7 September 2022

James Fisher and Sons plc
Half year results for the six months ended 30 June 2022

James Fisher and Sons plc (FSJ.L) ('James Fisher', 'the Group'), the leading marine service provider, announces its unaudited results for the six months ended 30 June 2022 ('the period').

	H1 2022	H1 2021	% change
Revenue	**£238.4m**	£233.7m	2.0%
Underlying operating profit margin	**4.0%**	5.7%	(170)bps
Return on capital employed	**2.7%**	5.4%	(270)bps
Underlying operating profit *	**£9.5m**	£13.3m	(28.6)%
Underlying profit before tax *	**£4.8m**	£9.2m	(47.8)%
Underlying diluted earnings per share **	**6.7p**	12.8p	(47.7)%
Statutory operating profit	**£7.9m**	£12.2m	(35.2)%
Statutory profit before tax	**£3.2m**	£8.1m	(60.5)%
Statutory diluted earnings per share	**3.7p**	26.8p	(86.2)%
Interim dividend per share	**Nil**	Nil	-

* excludes separately disclosed items of £1.6m loss (2021: £1.1m loss) (note 5)
** excludes separately disclosed items of £1.4m loss (2021: £7.1m profit) (note 5)

Financial summary:

- Revenue growth of 2.0% but business mix held back operating profit
- Strong growth in Offshore Oil and Tankships offset by lower contribution from Specialist Technical, as expected, and subdued ship-to-ship transfer activities in Marine Support
- Net debt at 30 June 2022 of £172.4m (30 June 2021: £189.2m)

Operational progress:

- Turnaround activities continue:
  - Restructuring activities expected to deliver c.£3m in annualised savings
  - Operational and commercial excellence programmes to be expanded to additional businesses by year end
  - Ongoing programme to rationalise the portfolio

Outlook

- H2 anticipated to be materially stronger than H1
  - July and August trading was in line with expectations
  - Strong order books in Offshore Oil and Marine Contracting
  - Tankships expected to continue trading well
  - Encouraging pipeline of potential projects in Specialist Technical, albeit timing remains subject to risk
- Given the limited visibility on the timing of new contracts in Specialist Technical, the Group's full year underlying operating profit is now expected to be broadly in line with 2021
- Seasonally driven operational cash flows are expected to lead to reduced year end net debt and leverage, which would be further decreased by any portfolio disposals in H2
- Although the ongoing geopolitical and economic climate is likely to remain uncertain, the Board is confident that it is taking the right steps to stabilise the business and create a platform for sustained recovery

Commenting, Angus Cockburn, Chairman said:
"The first half saw an increase in Group revenue but a decrease in profit, due to portfolio mix. Offshore Oil and Tankships produced strong revenue growth and improved profitability and Marine Contracting continued its turnaround. However, Fendercare's markets remained subdued and the cyclical nature of project work in Specialist Technical was reflected in its performance.

The Board and management team are taking decisive actions to address the ongoing issues affecting the Group's performance, including rolling out an operational excellence programme across the Group; continuing to explore ways to rationalise the portfolio; and restructuring the Fendercare and JFD businesses. More strategic actions will be completed in the second half.

Trading and order intake in the busy summer months of July and August were in line with expectations. H2 is anticipated to be materially stronger than H1. We expect to see continued strong demand within the Offshore Oil and Tankships divisions throughout the rest of the year. Order book coverage in Marine Contracting is good. Whilst Specialist Technical's sales pipeline remains strong, the timing of new, significant, long-term project wins is uncertain. As a result, full year underlying operating profit is now expected to be broadly in line with 2021.

The seasonality of working capital and collection of one JFD project milestone are expected to deliver a reduction in net debt by the end of the year. The debt position could be further improved by our ongoing portfolio rationalisation activities, which aim to reduce net debt and simplify and focus the Group.

Although the ongoing geopolitical and economic climate is likely to remain uncertain, the Board is confident that it is taking the right steps to stabilise the business and create a platform for sustained recovery."

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.

For further information:

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A virtual analyst presentation of the Half Year Results will take place today at 9.00am. The presentation can be accessed via:

Webcast link: https://storm-virtual-uk.zoom.us/j/81409724071

Or call in (audio only)
US: +1 646 876 9923
UK: +44 208 080 6591
Webinar ID: 814 0972 4071

Review of the six months ended 30 June 2022

Overview

Revenue increased by 2.0% in the first half to £238.4m (H1 2021: £233.7m) but portfolio mix held back operating margins, resulting in a reduction in underlying operating profit to £9.5m (H1 2021: £13.3m).

Strong double digit revenue growth and improved profitability in our Offshore Oil and Tankships divisions was offset by a more challenging period for the Specialist Technical division, as expected, where the cyclical nature of project work is reflected in its lower result. Operating profit in the Marine Support division was broadly in line with 2021. The Marine Contracting businesses continued their turnaround towards profitability, benefitting from ongoing restructuring activities and the Swordfish DSV being on hire. However, this was offset by subdued market demand for ship-to-ship transfer services in the higher margin Fendercare business, where current geopolitical events and a relatively stable, high oil price have adversely affected performance.

The reduced profitability and seasonal nature of the business contributed to an increase in net bank borrowings of £19.9m in the first half. COVID lockdowns in China also adversely impacted borrowings, delaying the Group's ability to complete the final steps of two long-term JFD projects that trigger final cash milestones. As a result, net debt on a covenant basis was £172.4m (31 December 2021: £155.8m; 30 June 2021: £189.2m) representing 3.3x EBITDA, compared to a covenant limit of 3.5x. One JFD milestone was invoiced in August and this, together with the seasonal profile of the Group's subsea business activities, is expected to support a working capital inflow over the second half and an improved net debt and leverage position at year end. The net debt position could be further improved by our ongoing portfolio rationalisation activities

Operational progress

The Group's focus remains on the intersection of the Energy, Defence and Marine markets. Good progress has been made in the renewables and decommissioning businesses, with a number of successfully completed projects in the period. The Group has continued to roll out its operational excellence programme, building on the pilot programme at RMSpumptools where we are already seeing positive results. Additional businesses are now in the process of deploying LEAN methodologies, aimed at making process improvement and efficiencies.

In line with the commitment to rationalise the portfolio, the Group is exploring strategic options for several businesses, which may result in their future sale. The Swordfish Dive Support Vessel is now on rent until Summer 2023, although discussions continue with regards to a potential sale of the vessel. In May, the Group signed a Memorandum of Understanding with National Marine Dredging Corporation of Abu Dhabi, with a view to jointly pursuing commercial opportunities, initially in the Middle East, but with the potential to expand geographically in future.

In response to the extended period of subdued activity, the Fendercare business completed a restructuring programme during H1, which yielded annualised cost savings of c.£1.5m. Post period-end the JFD business also completed a restructuring programme, with annualised cost savings expected to be c.£1.5m. Costs of achieving the restructurings in the full year results are anticipated to be c.£3m, of which approximately half is cash.

Financial performance

Revenue increased by 2.0% to £238.4m (H1 2021: £233.7m). Compared to H1 2021 the Group delivered strong growth in Offshore Oil (+28.0%) and Tankships (+32.5%) offset by reductions in Marine Support (-4.1%) and Specialist Technical (-17.4%). The mixed performance across divisions reflects market conditions and, in the case of Specialist Technical, a low point in the long-term projects cycle following several years of high levels of activity.

Demand for the products and services of the Offshore Oil division was high, with a significant increase in well-testing activity and record order intake for RMSpumptools in the period. Tankships performed well and showed significant growth against a comparator period that was adversely affected by lockdowns in the UK. The Marine Support division continued to experience lower levels of activity, particularly in the high-margin ship-to-ship transfer business. The Group expected a reduction within the Specialist Technical division as a number of long-term projects are now all-but complete and have yet to be replaced with new project wins, however the operating loss in that division was more pronounced due to ~£2m of provisions against underperforming contracts.

Underlying operating profit, which excludes separately disclosed items, was £9.5m, £3.8m behind H1 2021, resulting in an underlying operating profit margin of 4.0% compared to 5.7% in the prior period. The reduction in higher margin Specialist Technical long-term projects outweighed the positive progress within the Offshore Oil and Tankships divisions. Planned pay increases for the first time in two years cost ~£1.5m in the first half of the year. High levels of inflation are predicted to continue, and the Board is actively exploring measures to provide support to employees, which could have some impact on financial performance during H2.

Statutory operating profit, at £7.9m, is £4.3m below prior year, reflecting the reduction in underlying operating profit performance discussed above, and net separately disclosed items of £1.6m (H1 2021: £1.1m). The Group generated a gain of £1.0m on the sale of a Tankships vessel (H1 2021: £0.3m profit on vessel disposal), which was offset by amortisation of acquired intangible assets of £1.1m (2021: £1.4m) and a past service cost of £1.5m recognised in relation to the MNRPF pension fund, of which the Group is a participant following a High Court ruling in February clarifying additional ill health benefits. There has been no cash outflow in relation to the pension fund past service cost.

Profit before tax was £3.2m (H1 2021: £8.1m) and the underlying effective tax rate was 28.4% compared to 29.3% in the period to 30 June 2021. The prior period included a £8.2m credit through the income tax in relation to the recognition of a deferred tax asset. This was shown as a separately disclosed item in H1 2021. There are no similar one-offs in H1 2022.

Earnings per share was 3.7p compared to 26.8p in H1 2021, reflecting the reduced operating profit performance and non-repeating tax credit recognised in the prior period.

Dividends

The Board remains committed to reintroducing a sustainable and progressive dividend policy at the appropriate time. However, considering our current absolute levels of net debt and the resulting leverage ratio, the Board has not declared an interim dividend for 2022 (2021: Nil).

Liquidity

At 30 June 2022 the Group had revolving credit facilities totalling £287.5m (31 December 2021: £287.5m; 30 June 2021: £300.0m). Undrawn facilities were £115.5m. Given the level of undrawn facilities, a £40m revolving credit facility that expired in July 2022 was not replaced.

Bank borrowings of £159.5m were £19.9m higher than 31 December 2021, but £10.8m below 30 June 2021. The Group typically experiences a working capital outflow in the first half of each year due to the seasonality of the business.

£m	30 June 2022	31 Dec 2021	30 June 2021	30 June 2022	31 Dec 2021	30 June 2021
Net bank borrowings	159.5	139.6	170.3	159.5	139.6	170.3
Finance leases (IAS 17)	7.7	7.8	8.4	7.7	7.8	8.4
Right of use liabilities	38.3	38.2	32.3	-	-	-
Bonds/guarantees	-	-	-	5.2	8.4	10.5
Net debt	**205.5**	**185.6**	**211.0**			
Net debt – covenant basis				**172.4**	**155.8**	**189.2**
EBITDA – covenant basis				**52.9**	**54.3**	**65.0**
Net debt : EBITDA				**3.3**	**2.9**	**2.9**

When measured on a covenant basis, the ratio of net debt to EBITDA was 3.3 times (31 December 2021: 2.9 times; 30 June 2021: 2.9 times) compared to a covenant limit of 3.5 times.

Environmental, Social and Governance

The Group published its sustainability report with its Annual Report. This report sets out our commitment to improving the impact that our products and services have on the environment and the areas in which we operate.

Improvements in the Group's governance are ongoing, with third party support received during the period in relation to risk management and internal controls enhancements. The Group has also, for the first time, completely outsourced its Internal Audit programme to a third party, with the aim of providing robust independent challenge to the business, including a review of the budgeting and forecasting processes conducted during H1.

James Fisher continues to focus on diversity and inclusion. In the first half of 2022, women represented 38% of our Board membership and 36% of our Executive Committee, both showing an increase from the 29% and 33% in H1 2021 respectively.

Board changes

There have been two changes to the Board this year. Jean Vernet joined on 5 September 2022 as the Group's Chief Executive Officer, replacing Eoghan O'Lionaird who had announced his intention to step down in June. Claire Hawkings replaced Mike Salter as a Non-Executive Director following Mike's nine years of service to the Group. The Board would like to express its sincere thanks to both Eoghan and Mike for their contributions to the Group during their respective tenures.

Summary and Outlook

The first half saw an increase in Group revenue but a decrease in profit, due to portfolio mix. Offshore Oil and Tankships produced strong revenue growth and improved profitability and Marine Contracting continued its turnaround. However, Fendercare's markets remained subdued and the cyclical nature of project work in Specialist Technical was reflected in its performance.

The Board and management team are taking decisive actions to address the ongoing issues affecting the Group's performance, including rolling out an operational excellence programme across the Group; continuing to explore ways to rationalise the portfolio; and restructuring the Fendercare and JFD businesses. More strategic actions will be completed in the second half.

Trading and order intake in the busy summer months of July and August were in line with expectations. H2 is anticipated to be materially stronger than H1. We expect to see continued strong demand within the Offshore Oil and Tankships divisions throughout the rest of the year. Order book coverage in Marine Contracting is good. Whilst Specialist Technical's sales pipeline remains strong, the timing of new, significant, long-term project wins is uncertain. As a result, full year underlying operating profit is now expected to be broadly in line with 2021.

The seasonality of working capital and collection of one JFD project milestone are expected to deliver a reduction in net debt by the end of the year. The debt position could be further improved by our ongoing portfolio rationalisation activities, which aim to reduce net debt and simplify and focus the Group.

Although the ongoing geopolitical and economic climate is likely to remain uncertain, the Board is confident that it is taking the right steps to stabilise the business and create a platform for sustained recovery.

Business review

Marine Support

	H1 2022	H1 2021	change
Revenue (£m)	**93.6**	97.7	(4.1%)
Underlying operating profit (£m)	**1.5**	2.1	(28.6%)
Underlying operating margin	**1.6%**	2.1%	
Return on capital employed	**3.0 %**	3.7%	

The Marine Support division consists of three businesses, all aimed at supporting the marine and energy markets. Marine Contracting principally provides subsea services to both the oil & gas and offshore wind markets; Fendercare provides essential ship-to-ship transfer services and related products; and Digital and Data Services ("DDS") provides innovative technological solutions aimed at improving the efficiency and productivity of our customers' offshore assets.

Marine Contracting

The Marine Contacting business continued its turnaround in profitability. In particular, profit growth was delivered in the Middle East, where the Swordfish dive support vessel is now on full-time hire; Africa, which was aided by the release of project-related contingencies no longer required; and Brazil, where demand for its diving services remained strong. The suspended LNG project in Mozambique has yet to restart. In Europe, although revenue was marginally above the prior year, a combination of poor operational delivery and delayed/rescoped projects held back profitability. EDS, the high voltage cabling business, experienced a difficult six months due to some specific staffing issues. This matter is now resolved, with vacancies filled, and the EDS business is looking forward to H2 with greater confidence.

Fendercare

Revenue of £38.4m was £0.4m below H1 2021. This included a 6.2% reduction in ship-to-ship (STS) transfer revenues offset by good product sales growth across the Fendercare products and Martek businesses. The Group purchases global STS operations data from a third party, which estimates that the total number of global STS operations was 27% behind the peak of 2020. We believe that levels of commodity trading (each trade is accompanied by a physical transfer of oil) were low due to the relatively high and stable price of crude oil during the period. In response to lower demand, management completed a restructuring programme towards the end of H1 which has reduced annualised operating costs by c.£1.5m.

The Group's policy in relation to the current conflict in Ukraine meant that Fendercare chose not to bid for a number of STS operations, particularly during March and April. More recently, the business has seen increasing momentum, starting in June, in both crude oil STS and LNG operations, where Fendercare is well positioned to deliver on the expected increase in demand as Europe seeks to secure its winter energy supplies.

DDS

Revenue in the period was £11.0m (H1 2021: £12.7m, including £0.6m from a business sold in December 2021), with growth in AIS, Prolec and Mimic offset by an expected reduction from Strainstall, which ended the period in line with our expectations. Demand for the digital twin solutions offered by AIS remained strong, with several new installations completed in the period for international energy companies. The business also released an enhanced new version of its software.

Specialist Technical

	H1 2022	H1 2021	change
Revenue (£m)	**56.1**	67.8	(17.4%)
Underlying operating (loss)/profit (£m)	**(2.5)**	5.6	(144.6%)
Underlying operating margin	**(4.5)%**	8.3%	
Return on capital employed	**1.6%**	11.2%	

Performance in the Specialist Technical division was disappointing in the period. Although 2022 revenue was expected to be lower than 2021 due to the cyclical nature of long-term projects, ~£2m of provisions were required against underperforming contracts, resulting in a loss for the period of £2.5m compared to a £5.6m profit in H1 2021.

JFD, the diving and defence business, saw improved demand for its short-cycle diving equipment which had experienced a challenging 2021. No new significant project wins were secured in H1 although the sales pipeline remains strong, with more than £250m of qualified new business opportunities. The completion of two long-term projects, triggering final invoicing and cash milestones, was expected during the period. However, lockdowns in China prevented either being delivered. One of the milestones was invoiced in August following shipment of a completed vessel to its customer, but the other milestone is now most likely delayed until H1 2023. As previously mentioned, management completed a restructuring programme early in Q3, aimed at delivering annualised cost savings of £1.5m.

JFN, the Group's nuclear decommissioning business, has continued to work on its long-term projects during the period. Tenders have been submitted for significant new opportunities, for which we await customer decisions. The team has made good progress during the period on implementing a programme of internal improvements to both the commercial and project management processes. Revenue in the period was £23.4m compared to £27.1m in 2021. The smaller "run-rate" projects that were postponed at the end of 2021 began to be awarded during Q1, however, more recently the industry is again showing signs of slowing down as inflationary pressures on fixed budgets are forcing customers to reassess how many new projects will be awarded during 2022.

Offshore Oil

	H1 2022	H1 2021	change
Revenue (£m)	**50.8**	39.6	28.0%
Underlying operating profit (£m)	**8.2**	5.3	54.7%
Underlying operating margin	**16.2%**	13.4%	
Return on capital employed	**12.2%**	9.2%	

The Offshore Oil division delivered strong growth, with revenue up 28.0% to £50.8m (H1 2021: £39.6m) and underlying operating profit growth of 54.7% to £8.2m (H1 2021: £5.3m). Demand for well-testing services was high throughout the period, and bubble curtain projects also showed an increase from £3.2m to £4.0m in the period. The Scantech business is investing in a new fleet of proprietary, fuel-efficient compressors aimed at both replacing its current aging fleet and improving the customer offering into the renewables market.

RMSpumptools achieved record order intake for its artificial lift technology in the period. The business is continuing to deploy LEAN methodologies in its manufacturing operations and has so far delivered improved order fulfilment (On Time In Full). Geographic expansion activities continued, with a new manufacturing site in Saudi Arabia planned to be fully operational during the second half of the year.

The Decommissioning business has delivered good growth following a frustrating second half of 2021 which saw several projects delayed. Revenue in the period was £7.0m compared to £2.6m in H1 2021 and £8.0m for the full year in 2021.

Second half order books for the Offshore Oil companies are strong, with RMSpumptools at record levels.

Tankships

	H1 2022	H1 2021	change
Revenue (£m)	**37.9**	28.6	32.5%
Underlying operating profit (£m)	**4.2**	2.1	100.0%
Underlying operating margin	**11.1%**	7.3%	
Return on capital employed	**20.3%**	20.1%	

The Tankships division performed well against a comparative period that was adversely affected by UK lockdowns. Tanker utilisation was strong (88% vs 80%) and the day rate for charters remained at high levels. Cattedown Wharves has also seen some recovery in the period. Overall, revenue increased by 32.5% to £37.9m (H1 2021: £28.6m).

The combination of strong utilisation, high day rates, and an easing of the Covid-related operating costs incurred in the prior year resulted in underlying operating profit doubling to £4.2m in the period (H1 2021: £2.1m).

Progress on the two new-build dual-fuel vessels has been good, with both on track from a timeline and budget perspective. The first of the vessels (The Sir John Fisher) is undergoing fit-out and sea trials now ahead of anticipated delivery in Q4. The new vessels will replace two aging vessels that are reaching the end of their commercial life. The first of those, The Thames Fisher, was sold in the period, yielding a £1.0m profit on sale, which is shown within "Separately disclosed items" in the Income Statement, with sale proceeds collected over a two-year lease period.

Cashflow and borrowings

Net bank borrowings as at 30 June 2022 were £159.5m, representing a £19.9m increase in borrowings from 31 December 2021, but an improvement of £10.8m compared to the same point in 2021.

As anticipated, the Group saw a working capital outflow during the period. The seasonality of the offshore projects businesses means that receivables build during May and June as summer projects commence. Debtor days continued to show some positive progress, being 83 in June 2022 vs 87 days in June 2021. Creditor days are in line with 30 June 2021 at 97 days.

Capital expenditure, at £10.1m, was higher than the £6.5m in H1 2021 and more in line with 2020, which was £11.8m. The Board approved one significant capital expenditure project in the period, being investment in next-generation, fuel-efficient compressors to replace an aging fleet within ScanTech Offshore. The Group generated £1.5m in asset disposal proceeds, which compares to £14.5m in the prior period, which included £12.6m in relation to the Paladin Dive Support Vessel. There were no acquisitions in the period, or in the prior period, with net outflows of £1.4m in 2022 and £0.4m in 2021 representing deferred consideration on acquisitions completed in prior years.

Tax and interest payments were broadly in line with prior year at £7.5m (2021: £7.8m).

Balance sheet

Non-current assets increased by £3.7m during the period, from £339.9m to £343.6m. This is principally due to the recognition of a defined benefit pension fund asset of £5.8m. A surplus, when calculated on an accounting basis, is recognised when the Group has a right to receive surplus funds from the pension scheme in the hypothetical situation that there are no remaining pensioners and pension fund assets remain undistributed. The asset has been recorded in accordance with the requirements of IAS19 and IFRIC14.

Current assets have increased by £19.5m to £304.5m (31 December 2021: £285.0m; 30 June 2021: £313.3m). The principal movements are increases in inventory and receivables, offset by a reduction in short-term cash balances. Inventory has increased as a result of increased activity, particularly in RMSpumptools, which has received record orders in the period and is purchasing additional components to ensure demand is met. Receivables of £184.3m are in line with 30 June 2021 and £27.0m above 31 December 2021, principally reflecting the seasonality of the business.

Current liabilities have increased by £12.7m to £212.2m and again are more closely aligned to the position as at 30 June 2021 (£209.5m). The increase in trade creditors is consistent with the increase in trade debtors and reflects the seasonality of the business. Short-term bank borrowings (i.e. overdrafts) have increased to £42.7m from £33.6m at 31 December 2021, with the net position of short-term cash and short-term borrowings having reduced to £11.0m at 30 June 2022 (31 December £34.4m; 30 June 2021: £11.8m) as cash received close to the year end was used to subsequently pay down borrowings.

Long-term liabilities, at £210.5m, are £4.3m lower than as at 31 December 2021, principally reflecting the movement in long-term borrowings in the period.

Overall, the Group's net assets have increased in the period from £210.6m at 31 December 2021 to £225.4m at 30 June 2022.

Risks and uncertainties

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 2021 Annual Report and Accounts on pages 61-69. The principal risks set out in the 2021 Annual Report and Accounts were:

- Operational – project delivery, recruitment and retention of key staff, health and safety, contractual, cyber security and pandemic risks;
- Strategic – climate change, operating in emerging markets; and
- Financial – interest rate, foreign exchange and credit risks.

The Board considers that the principal risks and uncertainties set out in the 2021 Annual Report and Accounts remain the same.

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 for use in the United Kingdom;

(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:

J Vernet
Chief Executive Officer

D Kennedy
Chief Financial Officer

6 September 2022

Independent review report to James Fisher and Sons plc

Conclusion

We have been engaged by the company to review the condensed consolidated interim financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement 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 six months ended 30 June 2022 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity (“ISRE (UK) 2410”) issued 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.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

Directors’ responsibilities

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

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards.

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 for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the group’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 the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

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. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

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

Ailsa Griffin
for and on behalf of KPMG LLP
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
6 September 2022

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2022

	Note	**Six months ended 30 June 2022**	Six months ended 30 June 2021	Year ended 31 December 2021
		£m	£m	£m
Revenue	4	**238.4**	233.7	494.1
Cost of sales		**(182.7)**	(177.6)	(384.6)
Gross profit		**55.7**	56.1	109.5
Administrative expenses		**(49.2)**	(44.9)	(132.2)
Share of post tax results of joint ventures		**1.4**	1.0	2.0
Operating profit/(loss)	4	**7.9**	12.2	(20.7)
Analysis of operating profit:				
Underlying operating profit		**9.5**	13.3	28.0
Separately disclosed items		**(1.6)**	(1.1)	(48.7)
Net finance expense	6	**(4.7)**	(4.1)	(8.3)
Profit/(loss) before taxation		**3.2**	8.1	(29.0)
Analysis of profit before tax:				
Underlying profit before taxation		**4.8**	9.2	19.7
Separately disclosed items	5	**(1.6)**	(1.1)	(48.7)
Income tax	7	**(1.2)**	5.5	0.8
Profit/(loss) for the period		**2.0**	13.6	(28.2)
Attributable to:				
Owners of the Company		**1.9**	13.5	(27.8)
Non-controlling interests		**0.1**	0.1	(0.4)
		2.0	13.6	(28.2)
(Loss)/earnings per share		**pence**	pence	pence
Basic	8	**3.7**	26.8	(55.2)
Diluted	8	**3.7**	26.8	(55.2)
Underlying earnings per share				
Basic	8	**6.7**	12.8	20.0
Diluted	8	**6.7**	12.8	20.0

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2022

	Note	**Six months ended 30 June 2022 £m**	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Profit/(loss) for the period		**2.0**	13.6	(28.2)
Items that will not be reclassified to the income statement				
Actuarial gain in defined benefit pension schemes	10	**7.6**	2.8	6.3
Tax on items that will not be reclassified		**(0.9)**	-	(0.5)
		6.7	2.8	5.8
Items that may be reclassified subsequently to the income statement				
Exchange differences on foreign currency net investments		**6.6**	(2.3)	(2.6)
Effective portion of changes in fair value of cash flow hedges		**(1.7)**	(1.2)	(2.6)
Effective portion of changes in fair value of cash flow hedges in joint ventures		**0.2**	0.1	0.3
Net change in fair value of cash flow hedges transferred to income statement		**0.7**	(0.6)	0.3
Deferred tax on items that may be reclassified		**0.3**	0.1	0.4
		6.1	(3.9)	(4.2)
Total comprehensive income for the period		**14.8**	12.5	(26.6)
Attributable to:				
Owners of the Company		**14.6**	12.4	(26.1)
Non-controlling interests		**0.2**	0.1	(0.5)
		14.8	12.5	(26.6)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2022

	Note	**30 June 2022 £m**	30 June 2021 £m restated*	31 December 2021 £m
Non-current assets				
Goodwill	11	**135.1**	165.8	133.5
Other intangible assets		**11.4**	18.2	13.3
Property, plant and equipment		**120.9**	126.7	122.2
Right-of-use assets		**39.5**	41.0	41.8
Investment in joint ventures		**9.6**	7.7	8.0
Retirement benefit surplus	10	**5.8**	-	-
Other investments		**1.4**	1.4	1.4
Deferred tax assets		**8.9**	10.9	9.6
Other receivables		**11.0**	-	10.1
		343.6	371.7	339.9
Current assets				
Inventories		**54.3**	51.5	49.0
Trade and other receivables		**183.4**	183.6	157.3
Assets held for sale	13	**13.0**	15.2	10.7
Cash and cash equivalents	12	**53.8**	63.0	68.0
		304.5	313.3	285.0
Current liabilities				
Trade and other payables		**(155.9)**	(142.3)	(149.5)
Provisions for liabilities and charges		**(2.0)**	(0.6)	(2.0)
Liabilities associated with assets held for sale	13	**-**	(1.7)	-
Current tax		**(1.6)**	(4.8)	(4.5)
Borrowings		**(42.7)**	(51.2)	(33.6)
Lease liabilities		**(10.0)**	(8.9)	(9.9)
		(212.2)	(209.5)	(199.5)
Net current assets		**92.3**	103.8	85.5
Total assets less current liabilities		**435.9**	475.5	425.4
Non-current liabilities				
Other payables		**(1.6)**	(3.3)	(1.3)
Provisions		**(1.3)**	(1.4)	(1.1)
Retirement benefit obligations	10	**(0.7)**	(6.6)	(1.9)
Cumulative preference shares		**(0.1)**	(0.1)	(0.1)
Borrowings		**(170.5)**	(182.0)	(173.9)
Lease liabilities		**(36.0)**	(31.8)	(36.1)
Deferred tax liabilities		**(0.3)**	(0.5)	(0.4)
		(210.5)	(225.7)	(214.8)
Net assets		**225.4**	249.8	210.6
Equity				
Called up share capital		**12.6**	12.6	12.6
Share premium		**26.8**	26.8	26.8
Treasury shares		**(0.6)**	(0.6)	(0.6)
Other reserves		**(14.4)**	(20.5)	(20.4)
Retained earnings		**200.1**	230.7	191.5
Equity attributable to owners of the Company		**224.5**	249.0	209.9
Non-controlling interests		**0.9**	0.8	0.7
Total equity		**225.4**	249.8	210.6

* Right-of-use assets and retained earnings have been restated for the 30 June 2021 comparative to reflect a change in accounting policy in respect of dry dock overhauls (see note 1 to the Annual Report 2021).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2022

	Share capital	Share premium	Retained earnings	Other reserves	Treasury shares	Shareholders' equity	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2022	**12.6**	**26.8**	**191.5**	**(20.4)**	**(0.6)**	**209.9**	**0.7**	**210.6**
Profit for the year	**-**	**-**	**1.9**	**-**	**-**	**1.9**	**0.1**	**2.0**
Other comprehensive income	**-**	**-**	**6.7**	**6.0**	**-**	**12.7**	**0.1**	**12.8**
Contributions by and distributions to owners: Changes in ownership interest without a change in control	**-**	**-**	**(0.3)**	**-**	**-**	**(0.3)**	**-**	**(0.3)**
Share based payments	**-**	**-**	**0.3**	**-**	**-**	**0.3**	**-**	**0.3**
At 30 June 2022	**12.6**	**26.8**	**200.1**	**(14.4)**	**(0.6)**	**224.5**	**0.9**	**225.4**

	Share capital	Share premium	Retained earnings	Other reserves	Treasury shares	Shareholders' equity	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2021	12.6	26.7	212.6	(16.5)	(0.2)	235.2	0.7	235.9
Accounting policy change - Right of use Refit capitalisation	-	-	2.0	-	-	2.0	-	2.0
At 1 January 2021	12.6	26.7	214.6	(16.5)	(0.2)	237.2	0.7	237.9
Profit for the year			13.5	-		13.5	0.1	13.6
Other comprehensive income	-	-	2.8	(3.9)	-	(1.1)	-	(1.1)
Remeasurement of non-controlling interest put option	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Share based payments	-	-	0.3	-	-	0.3	-	0.3
Tax effect of share based payments	-	-	0.1	-	-	0.1	-	0.1
Purchase of shares by ESOT	-	-	-	-	(0.5)	(0.5)	-	(0.5)
Notional purchase of own shares	-	-	(0.5)	-	-	(0.5)	-	(0.5)
Issue of shares	-	0.1	-	-	-	0.1	-	0.1
Transfer	-	-	(0.1)	-	0.1	-	-	-
At 30 June 2021	12.6	26.8	230.7	(20.5)	(0.6)	249.0	0.8	249.8

Other reserve movements

Other reserves	Translation reserve £m	Hedging reserve £m	Put option liability £m	Total £m
At 1 January 2021	(14.3)	0.5	(2.7)	(16.5)
Other comprehensive income	(2.6)	(1.5)	-	(4.1)
Remeasurement of non-controlling interest put option	-	-	0.2	0.2
At 31 December 2021	(16.9)	(1.0)	(2.5)	(20.4)
Other comprehensive income	6.6	(0.6)	-	6.0
Remeasurement of non-controlling interest put option	-	-	-	-
At 30 June 2022	(10.3)	(1.6)	(2.5)	(14.4)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 June 2022

	Note	**Six months ended 30 June 2022 £m**	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Profit/(loss) before tax for the period		**3.2**	8.1	(29.0)
Adjustments to reconcile profit/(loss) before tax to net cash flows				
Depreciation and amortisation		**20.4**	21.1	44.2
Separately disclosed items (excluding amortisation)		**0.5**	(0.3)	45.8
Other non-cash items		**4.2**	3.0	7.8
Increase in inventories		**(3.9)**	(5.3)	(2.7)
Increase in trade and other receivables		**(21.2)**	(24.8)	(15.4)
Increase in trade and other payables		**0.5**	2.8	10.0
Defined benefit pension cash contributions less service cost		**(1.0)**	(1.0)	(2.2)
Cash generated from operations		**2.7**	3.6	58.5
Cash outflow from separately disclosed items		**-**	-	(1.7)
Income tax payments		**(4.4)**	(4.5)	(7.9)
Cash flow from operating activities		**(1.7)**	(0.9)	48.9
Investing activities				
Dividends from joint venture undertakings		**1.0**	0.7	1.6
Proceeds from the disposal of a subsidiary		**-**	-	6.2
Proceeds from the disposal of property, plant and equipment		**1.5**	14.3	14.7
Finance income		**0.2**	0.2	0.3
Acquisition of subsidiaries, net of cash acquired		**(1.4)**	(0.4)	(1.1)
Acquisition of property, plant and equipment		**(10.1)**	(6.5)	(22.1)
Development expenditure		**(0.6)**	(0.8)	(1.5)
Cash flows (used in)/from investing activities		**(9.4)**	7.5	(1.9)
Financing activities				
Proceeds from the issue of share capital		**-**	0.1	0.1
Finance costs		**(3.1)**	(3.3)	(5.6)
Purchase of own shares by Employee Share Ownership Trust		**-**	(0.5)	(0.5)
Notional purchase of own shares for LTIP vesting		**-**	(0.5)	(0.5)
Capital element of lease repayments		**(7.0)**	(6.6)	(13.7)
Proceeds from borrowings		**17.0**	10.5	84.0
Repayment of borrowings		**(21.0)**	(7.9)	(89.9)
Cash flows used in financing activities		**(14.1)**	(8.2)	(26.1)
Net (decrease)/increase in cash and cash equivalents		**(25.2)**	(1.6)	20.9
Cash and cash equivalents at beginning of period		**34.5**	13.5	13.5
Net foreign exchange differences		**1.8**	-	0.1
Cash and cash equivalents at end of period	12	**11.1**	11.9	34.5

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 2022 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in jointly controlled entities.

Statement of compliance

These condensed consolidated interim financial statements, which have been reviewed and not audited, have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as adopted for use in the UK. 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 2021. 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 2021.

The comparative figures for the financial year ended 31 December 2021 are not the Group's statutory accounts for that financial year. Those accounts which were prepared in accordance with UK-adopted International Financial Reporting Standards (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 2021 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 0.1 million pounds (£m) except where otherwise indicated.

Going concern

The Group had £115.5m of undrawn committed facilities at 30 June 2022 (June 2021: £115.6m; December 2021: £111.5m). At 30 June 2022, the Group had £287.5m of committed facilities, unchanged from December 2021. £40m of revolving credit facilities which existed at 30 June 2022 were due for renewal in July 2022, however it was decided not to pursue the renewal.

The committed credit facilities mentioned above are linked to covenant compliance requirements, being a net debt to EBITDA ratio and interest cover. The Group has been in compliance with covenant requirements at the 30 June 2022 measurement date and is forecasting to be compliant for at least 12 months from the date of approval of these condensed interim financial statements. As at the date of approval of the financial statements, the Group has £46m of undrawn credit facilities available with sufficient headroom forecasted for the 12 months from the date of this report.

The Group continues to closely monitor and manage its liquidity. The Group has prepared base case cash flow forecasts for a period of at least 12 months from the date of approval of the condensed interim financial statements, taking into account the impacts of wider macro-economic environment. The base case was prepared under conservative assumptions that no disposals of non-core businesses would materialise in the assessment period and any expiring facilities would not be renewed. The Group continues to work on rationalisation of its business portfolio and expects to renew the expiring facilities. The base case demonstrated the Company would have headroom against facilities and comply with covenants. A number of severe but plausible downside scenarios were modelled compared to the base case forecast of profit and cash flow to assess headroom against facilities and covenant compliance for at least the next 12 months.

These scenarios included reducing operating profit by 30% and reducing cash receipts by £10m in 2022 and £20m in 2023. A combination of these scenarios was considered as the downside case which showed headroom and no breach of covenants.

Further mitigating actions could also be taken in such scenarios should they be required.

Taking into account the level of cash and available facilities outlined above and having undertaken rigorous assessment as detailed above, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the condensed interim financial statements and therefore have prepared the condensed interim financial statements on a going concern basis.

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 2021.

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 materially 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 2021.

3 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 (note 5) and are usually items that are significant in size and/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 separately disclosed items, which comprise: 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.

	2022 Six months ended 30 June £m	2021 Six months ended 30 June £m	2021 Year ended 31 December £m
Operating profit/(loss)	**7.9**	12.2	(20.7)
Separately disclosed items before taxation	**1.6**	1.1	48.7
Underlying operating profit	**9.5**	13.3	28.0
Net finance expense	**(4.7)**	(4.1)	(8.3)
Underlying profit before taxation	**4.8**	9.2	19.7

3.2 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. 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 right of use 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.

3.3 Capital employed and Return on Capital Employed (ROCE) (continued)

	2022 Six months ended 30 June £m	2021 Six months ended 30 June £m	2021 Year ended 31 December £m
Net assets	**225.4**	247.8	210.6
Less right-of-use assets	**(39.5)**	(39.0)	(41.8)
Plus net borrowings	**205.5**	211.0	185.6
Capital employed	**391.4**	419.8	354.4
Underlying operating profit	**9.5**	13.3	28.0
Notional tax at the effective tax rate	**(2.7)**	(3.9)	(14.3)
	6.8	9.4	13.7
Average capital employed	**408.6**	459.2	377.4
Return on average capital employed	**2.7%**	5.4%	3.6%

3.4 Cash conversion

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

	2022 Six months ended 30 June £m	2021 Six months ended 30 June £m	2021 Year ended 31 December £m
Cash generated from operations	**2.7**	3.6	58.5
Dividends from joint venture undertakings	**1.0**	0.7	1.6
Capital element of lease repayments	**(7.0)**	(6.6)	(13.7)
Other	**-**	1.0	0.7
Operating cash flow	**(3.3)**	(1.3)	47.1
Underlying operating profit	**9.5**	13.3	28.0
Cash conversion	**(35)%**	(10)%	168%

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.

	2022 Six months ended 30 June £m	2021 Six months ended 30 June £m	2021 Year ended 31 December £m
Underlying operating profit	**9.5**	13.3	28.0
Depreciation and amortisation (excluding depreciation of ROU assets)	**14.3**	15.5	31.0
Amortisation - separately disclosed items (note 5)	**(1.1)**	(1.4)	(2.9)
IFRS16 impact	**2.8**	(0.5)	(1.8)
Underlying EBITDA	**25.5**	26.9	54.3

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 2021.

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 2022

	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Corporate £m	Total £m
Revenue						
Segmental revenue reported	93.7	56.7	50.9	37.9	-	239.2
Inter-segmental sales	(0.1)	(0.6)	(0.1)	-	-	(0.8)
	93.6	56.1	50.8	37.9	-	238.4
Underlying operating profit/(loss)	1.5	(2.5)	8.2	4.2	(1.9)	9.5
Separately disclosed items	(0.9)	-	(0.2)	1.0	(1.5)	(1.6)
Operating profit/(loss)	0.6	(2.5)	8.0	5.2	(3.4)	7.9
Net finance expense						(4.7)
Profit before tax						3.2
Income tax						(1.2)
Profit for the period						2.0
Assets & liabilities						
Segmental assets	198.8	160.4	140.5	73.2	65.6	638.5
Investment in joint ventures	2.8	3.9	2.9	-	-	9.6
Total assets	201.6	164.3	143.4	73.2	65.6	648.1
Segmental liabilities	(75.6)	(56.9)	(29.8)	(40.0)	(220.4)	(422.7)
	126.0	107.4	113.6	33.2	(154.8)	225.4
Other segmental information						
Capital expenditure	2.7	1.6	3.4	2.5	-	10.1
Depreciation and amortisation	5.4	3.2	5.7	5.9	0.2	20.4

4 Segmental information (continued)

Six months ended 30 June 2021

	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Corporate £m	Total £m
Revenue						
Segmental revenue reported	97.8	68.3	39.7	28.6	-	234.4
Inter-segmental sales	(0.1)	(0.5)	(0.1)	-	-	(0.7)
	97.7	67.8	39.6	28.6	-	233.7
Underlying operating profit reported	2.1	5.6	5.3	2.1	(1.8)	13.3
Separately disclosed items	(0.7)	-	(0.4)	-	-	(1.1)
Operating profit	1.4	5.6	4.9	2.1	(1.8)	12.2
Net finance expense						(4.1)
Profit before tax						8.1
Income tax						5.5
Profit for the period						13.6
Assets & liabilities						
Segmental assets	238.1	165.7	141.2	67.9	64.4	677.3
Investment in joint ventures	2.1	3.3	2.3	-	-	7.7
Total assets	240.2	169.0	143.5	67.9	64.4	685.0
Segmental liabilities	(77.3)	(62.4)	(27.6)	(31.7)	(236.2)	(435.2)
	162.9	106.6	115.9	36.2	(171.8)	249.8
Other segment information						
Capital expenditure	2.3	0.8	2.3	0.9	0.2	6.5
Depreciation and amortisation	6.7	3.4	5.8	5.1	0.1	21.1

Year ended 31 December 2021

	Marine Support £m	Specialist Technical £m	Offshore Oil £m	Tankships £m	Corporate £m	Total £m
Revenue						
Segmental revenue reported	214.7	134.6	86.5	60.1	-	495.9
Inter-segmental sales	(0.2)	(1.4)	(0.2)	-	-	(1.8)
	214.5	133.2	86.3	60.1	-	494.1
Underlying operating profit/(loss)	5.0	9.9	11.1	4.8	(2.8)	28.0
Separately disclosed items	(26.0)	(2.9)	(16.3)	(3.5)	-	(48.7)
Operating (loss)/profit	(21.0)	7.0	(5.2)	1.3	(2.8)	(20.7)
Net finance expense						(8.3)
Loss before tax						(29.0)
Income tax						0.8
Loss for the year						(28.2)
Assets & liabilities						
Segmental assets	189.7	154.8	124.2	75.1	73.4	617.2
Investment in joint ventures	2.6	3.2	2.2	-	-	8.0
Total assets	192.3	158.0	126.4	75.1	73.4	625.2
Segmental liabilities	(77.4)	(60.3)	(26.4)	(39.2)	(211.3)	(414.6)
	114.9	97.7	100.0	35.9	(137.9)	210.6
Other segment information						
Capital expenditure	6.1	2.7	6.3	4.3	-	19.4
Depreciation and amortisation	12.3	6.9	12.1	12.4	0.5	44.2

5 Separately disclosed items

Certain items are disclosed separately in the financial statements to provide a clearer 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 charges, costs of material litigation, restructure or material impairment & related items. Separately disclosed items comprise:

	2022 Six months ended 30 June £m	2021 Six months ended 30 June £m	2021 Year ended 31 December £m
Acquisition related income and (expense):			
Costs incurred on acquiring/disposing of businesses	**-**	-	(0.5)
Amortisation of acquired intangibles	**(1.1)**	(1.4)	(2.9)
	(1.1)	(1.4)	(3.4)
Gain on disposal of businesses	**-**	-	0.3
Gain on disposal of vessel	**1.0**	0.3	0.3
Costs of material litigation	**-**	-	(3.1)
Defined benefit obligation - past service cost	**(1.5)**	-	-
Impairment charges			
Intangible assets	**-**	-	(29.2)
Tangible fixed assets	**-**	-	(9.3)
Receivables	**-**	-	(4.3)
Separately disclosed items before taxation	**(1.6)**	(1.1)	(48.7)
Taxation	**0.2**	8.2	10.9
Separately disclosed items after taxation	**(1.4)**	7.1	(37.8)

During the six months ended 30 June 2022, the Group has recognised a gain of £1.0m on disposal of one of its vessels.

A £1.5m past service cost has been recognised for the MNRPF scheme in respect of ill health early retirement benefits (see note 10).

During the year end 31 December 2021, separately disclosed items were in relation to the following matters:

- Acquisition related income and expense comprises costs incurred on the acquisition/disposal of businesses including external due diligence costs, amortisation of acquired intangibles and any adjustment for contingent consideration.

- Disposal of businesses relates to the disposal during 2021 of James Fisher Testing Services Ltd which was sold for proceeds of £5.7m and resulted in a gain of £0.8m. Also, the sale of James Fisher NDT Ltd for which proceeds were £1.2m and loss on disposal of £0.5m.

- Disposal of vessel is the sale of the Paladin vessel for $17.3m proceeds and a £0.3m gain.

- Costs of material litigation relates to various matters as described in the Annual report and Accounts note 31: Commitment and contingencies.

- Impairment charges: Intangible assets comprise goodwill of £27.5m and £1.7m development costs. Tangible fixed assets comprise assets in the Marine support, Specialist technical and Tankship divisions where fair value is less than carrying net book value. The 2021 impairment in respect of receivables relates to a specific counterparty risk and receivables billed over 12 months ago in relation to certain projects.

- Tax on separately disclosed items includes a credit of £7.9m, which represents deferred tax recognised on the timing differences created following the impairment of dive support vessels during the year ended 31 December 2020 and the Group's current expectations regarding Dive Support operations.

6 Net finance expense

	2022 Six months ended 30 June £m	2021 Six months ended 30 June £m	2021 Year ended 31 December £m
Finance income:			
Interest receivable on short-term deposits	**0.2**	0.2	0.3
Finance expense:			
Interest payable on bank loans and overdrafts	**(3.8)**	(3.2)	(6.3)
Net interest on pension obligations	**-**	(0.1)	(0.1)
Unwind of discount on right-of-use lease liability	**(1.1)**	(1.0)	(2.2)
	(4.9)	(4.3)	(8.6)
Net finance expense	**(4.7)**	(4.1)	(8.3)

7 Taxation

The Group's effective rate on profit before income tax is 37.3% (30 June 2021: (67.3)%, 31 December 2021: 2.6%) which includes a separately disclosed tax credit of £0.2m as detailed in note 5. The effective income tax rate on underlying profit before income tax, based on an estimated rate for the year ending 31 December 2022, is 28.4% (30 June 2021: 29.3%, 31 December 2021: 51.2%). Of the total tax charge, £0.8m relates to overseas businesses (30 June 2021: £1.3m). 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 47,855 (June 2021: 54,571, December 2021: 54,571) 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 2022, 2,180,603 options (June 2021: 515,463, December 2021: 650,513) 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 2022 Number of shares	30 June 2021 Number of shares	31 December 2021 Number of shares
For basic earnings per ordinary share	**50,344,286**	50,350,082	50,345,477
Exercise of share options and LTIPs	**-**	17,692	10,560
For diluted earnings per ordinary share	**50,344,286**	50,367,774	50,356,037

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).

	2022 Six months ended 30 June £m	2021 Six months ended 30 June £m	2021 Year ended 31 December £m
Profit/(loss) attributable to owners of the Company	**1.9**	13.5	(27.8)
Separately disclosed items	**1.6**	1.1	48.7
Tax on separately disclosed items	**(0.2)**	(8.2)	(10.9)
Underlying profit attributable to owners of the Company	**3.3**	6.4	10.0

8 Earnings per share (continued)

Earnings per share	**pence**	pence	pence
Basic earnings per share	**3.7**	26.8	(55.2)
Diluted earnings per share	**3.7**	26.8	(55.2)
Underlying basic earnings per share	**6.7**	12.8	20.0
Underlying diluted earnings per share	**6.7**	12.8	20.0

9 Interim dividend

No interim dividend is proposed in respect of the period ended 30 June 2022 (2021: nil).

10 Retirement benefit obligations

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

	2022 Six months ended 30 June £m	2021 Six months ended 30 June £m	2021 Year ended 31 December £m
Net obligation as at 1 January	**(1.9)**	(10.3)	(10.3)
Expense recognised in the income statement	**(1.6)**	(0.1)	(0.2)
Contributions paid to scheme	**1.0**	1.0	2.3
Remeasurement gains and losses	**7.6**	2.8	6.3
At period end	**5.1**	(6.6)	(1.9)

The Group's net surplus/(deficit) in respect of its pension schemes were as follows:

	2022 Six months ended 30 June £m	2021 Six months ended 30 June £m	2021 Year ended 31 December £m
Shore Staff	**5.8**	(5.3)	(1.0)
Merchant Navy Officers Pension Fund	**(0.7)**	(1.1)	(0.9)
Merchant Navy Ratings Pension Fund	**-**	(0.2)	-
	5.1	(6.6)	(1.9)

The principal assumptions in respect of these liabilities are disclosed in the December 2021 Annual Report. The Group has not obtained an interim valuation for the period ended 30 June 2022. In the first half of 2022, the Group paid contributions to defined benefit schemes of £1.0m (June 2021: £1.0m).

The Shore staff plan assets and obligations have been updated to 30 June resulting in a surplus being recognised. A surplus, when calculated on an accounting basis, is recognised when the Group can realise the economic benefit at some point during the life of the plan or when the plan liabilities are all settled and there are no remaining beneficiaries. Based on a review of the plan's governing documentation, the company has a right to a refund of surplus assuming the gradual settlement of the plan liabilities over time until all members have left. The directors therefore take the view that it is appropriate to recognise the surplus.

During February 2022, the High Court approved a settlement in respect of ill health early retirement benefits which were subject to legal uncertainties and related to the MNRPF scheme. During the first half, a past service cost has been recognised within separately disclosed items (Note 5) relating to the Group's share of additional liabilities which have been estimated to date.

11 Goodwill

Movements during the period in the Group's goodwill are set out below:

	2022 Six months ended 30 June £m	2021 Six months ended 30 June £m	2021 Year ended 31 December £m
At 1 January	**133.5**	166.5	166.5
Impairment	**-**	-	(27.5)
Disposals	**-**	-	(3.9)
Exchange differences	**1.6**	(0.7)	(1.6)
At period end	**135.1**	165.8	133.5

At the half year, the results of the impairment tests carried out in respect of the year ended 31 December 2021, were updated based on the Group's trading performance and revised outlooks.

The recoverable amount of the cash generating units (CGU's) has been assessed based on value in use calculations using cash projections based on five-year strategic plans which take into account the impact of climate change and are approved by the Board. For all CGUs a terminal value of cash flows beyond that date have been calculated at a growth rate in line with management's long-term expectations for the relevant market, using a growth rate of 2.4%. 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.

Sensitivities carried out across all CGU's included increasing the discount rate by 2.0% and reducing the terminal growth to zero and reducing operating profit by 25.0%.

One CGU within the Marine Support division was identified as having a higher risk of impairment. The sensitivities identified that the headroom is most sensitive to changes in the discount rate, which would need to be increased by 1.0% to give rise to a goodwill impairment in respect of this CGU.

One CGU within the Offshore Oil division was identified as having a high risk of impairment. The sensitivities identified that the headroom is most sensitive to changes in the discount rate, which would need to be increased by 2.0% to give rise to a goodwill impairment in this CGU and this is considered to be unlikely.

12 Reconciliation of net borrowings

	1 January 2022 £m	**Cash flow £m**	**Other non-cash £m**	**Exchange movement £m**	**30 June 2022 £m**
Cash and cash equivalents	**34.5**	**(25.2)**	**-**	**1.8**	**11.1**
Debt due after 1 year	**(174.0)**	**3.9**	**(0.5)**	**-**	**(170.6)**
Debt due within 1 year	**(0.1)**	**0.1**	**-**	**-**	**-**
	(174.1)	**4.0**	**(0.5)**	**-**	**(170.6)**
Lease liabilities	**(46.0)**	**7.0**	**(3.8)**	**(3.2)**	**(46.0)**
Net borrowings	**(185.6)**	**(14.2)**	**(4.3)**	**(1.4)**	**(205.5)**

	1 January 2021 £m	Cash flow £m	Other non-cash £m	Exchange movement £m	30 June 2021 £m
Cash and cash equivalents	13.5	(1.6)	-	-	11.9
Debt due after 1 year	(178.9)	(2.7)	(0.5)	-	(182.1)
Debt due within 1 year	(0.2)	0.1	-	-	(0.1)
	(179.1)	(2.6)	(0.5)	-	(182.2)
Lease liabilities	(32.5)	6.6	(15.0)	0.2	(40.7)
Net borrowings	(198.1)	2.4	(15.5)	0.2	(211.0)

	1 January 2021 £m	Cash flow £m	Other non-cash £m	Exchange movement £m	31 December 2021 £m
Cash and cash equivalents	13.5	20.9	-	0.1	34.5
Debt due after 1 year	(178.9)	5.8	(0.9)	-	(174.0)
Debt due within 1 year	(0.2)	0.1	-	-	(0.1)
	(179.1)	5.9	(0.9)	-	(174.1)
Lease liabilities	(32.5)	13.7	(27.0)	(0.2)	(46.0)
Net borrowings	(198.1)	40.5	(27.9)	(0.1)	(185.6)

Cash and cash equivalents comprise:

	2022 Six months ended 30 June £m	2021 Six months ended 30 June £m	2021 Year ended 31 December £m
Cash at bank and in hand	**53.8**	63.0	68.0
Overdrafts	**(42.7)**	(51.1)	(33.5)
	11.1	11.9	34.5

13 Assets held for sale

In June 2021, management agreed a plan to sell the Dive Support Vessel (DSV) known as the Swordfish within the Marine Support division. As at the date of this report management continues to actively pursue the sale of Swordfish. The value of the asset increased from £10.7m in December 2021 to £13.0m in June 2022 reflecting the capitalisation of dry docking costs. The asset held for sale value in June 2021 included certain non-core businesses within the Marine Support division which were disposed of during the second half of 2021.

14 Commitments and contingencies

Capital commitments at 30 June 2022 were £1.6m (2021: £nil; 31 December: £1.6m).

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

14 Commitments and contingencies (continued)

(c) A guarantee has been issued by the Group and Company to charter parties in respect of obligations of a subsidiary, James Fisher Everard Limited, in respect of charters relating to eleven vessels. The charters expire between 2023 and 2032.

(d) Subsidiaries of the Group have issued performance and payment guarantees to third parties with a total value of £33.0m (June 2021: £38.4m, December 2021: £33.5m).

(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 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. Disclosure of contingent liabilities or appropriate provision has been has been made in these accounts where, in the opinion of the Directors, liabilities may materialise. Other than provisions made against certain receivables and claims, described in note 34 (b) of the last filed annual report, there are no other significant provisions and no individually significant contingent liabilities that required specific disclosure.

15 Related parties

There were no changes to related parties or associated transactions from those disclosed in the Annual Report for the year ended 31 December 2021.