defence and diving equipment business, JFD, but our nuclear decommissioning business remained resilient and posted a 3% increase in revenue in the first half.

Underlying operating profit was £1.8m lower at £7.5m (2019: £9.3m). Despite lower volumes, gross margins were one percentage point higher on a similar cost of operations.

Whilst progress on saturation diving systems for Shanghai Salvage was delayed by Covid-19, JFD made good progress on its swimmer delivery vehicle order due for completion in 2021 as well as on two submarine rescue vessel projects which commenced during 2019. JFD was awarded a three-year extension to its submarine rescue service for NATO. This contract extension secures the safe and continued in-service support, through maintenance and operation, of a globally deployable submarine rescue system for the UK MoD and the partner nations of France and Norway.

In March 2020, Fathom Systems, a leading provider of diving communications, gas analysis and integrated diving control systems, was acquired. Fathom further enhances JFD's ability to provide differentiated solutions to support safe diving operations in the most extreme environments.

We were proud of JFD's response to the UK Government's call for rapidly manufactured ventilators to provide essential medical equipment to the NHS. Using its world-leading breathing gas reclaim systems, the InVicto ventilator was quickly developed, tested and designed for minimal oxygen consumption, which could become a scarce resource. While the UK medical authority did not take InVicto forward, clinical trials are continuing in other countries.

Offshore Oil

	H1 2020	H1 2019	change
Revenue (£m)	**41.3**	39.6	+4%
Underlying operating profit (£m)	**5.4**	4.4	+23%
Underlying operating margin	**13.1%**	11.1%	+200bps
Return on capital employed	**8.6%**	6.8%	+180bps

The momentum from the second half of 2019 in Offshore Oil flowed through into the first quarter of 2020 until the logistical issues caused by Covid-19 in late March started to adversely impact the division. Lower energy prices typically have a delayed impact in Offshore Oil. Revenue in the first half was 4% higher than the prior period and underlying operating profit was 23% higher at £5.4m (2019: £4.4m). Underlying operating margins increased to 13.1% (2019: 11.1%).

RMSpumptools, which provides solutions to extend the life of existing wells, experienced good demand throughout the first half and enters the second half with a similar order book to last year. Scantech Offshore further increased its services to the Renewables market where it provides compressors for bubble curtains, which reduce subsea sound and pollution during construction and protects marine life. Fisher Offshore won good orders for its specialist cutting tool services for oil rig decommissioning projects. This is an area where demand is increasing, which augurs well for the future.

Tankships

	H1 2020	H1 2019	change
Revenue (£m)	**29.9**	33.2	(10)%
Underlying operating profit (£m)	**3.6**	5.9	(39)%
Underlying operating margin	**12.0%**	17.8%	(580)bps
Return on capital employed	**24.3%**	40.7%	(1640)bps

Revenue at Tankships was 10% lower at £29.9m (2019: £33.2m) and underlying profit 39% lower at £3.6m (2019: £5.9m). The business operated two fewer tankers in the first half of 2020 and was trading in line with expectations until the end of April when the impact of lockdown significantly reduced the transportation of clean petroleum products and hence tanker utilisation. Despite the Covid-19 challenges, the division traded profitably in both May and June. Volumes improved in June and further in July as the lockdown was gradually eased.

Cash flow and borrowings

Summary cash flow

	H1 2020 £m	H1 2019 £m
Underlying operating profit	**19.5**	24.5
Depreciation & amortisation	**16.5**	15.3
Underlying ebitda *	**36.0**	39.8
Working capital	**24.7**	(7.1)
Pension / other	**0.2**	(6.7)
Operating cash flow	**60.9**	26.0
Cash outflow on separately disclosed	**(1.1)**	(0.6)
Interest & tax	**(8.8)**	(6.2)
Capital expenditure	**(12.7)**	(38.2)
Acquisitions	**(4.5)**	(13.6)
Dividends	**-**	(11.1)
Other	**(3.9)**	(2.1)
Net inflow/(outflow)	**29.9**	(45.8)
net debt (IAS 17) at start of period	**(203.0)**	(113.6)
net debt (IAS 17) at end of period	**(173.1)**	(159.4)

* Underlying earnings before interest, tax, depreciation and amortisation

Net debt on an IAS 17 basis reduced by £29.9m to £173.1m (2019: £159.4m) reflecting the rapid actions taken to conserve cash and increase liquidity. These included suspending payment of the final proposed dividend in relation to 2019, deferring pensions and employee related tax liabilities and a significant drive on collections from customers. As a result, working capital improved by £31.8m compared to 2019 and operating cash flow by £34.9m to £60.9m (2019: £26.0m). Cash conversion, the ratio of operating cash flow to underlying operating profit, was 312% (2019: 106%).

Acquisition spend comprised Fathom Systems for £1.2m, deferred consideration for businesses purchased in prior years of £2.7m with the balance related to a joint venture in Norway. Capital expenditure of £12.7m (2019: £38.2m) reflected the spending freeze imposed to respond to Covid-19 but with careful attention to ensure investment for future growth was maintained.

At 30 June 2020 the Group had committed revolving credit facilities of £300m (2019: £250m) and £115.6m of headroom (2019: £83.7m). The ratio of net debt to underlying Ebitda on an IAS 17 basis was 1.9 times (2019: 1.7 times). Our banking agreements are on a frozen GAAP basis and the ratio of net debt (including bonds and guarantees) to Ebitda, was 2.5 times (2019: 2.3 times). Net borrowings including operating leases (IFRS16 basis) were £31.9m lower than 31 December 2019 at £198.5m (2019: £190.5m).

Balance sheet

	30 June 2020 £m	30 June 2019 £m
Intangible assets	**208.4**	212.5
Other assets	**218.5**	183.8
Right-of-use assets	**24.4**	30.7
Working capital	**78.6**	94.8
Deferred consideration	**(3.3)**	(3.6)
Pensions	**(5.2)**	(10.7)
Tax	**(6.7)**	(8.3)
Capital employed	**514.7**	499.2
Net debt (IAS 17)	**173.1**	159.4
Right-of-use liabilities	**25.4**	31.1
Equity	**316.2**	308.7
	514.7	499.2

Working capital was £16.2m lower than at 30 June 2019 and £23.2m lower than at 31 December 2019. The ratio of working capital to sales at 30 June 2020 was 13.4% (2019: 16.1%) reflecting the improvement in the period, but also the reduction in revenue.

Net gearing, the ratio of net debt (IAS 17) to equity was 55% (2019: 52%).

Risks and uncertainties

Aside from Covid-19, the principal risks and uncertainties which may have the largest impact on performance in the second half of the year are the same as disclosed in the 2019 Annual Report and Accounts on pages 25-27. The principal risks set out in the 2019 Annual Report and Accounts were:

- Operational – project delivery, recruitment and retention of key staff, health, safety and environment, contractual risk and cyber security;
- Strategic – operating in emerging markets; and
- Financial – foreign currency and interest rates.

The Board considers that the principal risks and uncertainties set out in the 2019 Annual Report and Accounts remain the same, although there has been a slight increase in some of the operational and financial risks, predominantly as a result of the impact and uncertainties of the global pandemic which have been set out above. The principal risks set out in the 2019 Annual Report and Accounts, together with the addition of a global pandemic, remain relevant for the second half of the financial year.

Directors' Responsibilities

We confirm that to the best of our knowledge:

(a) The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

(b) The interim management report includes a fair review of the information required by:

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

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

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

E P O'Lionaird
Chief Executive Officer

S C Kilpatrick
Group Finance Director

24 August 2020

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2020

	Note	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Revenue	4	**258.1**	286.9	617.1
Cost of sales		**(187.2)**	(204.9)	(432.4)
Gross profit		**70.9**	82.0	184.7
Administrative expenses		**(60.1)**	(58.7)	(129.9)
Share of post tax results of joint ventures		**0.7**	1.2	0.8
Operating profit	4	**11.5**	24.5	55.6
Net finance expense	6	**(4.4)**	(3.6)	(7.8)
Profit before taxation		**7.1**	20.9	47.8
Income tax	7	**(2.0)**	(4.0)	(11.1)
Profit for the period		**5.1**	16.9	36.7
Attributable to:				
Owners of the Company		**5.0**	17.0	36.7
Non-controlling interests		**0.1**	(0.1)	-
		5.1	16.9	36.7
Earnings per share				
		pence	pence	pence
Basic	8	**9.9**	33.8	73.1
Diluted	8	**9.9**	33.6	72.7

Alternative performance measures	3	**£m**	£m	£m
Operating profit		**11.5**	24.5	55.6
Separately disclosed items	5	**8.0**	-	10.7
Underlying operating profit		**19.5**	24.5	66.3
Net finance expense		**(4.4)**	(3.6)	(7.8)
Underlying profit before tax		**15.1**	20.9	58.5
Underlying earnings per share				
		pence	pence	pence
Basic	8	**23.6**	33.4	93.2
Diluted	8	**23.6**	33.2	92.8

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2020

	Note	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Profit for the period		**5.1**	16.9	36.7
Items that will not be reclassified to the income statement				
Remeasurement loss on defined benefit pension schemes	10	**(0.4)**	-	2.2
Tax on items that will not be reclassified		**0.1**	-	0.6
		(0.3)	-	2.8
Items that may be reclassified subsequently to the income statement				
Exchange differences on foreign currency net investments		**1.8**	1.2	(8.1)
Effective portion of changes in fair value of cash flow hedges		**(3.6)**	(0.7)	2.3
Effective portion of changes in fair value of cash flow hedges in joint ventures		**(0.3)**	(0.1)	(0.1)
Net change in fair value of cash flow hedges transferred to income statement		**0.6**	(0.6)	(1.4)
Deferred tax on items that may be reclassified		**0.7**	0.3	(0.4)
		(0.8)	0.1	(7.7)
Total comprehensive income for the period		**4.0**	17.0	31.8
Attributable to:				
Owners of the Company		**3.9**	17.1	31.8
Non-controlling interests		**0.1**	(0.1)	-
		4.0	17.0	31.8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2020

	Note	**30 June 2020 £m**	30 June 2019 £m	31 December 2019 £m
Non-current assets				
Goodwill	11	**182.8**	184.2	185.5
Intangible assets		**25.6**	28.3	29.7
Property, plant and equipment		**208.2**	172.8	210.6
Right-of-use assets		**24.4**	30.7	27.1
Investment in joint ventures		**8.9**	9.6	8.5
Other investments		**1.4**	1.4	1.4
Deferred tax assets		**5.6**	4.0	4.5
		456.9	431.0	467.3
Current assets				
Inventories		**52.3**	50.2	47.9
Trade and other receivables		**201.2**	202.5	213.7
Cash and cash equivalents	12	**20.8**	17.4	18.5
		274.3	270.1	280.1
Current liabilities				
Trade and other payables		**(173.6)**	(158.8)	(158.0)
Provisions for liabilities and charges		**(0.9)**	(2.1)	(0.7)
Current tax		**(7.1)**	(9.8)	(10.5)
Borrowings		**(8.2)**	(10.9)	(11.3)
Lease liabilities		**(8.4)**	(8.9)	(8.9)
		(198.2)	(190.5)	(189.4)
Net current assets		**76.1**	79.6	90.7
Total assets less current liabilities		**533.0**	510.6	558.0
Non-current liabilities				
Other payables		**(3.7)**	(0.6)	(4.8)
Retirement benefit obligations	10	**(5.2)**	(10.7)	(5.8)
Cumulative preference shares		**(0.1)**	(0.1)	(0.1)
Borrowings		**(182.8)**	(165.6)	(207.3)
Lease liabilities		**(19.8)**	(22.4)	(21.3)
Deferred tax liabilities		**(5.2)**	(2.5)	(4.7)
		(216.8)	(201.9)	(244.0)
Net assets		**316.2**	308.7	314.0
Equity				
Called up share capital		**12.6**	12.6	12.6
Share premium		**26.6**	26.2	26.5
Treasury shares		**(0.3)**	-	-
Other reserves		**(11.0)**	(0.9)	(10.6)
Retained earnings		**287.4**	270.7	284.7
Equity attributable to owners of the Company		**315.3**	308.6	313.2
Non-controlling interests		**0.9**	0.1	0.8
Total equity		**316.2**	308.7	314.0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2020

	Share capital £m	Share premium £m	Retained earnings £m	Other reserves £m	Treasury shares £m	Shareholders' equity £m	Non-controlling interests £m	Total equity £m
At 1 January 2020	**12.6**	**26.5**	**284.7**	**(10.6)**	**-**	**313.2**	**0.8**	**314.0**
Total comprehensive income	**-**	**-**	**4.2**	**(0.3)**	**-**	**3.9**	**0.1**	**4.0**
Acquisitions	-	-	**-**	**(0.1)**	**-**	**(0.1)**	**-**	**(0.1)**
Share based payments	**-**	**-**	**0.2**	**-**	**-**	**0.2**	**-**	**0.2**
Tax effect of share based payments	**-**	**-**	**(0.3)**	**-**	**-**	**(0.3)**	**-**	**(0.3)**
Purchase of shares by ESOT	**-**	**-**	**-**	**-**	**(0.9)**	**(0.9)**	**-**	**(0.9)**
Award of treasury shares	**-**	**-**	**(1.4)**	**-**	**0.6**	**(0.8)**	**-**	**(0.8)**
Arising on the issue of shares	**(0.0)**	**0.1**	**-**	**-**	**-**	**0.1**	**-**	**0.1**
At 30 June 2020	**12.6**	**26.6**	**287.4**	**(11.0)**	**(0.3)**	**315.3**	**0.9**	**316.2**
At 1 January 2019	12.6	25.9	267.8	(0.9)	(0.4)	305.0	1.4	306.4
IFRIC 23 - opening balance adjustments	-	-	(2.0)	-	-	(2.0)	-	(2.0)
Total comprehensive income	-	-	17.1	-	-	17.1	(0.1)	17.0
Ordinary dividends paid	-	-	(10.7)	-	-	(10.7)	-	(10.7)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(0.4)	(0.4)
Acquisition of non-controlling interest	-	-	-	-	-	-	(0.8)	(0.8)
Share based payments	-	-	0.9	-	-	0.9	-	0.9
Tax effect of share based payments	-	-	0.3	-	-	0.3	-	0.3
Purchase of shares by ESOT	-	-	-	-	(2.3)	(2.3)	-	(2.3)
Award of treasury shares	-	-	(2.7)	-	2.7	-	-	-
Arising on the issue of shares	-	0.3	-	-	-	0.3	-	0.3
At 30 June 2019	12.6	26.2	270.7	(0.9)	-	308.6	0.1	308.7

Other reserve movements	**Translation reserve**	**Hedging reserve**	**Put option liability**	**Total**
Other reserves	**£m**	**£m**	**£m**	**£m**
At 1 January 2019	0.3	(1.2)	-	(0.9)
Other comprehensive income	(8.1)	1.0	-	(7.1)
Remeasurement of non-controlling interest put option	-	-	(2.6)	(2.6)
At 31 December 2019	(7.8)	(0.2)	(2.6)	(10.6)
Other comprehensive income	1.9	(2.9)	-	(1.0)
Remeasurement of non-controlling interest put option	-	-	(0.1)	(0.1)
At 30 June 2020	(5.9)	(3.1)	(2.7)	(11.7)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2020

	Note	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Profit before tax for the period		**7.1**	20.9	47.8
Adjustments to reconcile profit before tax to net cash flows				
Depreciation and amortisation		**23.3**	21.8	43.1
Separately disclosed items (excluding amortisation)		**6.5**	(1.5)	7.6
Other non cash items		**6.0**	2.5	6.4
Increase in inventories		**(3.4)**	(4.8)	(2.4)
Decrease/(increase) in trade and other receivables		**14.5**	(14.3)	(31.1)
Decrease in trade and other payables		**13.6**	12.0	12.2
Defined benefit pension cash contributions less service cost		**(1.2)**	(5.6)	(8.4)
Cash generated from operations		**66.4**	31.0	75.2
Cash outflow from separately disclosed items		**(1.1)**	(0.6)	(7.5)
Income tax payments		**(5.2)**	(4.1)	(9.6)
Cash flow from operating activities		**60.1**	26.3	58.1
Investing activities				
Dividends from joint venture undertakings		**0.6**	0.5	1.7
Proceeds from the disposal of property, plant and equipment		**0.6**	1.1	2.2
Finance income		**0.1**	0.1	0.3
Acquisition of subsidiaries, net of cash acquired		**(4.0)**	(11.3)	(12.5)
Investment in joint ventures and other investments		**(0.5)**	(0.7)	(4.7)
Acquisition of property, plant and equipment		**(11.8)**	(37.6)	(88.9)
Development expenditure		**(1.5)**	(1.7)	(3.5)
Cash flows used in investing activities		**(16.5)**	(49.6)	(105.4)
Financing activities				
Proceeds from the issue of share capital		**0.1**	0.3	-
Finance costs		**(3.7)**	(2.2)	(5.3)
Purchase of own shares by Employee Share Ownership Trust		**(0.9)**	(1.1)	(1.1)
Notional purchase of own shares for LTIP award		**(0.8)**	(1.2)	(1.3)
Capital element of lease repayments		**(6.2)**	(5.6)	(11.3)
Proceeds from borrowings		**43.9**	111.3	106.6
Repayment of borrowings		**(73.1)**	(68.4)	(21.2)
Dividends paid		**-**	(10.7)	(16.4)
Dividend paid to non-controlling interest		**-**	(0.4)	(2.0)
Cash flows from/(used in) financing activities		**(40.7)**	22.0	48.0
Net increase/(decrease) in cash and cash equivalents		**2.9**	(1.3)	0.7
Cash and cash equivalents at beginning of period		**18.5**	18.6	18.6
Net foreign exchange differences		**(0.6)**	0.1	(0.8)
Cash and cash equivalents at end of period	12	**20.8**	17.4	18.5

1 Basis of preparation

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 condensed consolidated half year financial statements of the Company for the six months ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in jointly controlled entities.

Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as adopted by the European Union (EU). As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed consolidated set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2019 with the exceptions described below. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2019.

The comparative figures for the financial year ended 31 December 2019 are not the Group's statutory accounts for that financial year. Those accounts which were prepared under International Financial Reporting Standards (IFRS) as adopted by the EU (adopted IFRS), have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group for the year ended 31 December 2019 are available upon request from the Company's registered office at Fisher House, PO Box 4, Barrow-in-Furness, Cumbria LA14 1HR or at www.james-fisher.co.uk.

The half year financial information is presented in Sterling and all values are rounded to the nearest million pounds (£m) except where otherwise indicated.

Going concern

The Directors have, at the time of approving these Condensed Consolidated Interim Financial Statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from this reporting date.

In light of the Covid-19 global pandemic experienced in 2020 and subsequent uncertainty, the Group has undertaken a detailed viability review and taken appropriate mitigating actions to protect the business and liquidity. Operations have been impacted by travel restrictions, supply chain logistics and actions to protect employees to ensure safe working conditions. The Group's quick response to Covid-19 has mitigated the impact on financial performance, however the potential impact of a second wave or a post pandemic recession gives ongoing risk to future financial performance.

The Group had £115.6m of undrawn committed facilities at 30 June 2020 (2019: £83.7m) and increased committed facilities by £50m in the period to £300m (30 June 2019: £250m). No revolving credit facilities are due for renewal within the next twelve months. In addition, on 21 July 2020, the Group was confirmed as an eligible issuer under the Bank of England's Covid Corporate Financing Facility (CCFF), under which the Group can draw up to £60m. The Group has not needed to draw on this CCFF facility and assumes that this facility continues to remain undrawn.

For the interim going concern review, the base case forecast reflected financial performance in the six months ended 30 June 2020 and the associated impacts of Covid-19. A number of scenarios were calculated compared to the base case forecast of profit and cash flow to assess headroom against facilities for the next 30 months. Against negative scenarios, mitigating actions were applied and in the severe but plausible downside, which reduced operating profit by £10m in 2020 and by £20m in 2021 and 2022, adjusted projections showed no breach of covenants. Additional sensitivities which reduced cash receipts by £10m in 2020, £20m in 2021 and £10m in 2022 and delayed project delivery deferring debtor allocation by £3m in 2020 and by £6m in 2021 and 2022 were also run separately in combination with the severe but plausible downside and adjusted projections showed no breach of covenants.

Taking into account the level of cash and available facilities outlined above, the Directors consider that the Group has sufficient funds to allow it to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, having undertaken a rigorous assessment of financial forecasts and therefore continue to adopt the going concern basis of accounting in preparing these Condensed Consolidated Interim Financial Statements.

Adoption of standards

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance
During the period, some employees across the Group were placed on furlough under the Coronavirus Jobs Retention Scheme. Furlough income of £1.9m in relation to a maximum of 400 employees has been recognised in the six months ended 30 June 2020 and as such the Group has adopted IAS 20 in accounting for this government income. The grant has been recognised as income and matched with the associated payroll costs over the same period. The corresponding asset is shown within trade and other receivables on the balance sheet, to the extent that claimed amounts remain outstanding at 30 June 2020.

Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2019.

2 Accounting estimates and judgements

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2019.

3 Alternative performance measures

The Group presents a number of alternative (non-Generally Accepted Accounting Practice (non-GAAP)) performance measures which are not defined within IFRS. These measures are presented to assist investors in gaining a clear and balanced view of the underlying operational performance of the Group and, are consistent year on year and with how business performance is measured internally. The adjustments are separately disclosed (note 5) and are usually items that are significant in size or non-recurring in nature. The following non-GAAP measures are referred to in the half year results.

3.1 Underlying operating profit and underlying profit before taxation

Underlying operating profit is defined as operating profit before acquisition related income and expense (amortisation or impairment of acquired intangible assets, acquisition expenses, adjustments to contingent consideration), the costs of a material restructuring, litigation, or asset impairment and the profit or loss relating to the sale of businesses. As acquisition related income and expense fluctuates with activity and to provide a better comparison to businesses that are not acquisitive, the Directors consider that these items should be separately disclosed to give a better understanding of operating performance. Underlying profit before taxation is defined as underlying operating profit less net finance expense.

3.2 Underlying earnings per share

Underlying earnings per share 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. Underlying earnings per share is set out in note 8.

3.3 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, right-of-use assets, and after adding back cumulative amortisation of acquired intangible assets. 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.

	2020 Six months ended 30 June £m	2019 Six months ended 30 June £m	2019 Year ended 31 December £m
Net assets	**316.2**	308.7	314.0
Less right-of-use assets	**(24.4)**	(30.7)	(27.1)
	291.8	278.0	286.9
Less cash and short-term deposits	**(13.3)**	(17.4)	(18.5)
Plus borrowings and lease liabilities	**211.7**	207.8	248.8
Capital employed	**490.2**	468.4	517.2
Underlying operating profit	**19.5**	24.5	66.3
Notional tax at the effective tax rate	**(4.1)**	(4.9)	(13.1)
	15.4	19.6	53.2
Average capital employed	**471.9**	449.3	471.1
Return on average capital employed	**6.6%**	8.7%	11.3%

3.4 Cash conversion

Cash conversion is defined as the ratio of operating cash flow to underlying operating profit. Operating cash flow comprises:

	2020 Six months ended 30 June £m	2019 Six months ended 30 June £m	2019 Year ended 31 December £m
Cash generated from operations	**66.4**	31.0	75.2
Dividends from joint venture undertakings	**0.6**	0.5	1.7
Capital element of lease repayments	**(6.2)**	(5.6)	(11.3)
less capital element of finance lease repayments	**0.1**	0.1	0.2
Operating cash flow	**60.9**	26.0	65.8
Underlying operating profit	**19.5**	24.5	66.3
Cash conversion	**312%**	106%	99%

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

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

	2020 Six months ended 30 June £m	2019 Six months ended 30 June £m	2019 Year ended 31 December £m
Underlying operating profit	**19.5**	24.5	66.3
Depreciation and amortisation	**23.3**	21.8	43.1
Less: Deprecation on right-of-use assets	**(5.3)**	(5.0)	(10.1)
Amortisation of acquired intangibles (note 5)	**(1.5)**	(1.5)	(3.1)
Underlying depreciation and amortisation	**16.5**	15.3	29.9
Underlying Ebitda	**36.0**	39.8	96.2

3.6 Underlying dividend cover

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

	pence	pence	pence
Underlying earnings per share	**23.6**	33.2	92.8
Dividends per share	**8.0**	11.3	34.7
Underlying dividend cover (times)	**3.0**	2.9	2.7

3.7 Organic

Organic growth represents the performance for the current year in sterling compared to the prior year, adjusted for current and prior year acquisitions and for a constant currency. The constant currency adjustment takes the non-sterling results for the prior year and re-translates them at the average exchange rate for the current year.

3.8 Leases

IFRS 16 'Leases' became effective from 1 January 2019. The financial impact of IFRS 16 compared to accounting under the previous leasing standard IAS 17 is excluded under frozen GAAP arrangements set out in our banking agreements and is summarised below:

	2020 Six months ended 30 June £m	2019 Six months ended 30 June £m	2019 Year ended 31 December £m
Operating lease charges	**6.1**	5.5	11.1
Depreciation on right-of-use assets	**(5.3)**	(5.0)	(10.1)
Increase in operating profit	**0.8**	0.5	1.0
Right-of-use interest	**(0.8)**	(0.9)	(1.7)
Decrease in profit before tax	**-**	(0.4)	(0.7)

4 Segmental information

Management has determined that the Group has four operating segments reviewed by the Board; Marine Support, Specialist Technical, Offshore Oil and Tankships. Their principal activities are set out in the Strategic Report within the consolidated financial statements of the Group for the year ended 31 December 2019.

The Board assesses 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, 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 segments.

Six months ended 30 June 2020

	Marine Support £m	**Specialist Technical £m**	**Offshore Oil £m**	**Tankships £m**	**Corporate £m**	**Total £m**
Revenue						
Segmental revenue reported						
- point in time	**104.7**	**18.7**	**41.5**	**-**	**-**	**164.9**
- over time	**16.6**	**47.5**	**-**	**29.9**	**-**	**94.0**
Inter-segmental sales	**(0.1)**	**(0.5)**	**(0.2)**	**-**	**-**	**(0.8)**
	121.2	**65.7**	**41.3**	**29.9**	**-**	**258.1**
Underlying operating profit	**4.8**	**7.5**	**5.4**	**3.6**	**(1.8)**	**19.5**
Acquisition costs	**(0.1)**	**(0.1)**	**-**	**-**	**-**	**(0.2)**
Amortisation of acquired intangibles	**(1.0)**	**(0.1)**	**(0.4)**	**-**	**-**	**(1.5)**
Impairment charge	**(1.7)**	**(0.9)**	**(2.2)**	**-**	**-**	**(4.8)**
Restructuring costs	**(1.5)**	**-**	**-**	**-**	**-**	**(1.5)**
Operating profit	**0.5**	**6.4**	**2.8**	**3.6**	**(1.8)**	**11.5**
Net finance expense						**(4.4)**
Profit before tax						**7.1**
Income tax						**(2.0)**
Profit for the period						**5.1**
Assets & liabilities						
Segmental assets	**320.7**	**163.5**	**153.4**	**58.6**	**18.6**	**714.8**
Investment in joint ventures	**3.5**	**3.0**	**2.4**	**-**	**-**	**8.9**
Total assets	**324.2**	**166.5**	**155.8**	**58.6**	**18.6**	**723.7**
Segmental liabilities	**(101.5)**	**(55.6)**	**(30.4)**	**(28.8)**	**(191.2)**	**(407.5)**
	222.7	**110.9**	**125.4**	**29.8**	**(172.6)**	**316.2**
Other segmental information						
Capital expenditure	**4.9**	**1.3**	**3.2**	**2.4**	**-**	**11.8**
Depreciation and amortisation	**8.0**	**3.3**	**6.5**	**5.3**	**0.2**	**23.3**

Six months ended 30 June 2019

	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Corporate £m	Total £m
Revenue						
Segmental revenue reported						
- point in time	139.5	23.3	41.4	-	-	204.2
- over time	0.5	51.7	-	33.2	-	85.4
Inter-segmental sales	-	(0.9)	(1.8)	-	-	(2.7)
	140.0	74.1	39.6	33.2	-	286.9
Underlying operating profit reported	6.7	9.3	4.4	5.9	(1.8)	24.5
Acquisition costs	(0.5)	-	-	-	-	(0.5)
Amortisation of acquired intangibles	(0.9)	(0.2)	(0.4)	-	-	(1.5)
Costs of material litigation	(1.5)	-	-	-	-	(1.5)
Adjustment to provision for contingent consideration	3.5	-	-	-	-	3.5
Operating profit	7.3	9.1	4.0	5.9	(1.8)	24.5
Net finance expense						(3.6)
Profit before tax						20.9
Income tax						(4.0)
Profit for the period						16.9
Assets & liabilities						
Segmental assets	290.6	159.7	163.3	55.8	22.1	691.5
Investment in joint ventures	5.1	3.4	1.1	-	-	9.6
Total assets	295.7	163.1	164.4	55.8	22.1	701.1
Segmental liabilities	(90.6)	(54.7)	(30.1)	(27.9)	(189.1)	(392.4)
	205.1	108.4	134.3	27.9	(167.0)	308.7
Other segment information						
Capital expenditure	29.4	1.6	5.9	1.6	-	38.5
Depreciation and amortisation	6.5	4.0	6.4	4.7	0.2	21.8

Year ended 31 December 2019

	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Corporate £m	Total £m
Revenue						
Segmental revenue reported						
- point in time	270.6	58.8	93.4	-	-	422.8
- over time	35.6	95.4	-	67.9	-	198.9
Inter-segmental sales	(0.1)	(1.5)	(3.0)	-	-	(4.6)
	306.1	152.7	90.4	67.9	-	617.1
Underlying operating profit reported	25.1	18.4	13.6	12.0	(2.8)	66.3
Acquisition costs	(0.5)	(0.1)	-	-	-	(0.6)
Amortisation of acquired intangibles	(2.1)	(0.2)	(0.8)	-	-	(3.1)
Costs of material litigation	(1.5)	-	-	-	-	(1.5)
Adjustment to provision for contingent consideration	3.5	-	-	-	-	3.5
Impairment charge	(9.0)	-	-	-	-	(9.0)
Operating profit	15.5	18.1	12.8	12.0	(2.8)	55.6
Net finance expense						(7.8)
Profit before tax						47.8
Income tax						(11.1)
Profit for the year						36.7
Assets & liabilities						
Segmental assets	325.8	166.1	164.2	60.7	22.1	738.9
Investment in joint ventures	3.6	3.0	1.9	-	-	8.5
Total assets	329.4	169.1	166.1	60.7	22.1	747.4
Segmental liabilities	(99.5)	(53.1)	(29.8)	(28.9)	(222.1)	(433.4)
	229.9	116.0	136.3	31.8	(200.0)	314.0
Other segment information						
Capital expenditure	66.1	4.5	11.9	12.8	-	95.3
Depreciation and amortisation	13.0	7.0	13.0	9.7	0.4	43.1

5 Separately disclosed items

Certain items are disclosed separately in the financial statements to provide a clear understanding of the underlying financial performance of the Group, referred to in note 3. They are items that are non-recurring and significant by virtue of their size and include acquisition related income or changes, costs of material litigation, restructure or material improvement. Separately disclosed items comprise:

	2020 Six months ended 30 June £m	2019 Six months ended 30 June £m	2019 Year ended 31 December £m
Acquisition related income and (expense):			
Costs incurred on acquiring businesses	**(0.2)**	(0.5)	(0.6)
Amortisation of acquired intangibles	**(1.5)**	(1.5)	(3.1)
Adjustment to provision for contingent consideration	**-**	3.5	3.5
	(1.7)	1.5	(0.2)
Material restructure of Marine Support	**(1.5)**	-	-
Material litigation	**-**	(1.5)	(1.5)
Impairment charge	**(4.8)**	**-**	(9.0)
Separately disclosed items before taxation	**(8.0)**	-	(10.7)
Taxation	**1.1**	-	0.5
Separately disclosed items after taxation	**(6.9)**	-	(10.2)

Due to the impact of Covid-19 combined with a sharp fall in energy prices, project work within Marine Support has sharply declined or has been deferred and the Group commenced a material restructure of the division. In the first half, a charge of £1.5m (2019: £nil) was recognised.

The Group has taken an impairment charge of £4.8m in relation to certain tangible and intangible assets within Marine Support, Offshore Oil and Specialist Technical reflecting a reduction in medium term opportunities for these assets to generate acceptable cash flow returns based on latest forecasts.

Acquisition related income and charges benefitted from a release in contingent consideration in 2019 which was not repeated and primarily comprises amortisation on acquired intangibles.

6 Net finance expense

	2020 Six months ended 30 June £m	2019 Six months ended 30 June £m	2019 Year ended 31 December £m
Finance income:			
Interest receivable on short-term deposits	**0.1**	0.1	0.3
Finance expense:			
Bank loans and overdrafts	**(3.4)**	(2.5)	(5.8)
Net interest on pension obligations	**(0.2)**	(0.2)	(0.3)
Unwind of discount on right-of-use lease liability	**(0.8)**	(0.9)	(1.7)
Unwind of discount on contingent consideration	**(0.1)**	(0.1)	(0.3)
	(4.5)	(3.7)	(8.1)
Net finance expense	**(4.4)**	(3.6)	(7.8)

7 Taxation

The Group's effective rate on profit before income tax was 28.2% (30 June 2019: 18.9%, 31 December 2019: 23.2%). The effective income tax rate on underlying profit before income tax, based on an estimated rate for the year ending 31 December 2020, was 20.7% (30 June 2019: 20.0%, 31 December 2019: 19.8%). This is based on the estimated effective tax rate for the year to 31 December 2020. Of the total tax charge, £2.0m relates to overseas businesses (30 June 2019: £2.5m). Taxation on profit has been estimated based on rates of taxation applied to the profits forecast for the full year.

8 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, after excluding 9,227 (June 2019: 510, December 2019: 510) 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 30 June 2020, 139,506 options (June 2019: nil, December 2019: 44,809) 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 purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

Weighted average number of shares

	30 June 2020 Number of shares	30 June 2019 Number of shares	31 December 2019 Number of shares
For basic earnings per ordinary share	**50,332,654**	50,248,652	50,282,962
Exercise of share options and LTIPs	**107,576**	298,511	240,597
For diluted earnings per ordinary share	**50,440,230**	50,547,163	50,523,559

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 3).

	2020 Six months ended 30 June £m	2019 Six months ended 30 June £m	2019 Year ended 31 December £m
Profit attributable to owners of the Company	**5.0**	17.0	36.7
Separately disclosed items	**8.0**	-	10.7
Tax on separately disclosed items	**(1.1)**	(0.2)	(0.5)
Underlying profit attributable to owners of the Company	**11.9**	16.8	46.9
Earnings per share	**pence**	pence	pence
Basic earnings per share	**9.9**	33.8	73.1
Diluted earnings per share	**9.9**	33.6	72.7
Underlying basic earnings per share	**23.6**	33.4	93.2
Underlying diluted earnings per share	**23.6**	33.2	92.8

9 Interim dividend

The proposed interim dividend of 8.0p (2019: 11.3p) per 25p ordinary share is payable on 6 November 2020 to those shareholders on the register of the Company at the close of business on 2 October 2020.

10 Retirement benefit obligations

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

	2020 Six months ended 30 June £m	2019 Six months ended 30 June £m	2019 Year ended 31 December £m
Net obligation as at 1 January	**(5.8)**	(16.1)	(16.1)
Expense recognised in the income statement	**(0.2)**	(0.2)	(0.5)
Contributions paid to scheme	**1.2**	5.6	8.6
Remeasurement gains and losses	**(0.4)**	-	2.2
At period end	**(5.2)**	(10.7)	(5.8)

The Group's net liabilities in respect of its pension schemes were as follows:

	2020 Six months ended 30 June £m	2019 Six months ended 30 June £m	2019 Year ended 31 December £m
Shore Staff	**(0.3)**	(4.0)	(0.4)
Merchant Navy Officers Pension Fund	**(3.2)**	(4.2)	(3.4)
Merchant Navy Ratings Pension Fund	**(1.7)**	(2.5)	(2.0)
	(5.2)	(10.7)	(5.8)

The principal assumptions in respect of these liabilities are disclosed in the December 2019 Annual Report. The Group has not obtained an interim valuation for the period ended 30 June 2020. In the first half of 2020, the Group paid contributions to defined benefit schemes of £0.3m (2019: £5.6m).

11 Goodwill

	2020 Six months ended 30 June £m	2019 Six months ended 30 June £m	2019 Year ended 31 December £m
At 1 January	**185.5**	171.4	171.4
Acquisitions	**-**	12.1	15.6
Transfers	**-**	-	0.7
Exchange differences	**(2.7)**	0.7	(2.2)
At period end	**182.8**	184.2	185.5

At the half year, the results of the impairment tests carried out in respect of the year ended 31 December 2019, were revisited in light of the current impact of Covid-19 on the Group's performance.

The recoverable amount of the cash generating units (CGU's) has been assessed based on value in use calculations using cash projections based on 3 year plans approved by the Board which have been adjusted based on information available to reflect the impact of the Covid-19 outbreak and the sharp decline in energy prices which particularly impacted projects in our Marine Support and Offshore Oil divisions. 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.

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 none of which gave rise to an impairment to goodwill of any of the CGU's.

12 Reconciliation of net borrowings

	1 January 2020 £m	Cash flow £m	Other non-cash £m	Exchange movement £m	30 June 2020 £m
Cash and cash equivalents	**18.5**	**2.9**	**-**	**(0.6)**	**20.8**
Debt due after 1 year	**(207.4)**	**26.1**	**(0.1)**	**(1.5)**	**(182.9)**
Debt due within 1 year	**(11.3)**	**3.1**	**-**	**-**	**(8.2)**
	(218.7)	**29.2**	**(0.1)**	**(1.5)**	**(191.1)**
Lease liabilities	**(30.2)**	**6.2**	**(3.8)**	**(0.4)**	**(28.2)**
Net borrowings (IFRS 16)	**(230.4)**	**38.3**	**(3.9)**	**(2.5)**	**(198.5)**
Right-of-use liability	**27.4**	**(6.1)**	**3.7**	**0.4**	**25.4**
Net borrowings (IAS 17)	**(203.0)**	**32.2**	**(0.2)**	**(2.1)**	**(173.1)**

	1 January 2019 £m	Cash flow £m	Other non-cash £m	Exchange movement £m	30 June 2019 £m
Cash and cash equivalents	18.6	(1.3)	-	0.1	17.4
Debt due after 1 year	(122.0)	(43.4)	(0.2)	(0.1)	(165.7)
Debt due within 1 year	(10.0)	0.5	(1.4)	-	(10.9)
	(132.0)	(42.9)	(1.6)	(0.1)	(176.6)
Lease liabilities	(0.2)	5.6	(36.7)	-	(31.3)
Net borrowings (IFRS 16)	(113.6)	(38.6)	(38.3)	-	(190.5)
Right-of-use liability	-	(5.5)	36.6	-	31.1
Net borrowings (IAS 17)	(113.6)	(44.1)	(1.7)	-	(159.4)

	1 January 2019 £m	Cash flow £m	Other non-cash £m	Exchange movement £m	31 December 2019 £m
Cash and cash equivalents	18.6	0.7	-	(0.8)	18.5
Debt due after 1 year	(122.0)	(84.1)	(2.3)	1.0	(207.4)
Debt due within 1 year	(10.0)	(1.3)	-	-	(11.3)
	(132.0)	(85.4)	(2.3)	1.0	(218.7)
Lease liabilities	(0.2)	11.3	(40.7)	(0.6)	(30.2)
Net borrowings (IFRS 16)	(113.6)	(73.4)	(43.0)	(0.4)	(230.4)
Right-of-use liability	-	(11.1)	37.9	0.6	27.4
Net borrowings (IAS 17)	(113.6)	(84.5)	(5.1)	0.2	(203.0)

13 Commitments and contingencies

Capital commitments at 30 June 2020 were £0.9m (2019: £26.5m; 31 December: £1.3m).

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 seven 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 2020 and 2023.

(d) Subsidiaries of the Group have issued performance and payment guarantees to third parties with a total value of £81.3m (June 2019: £70.6m, December 2019: £73.9m).

(e) The Group is liable for further contributions in the future to the MNOPF and MNRPF if additional actuarial deficits arise or if other employers liable for contributions are not able to pay their share. The Group and Company remains jointly and severally liable for any future shortfall in recovery of the MNOPF 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 multinational and less developed markets which presents increased operational and financial risk in both complying with potentially uncertain regulatory and legislative (including in relation to tax) environments and where local practice in those markets may be inconsistent with laws and regulations that govern the Group. Given this risk, from time to time concerns are raised and investigated regarding the potential for non-compliance with the legal and regulatory framework applicable to the Group.

In preparing the consolidated financial statements, judgements and estimates are required to be made in respect of any matters under active considerations at that time. This may include matters in areas such as relevant exchange control regulations, compliance with relevant laws and regulations, the impact of political instability, tax legislation and overall operating environments. Any changes impacting the assumptions underlying those estimates or judgements may give rise to a liability. The Directors consider the possibility of any liability arising in the future cannot currently either be excluded or quantified and therefore no provision has been included within the financial statements of the company and the Group for any such matters.

(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.

14 Related parties

There were no changes to related parties or associated transactions disclosed in the Annual Report for the year ended 31 December 2019.

Independent review report to James Fisher and Sons plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 6 month period ended 30 June 2020 which comprises condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 6 month period ended 30 June 2020 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

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

The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

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

Mike Barradell
for and on behalf of KPMG LLP
Chartered Accountants
1 St Peters Square
Manchester
M2 3AE

24 August 2020