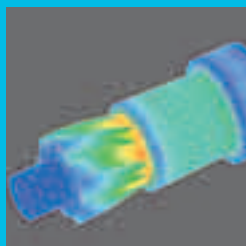


**James Fisher and Sons**  
PUBLIC LIMITED COMPANY

# Interim Report 2005



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## 2005 highlights

The Interim Results for the six months ended 30 June 2005 show an 8% increase in pre-tax profits after adjustment for losses on ship disposals and exchange movements on loans. The Company continued to enjoy strong cash flow. The Marine Support Services Division now accounts for 42% of operating profits (H1 2004: 37%), as the Company's largest division.

<b>Financial Highlights</b>	<b>%</b>	<b>2005</b>	<b>2004</b>
Turnover	+25%	£48.9m	£39.1m
Profit from operations before ship disposals	+7%	£8.3m	£7.8m
Pre tax profit after adjustment for ship disposals and exchange movements on loan conversion	+8%	£7.8m	£7.2m
Basic earnings per share	-11%	11.28p	12.71p
Basic earnings per share after adjustment for ship disposals and exchange movements on loan conversion	+13%	14.44p	12.80p
Interim dividends per share	+12%	3.10p	2.77p

# Chairman's Statement

Tim Harris CBE

Chairman



## Overview

Pre tax profits for the first half were up by 8% after adjustment is made for losses on ship disposals of £1.4 million and exchange movements on loan conversion. Adjusted earnings per share were up by 13% over 2004. Importantly, the prime source of profits' growth was our Marine Support Services division. The Marine Oil Services division is still going through its fleet modernisation programme but produced a satisfactory result with less ship capacity than last year. Oceanic Princess, one of our two cable layers, worked for the first time since December 2002, possibly indicating the first stirrings of life in the market which has been severely depressed for a long time.

The recent rescue of the seven Russian submariners by the James Fisher Rumic team under Royal Navy command was a great commendation of their internationally recognised skills and can only help our reputation as a marine service company of quality.

We completed the acquisition of FenderCare for up to £12.0 million in March, our largest acquisition to date. The initial consideration was £11.275 million and despite this payment, our financial position remains strong with gearing at 57% and we are well positioned to take forward our established strategy with vigour.

## Objectives and Strategy

Our objective is to become the UK's leading marine service provider building on our core expertise of the practical application of operational and engineering skills in the marine sector. Our strategy is to focus on growing our marine service activities both organically and by acquisition.

Our acquisitions have been focused on three core areas – defence, the North Sea (Scan Tech) and specialist technical services including those to the nuclear industry, with preferred acquisitions being located close to and/or in competition with our existing operations. A particular feature has been that, in most cases, we have been able to keep existing management which has enabled us to create an experienced and entrepreneurial team quicker than would otherwise have been possible. So far, we have tended to approach companies identified through our own research rather than enter public or private sales processes. We have now completed 8 acquisitions over the last 3 years, all of these have been financed out of our existing cash resources, starting with Rumic for £4.0 million in 2002 and including Scan Tech AS £8.8 million (2003), Air Supply AS £4.8 million (2003), MIMIC £3.1 million (2003), Remote Marine Systems Ltd and Nuclear Decommissioning Ltd £4.9 million (2004), Reanco Team AS £2.4 million (2004) and Harsh

### Submarine Rescue

On Friday 5th August the James Fisher Rumic Submarine Rescue Team was mobilised by the Ministry of Defence to assist in the rescue of seven Russian submariners trapped 625ft below the Pacific off Russia's far eastern Kamtchatka peninsula. From the outset the team raced

against time to reach the stranded submarine, drawing on support from the RAF, the US Navy and local Russians to fly the team and equipment from its Renfrew base, transport it to a waiting ship, secure it to the vessel and reach the offshore location within 36 hours. It took about 5 hours to cut the discarded fishing nets which had

trapped the submersible. This was achieved amid estimates that the Russian submariners had less than 10 hours air left to live.

**"we have seen in deeds not in words what the brotherhood of the sea means..."**

**Russian Defence Minister  
Sergei Ivanov**



Environment Systems Ltd £1.6 million (2005). FenderCare, our most recent acquisition for up to £12.0 million therefore represented our largest acquisition to date.

There is also a firm commitment to organic growth and we are developing a fair record, particularly when account is taken of the lack of growth or loss of mature, historic Fisher business such as RFA Oakleaf. We have been investing in new management teams, particularly in the submarine, defence and nuclear sectors in which we have rare specialist skills which are recognised by our customers. These investments in areas of strength should help to support organic growth in future years.

### Marine Support Services

Operating profit grew by 23% to £3.5 million (2004 : £2.8 million) and by 21% over 2004 including our share of joint ventures. The contribution from defence was down on the previous year primarily because of the loss of the Oakleaf charter which contributed £540,000 in the previous half year. James Fisher MIMIC was also quieter after a hectic first half in 2004. However, the submarine rescue side performed strongly, completing a major refit for the UK Submarine Rescue Service on time for the Royal Navy's Sorbet Royale exercise in the Mediterranean for which we provided a complete submarine rescue package, using the chartered ship mv Fennica as a platform for the

launch of the LR5 submarine rescue vehicle. Its successful operation was observed by a number of foreign navies who are actively seeking equivalent services.

Only weeks after the completion of the exercise the James Fisher Rumic team were called into action to assist in the rescue of a Priz AS-28 submersible off the east coast of Russia. Within 36 hours of being mobilised from our Renfrew base the Scorpio 45 remotely operated vehicle was lowered into the Pacific to commence its work at a depth of 625ft. In this time the team and their equipment flew 4,380 miles over the North Pole, travelled to the nearest port and mobilised a local vessel to complete the final 45 mile transit offshore. After just over five hours work the last cable was cut and the stricken submarine floated to the surface. The success of the mission in saving the lives of the seven Russian submariners has been well publicised and it is a great credit to the professionalism of the James Fisher team. We intend to bring this capability, equipment and know-how to a wider market.

All the Scan Tech North Sea companies did well, both in Norway and the UK. The high oil price is certainly generating a great deal of activity, which seems set to continue for a number of years. We are increasingly following our established customers into new markets including Mexico, West Africa, Australia and the

## Chairman's Statement continued

former Soviet republics. Obviously, operating in such places raises new challenges but that's the way the market is going and we are well placed to take advantage.

The specialist technical companies performed strongly. On the nuclear decommissioning side, we experienced the change at Sellafield where from 1 April 2005, our main customer, BNFL, became an operator rather than owner of the site leaving residual ownership with the Nuclear Decommissioning Agency (NDA). In James Fisher Nuclear we are building a strong team with more strength and credibility than any of its constituent businesses on their own. However, we shall only see the real benefit of consolidation from 2006 onwards. Remote Marine Systems had a particularly strong first half, helped by its penetrator business which works alongside its nuclear business in Malton, Yorkshire.

The results include three months income from FenderCare which we acquired in March 2005 for up to £12.0 million, before netting out the £2.1 million of cash in the company. In the year ended 30 September 2004, FenderCare had a turnover of £17.0 million and a pre tax profit of £1.9 million. FenderCare is the market leader in world-wide ship-to-ship transfers and in the supply of large-scale pneumatic fenders in shipping, offshore, port, construction and defence industries and has clear overlaps with a number of our existing businesses. The company has integrated well and is trading in line with our expectations. We are delighted that, in the Fisher way, the existing senior management of Yvonne Mason and Eric Plane, has joined our team.

### Marine Oil Services

The operating profit of £3.4 million was slightly down on last year (2004: £3.8 million), reflecting an average two ships less in operation in 2005 compared to last year. We are in the middle of our fleet modernisation programme with Cumbrian Fisher (12,800 dwt February 2005) and Clyde Fisher (12,800 dwt April 2005) entering service in the first half. Shannon Fisher (5,000 dwt) and her sister Solway Fisher (5,000 dwt) are being built in the Damen Galati yard in Romania and are scheduled to enter service in January 2006 and July 2006 respectively. Conversely, Lough Fisher (8,400 dwt) was sold in June 2005 and we have subsequently disposed of Tees Fisher (3,100 dwt) and Wear Fisher (3,100 dwt) in August 2005. The book loss on the disposal of all three ships is £1.4 million and has been included in the first half results.

Trading conditions were reasonable in the first half and currently remain so. Our market is a local niche market in which we enjoy long standing customer relationships. It does not form part of the global larger tanker market, in which there is more volatility both up and down.

### Cable Ships

Operating profit was £2.4 million for the half, up 24% over 2004 (£1.9 million) with the first work for Oceanic Princess since 2002 responsible for the improvement. Oceanic Princess benefited, albeit at marginal rates, from a charter from Canyon Offshore for seismic work off Indonesia which lasted for more than a hundred days. Oceanic Pearl remains in cold lay-up in Barrow. Seismic work is of interest because, although the mainstream cable laying market remains

depressed with such work as there is in Asia taken by the vertically integrated cable manufacturers, such as Alcatel for their own ships, the Canyon charter suggests that the booming oil exploration market might have a beneficial effect on vessels such as Oceanic Princess and Oceanic Pearl which have DP (Dynamic Positioning) capability. Although we are assessing and pursuing these possibilities closely at present, it is premature to forecast any turnaround in the market for our vessels yet. The General Dynamics charter income for Oceanic Princess ceases in May 2006 and for Oceanic Pearl in December 2006, so any form of alternative use which creates value would be most beneficial.

### Directors and Employees

I am delighted to announce the appointment of Simon Harris, Managing Director of James Fisher Defence, to the main Board. Simon joined us in 2004 from Houlders, having been the project director for Foreland Shipping Ltd (formerly AWSR Shipping Ltd), the PFI for six military roll on/roll off ferries in which we have a 25% stake.

I am also pleased to welcome Paul Rodwell as Managing Director of Tankships, a position which has been vacant since Nick Henry stepped up to become Chief Executive Officer. Paul has a strong background, on the marketing side, of both shipping and logistics.

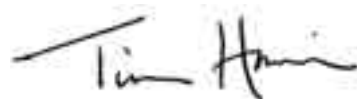
As I have mentioned, we are building strong teams in our core business areas and I am grateful for their energy and commitment. I would also like to recognise and thank all staff for their support and hard work in dealing with the increased level of activity which is now 'the norm' in all areas of our business.

### Outlook

James Fisher has the goal to be the UK's leading marine service company and a clear strategy to achieve it. In recent years we have developed a consistent track record of achievement of which this half's results are the latest step.

Cable Ships do not form part of this strategy, although it has been our policy to play a waiting game sheltered by the General Dynamics income. The Oceanic Princess' first work for 2½ years is a positive development and we shall seek to explore carefully over the next few months how best to maximise what potential value there is from our two vessels.

We are confident about the core James Fisher business and our ability to continue to demonstrate our track record of achievement and to grow profits and value for our shareholders.



**Tim Harris**  
Chairman

# Independent Review Report to James Fisher & Sons Public Limited Company

## Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2005 which comprises Group Income Statement, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Recognised Income and Expense, and the related notes 1 to 9. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

## Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority.

As disclosed in note 1, the next annual financial statements of the group will be prepared in accordance with those IFRSs adopted for use by the European Union.

The accounting policies are consistent with those that the directors intend to use in the next financial statements. There is, however, a possibility that the directors may determine that

some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with those IFRSs adopted for use by the European Union. This is because, as disclosed in note 1, the directors have anticipated that the amendment to IAS 19, which has yet to be formally adopted for use in the EU will be so adopted in time to be applicable to the next annual financial statements.

## Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2005.

**Ernst & Young LLP Silkhouse Court  
Tithebarn Street, Liverpool L2 2LE  
22 August 2005**

# Group Income Statement

	Note	Unaudited Six months to 30 June 2005 £000	Restated under IFRS Unaudited Six months to 30 June 2004 £000	Unaudited Year ended 31 December 2004 £000
<b>Group revenue</b>		48,949	39,058	78,753
Cost of sales		(38,101)	(28,916)	(59,433)
<b>Gross profit</b>		<b>10,848</b>	<b>10,142</b>	<b>19,320</b>
Administrative expenses		(2,518)	(2,380)	(4,874)
<b>Profit from operations before ship disposals</b>		<b>8,330</b>	<b>7,762</b>	<b>14,446</b>
(Loss)/profit on ship disposals		(1,449)	(52)	475
<b>Profit from operations</b>		<b>6,881</b>	<b>7,710</b>	<b>14,921</b>
Finance costs				
Finance income (revenue)		180	153	330
Finance costs		(1,355)	(1,254)	(2,511)
Exchange (loss)/gain on loan conversion		(93)	8	155
		(1,268)	(1,093)	(2,026)
Share of results of joint ventures		639	583	1,219
<b>Profit on continuing activities before taxation</b>	2	<b>6,252</b>	<b>7,200</b>	<b>14,114</b>
Taxation	3	(756)	(1,087)	(2,130)
<b>Profit attributable to equity holders</b>		<b>5,496</b>	<b>6,113</b>	<b>11,984</b>
		<b>pence</b>	<b>pence</b>	<b>pence</b>
<b>Basic earnings per ordinary share</b>	6	11.28	12.71	24.82
<b>Diluted earnings per ordinary share</b>		11.17	12.35	24.52
<b>Basic earnings per ordinary share after adjustment for ship disposals and exchange (loss)/gain on loan conversion</b>	6	14.44	12.80	23.52
<b>Ordinary dividends paid or payable:</b>				
Interim	9	3.10	2.77	2.77
Final				4.95
				<b>7.72</b>

# Group Statement of Recognised Income and Expense

	Note	Unaudited Six months to 30 June 2005 £000	Restated under IFRS Unaudited Six months to 30 June 2004 £000	Unaudited Year ended 31 December 2004 £000
Exchange differences on translation of foreign operations:				
Currency translation differences		81	578	(126)
Net investment hedge		(104)	(759)	303
		(23)	(181)	177
Actuarial (losses)/gains on defined benefit schemes		(2,000)	1,100	400
MNOPF pension actuarial deficit	4	(2,070)	–	–
Tax on items taken directly to equity		780	(61)	(120)
Net (expense)/income recognised directly in equity		(3,313)	858	457
Profit for the period		5,496	6,113	11,984
<b>Total recognised income for the period</b>	<b>7</b>	<b>2,183</b>	<b>6,971</b>	<b>12,441</b>
All recognised income is attributable to the equity holders				
Effect of changes in accounting policy included in hedging reserve		(5)		

# Group Balance Sheet

	Unaudited 30 June 2005 £000	Restated under IFRS Unaudited 30 June 2004 £000	Unaudited 31 December 2004 £000
<b>Assets</b>			
<b>Non current assets</b>			
Goodwill	30,649	17,466	21,254
Property, plant and equipment	102,042	106,630	103,091
Investment in joint ventures	2,576	2,175	1,810
Available for sale financial assets	1,157	1,157	1,157
Deferred income tax assets	1,825	1,708	1,391
	<b>138,249</b>	<b>129,136</b>	<b>128,703</b>
<b>Current assets</b>			
Inventories	5,745	1,872	4,028
Trade and other receivables	20,642	11,520	14,901
Cash and short term deposits	5,875	8,410	10,045
	<b>32,262</b>	<b>21,802</b>	<b>28,974</b>
Non-current assets classified as held for sale	1,189	–	–
<b>Total Assets</b>	<b>171,700</b>	<b>150,938</b>	<b>157,677</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	12,345	12,267	12,305
Non-equity - cumulative preference shares	–	100	100
Share premium	23,960	23,750	23,810
Treasury shares	(1,116)	(1,501)	(1,212)
Other reserves	(221)	(181)	177
Profit and loss reserves	48,050	44,571	48,151
<b>Total equity</b>	<b>83,018</b>	<b>79,006</b>	<b>83,331</b>
<b>Non current liabilities</b>			
Trade and other	33	–	14
Retirement benefit obligations	16,870	12,100	12,800
Non-equity - cumulative preference shares	100	–	–
Interest-bearing loans and borrowings	41,256	36,449	38,472
	<b>58,259</b>	<b>48,549</b>	<b>51,286</b>
<b>Current liabilities</b>			
Trade and other	17,101	12,277	13,280
Corporate tax payable	1,601	1,419	1,601
Derivative financial instruments	183	–	–
Interest-bearing loans and borrowings	11,538	9,687	8,179
	<b>30,423</b>	<b>23,383</b>	<b>23,060</b>
<b>Total liabilities</b>	<b>88,682</b>	<b>71,932</b>	<b>74,346</b>
<b>Total equity and liabilities</b>	<b>171,700</b>	<b>150,938</b>	<b>157,677</b>

# Group Cash Flow Statement

	Unaudited Six months to 30 June 2005 £000	Restated under IFRS Unaudited Six months to 30 June 2004 £000	Unaudited Year ended 31 December 2004 £000
<b>Operating activities</b>			
Profit from operations	6,881	7,710	14,921
Adjustments for:			
Depreciation	3,983	4,110	8,259
Profit on sale of fixed assets	(17)	(72)	(59)
Loss/(profit) on ship disposals	1,449	52	(475)
Income tax expense	(781)	(751)	(1,583)
Increase in trade and other receivables	(3,548)	(680)	(2,697)
Decrease/(increase) in stocks	471	393	(150)
Decrease in trade and other payables	(64)	(421)	(790)
Share based compensation	201	102	289
<b>Cash flows from operating activities</b>	<b>8,575</b>	<b>10,443</b>	<b>17,715</b>
<b>Investing activities</b>			
Dividends from joint venture undertakings	–	–	1,000
Proceeds from the sale of plant and equipment	1,015	1,568	4,966
Interest received	175	124	314
Acquisition of subsidiaries, net of cash acquired	(10,862)	(69)	(6,250)
Acquisition of property, plant and equipment	(4,187)	(1,463)	(3,649)
Loans to joint ventures repaid	–	–	225
Refund of payment to acquire tangible fixed assets	–	3,851	3,851
Sale of shipbuilding contracts	–	7,293	7,293
<b>Cash flows from investing activities</b>	<b>(13,859)</b>	<b>11,304</b>	<b>7,750</b>
<b>Financing activities</b>			
Proceeds from the issue of share capital	190	248	346
Preference dividend paid	(2)	(2)	(4)
Interest paid	(1,386)	(1,255)	(2,482)
Proceeds from other non-current borrowings	9,332	1,206	12,574
Purchase less sales of own shares by ESOP	–	(530)	(616)
Repayment of borrowings	(4,582)	(16,377)	(27,409)
Dividends paid	(2,412)	(2,090)	(3,410)
<b>Cash flows from financing activities</b>	<b>1,140</b>	<b>(18,800)</b>	<b>(21,001)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,144)</b>	<b>2,947</b>	<b>4,464</b>
Cash and cash equivalents at beginning of period	10,045	5,455	5,455
Net foreign exchange difference	(26)	8	126
<b>Cash and cash equivalents at end of period</b>	<b>5,875</b>	<b>8,410</b>	<b>10,045</b>

# Notes to the Accounts

## 1. Basis of Preparation

The Group's interim result consolidates the results of the Company and its subsidiary companies made up to 30 June 2005.

The interim financial information has been prepared according to recognition and measurement requirements of International Financial Reporting Standards ("IFRS") that are in issue and have been endorsed by the European Union or are expected to be endorsed and effective at 31 December 2005, the Group's first annual reporting date under IFRS. The directors have revised the Group's accounting policies based on these requirements. Details of these accounting policies together with a reconciliation of the adjustments made to the comparative information provided below were published in the investor relations section of the James Fisher website, [www.james-fisher.co.uk](http://www.james-fisher.co.uk), as supporting information for the press release "James Fisher & Sons PLC Adoption of International Financial Reporting Standards" issued on 18 August 2005.

Certain standards are still subject to change. In particular the European Commission has not yet endorsed the amendment to IAS 19 – Employee Benefits which the Group has adopted in respect of the treatment of actuarial gains and losses. As a result there may be further changes when the Group prepares its first full year IFRS financial statements.

The financial information contained in this interim statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the preceding year is based on the statutory accounts for the year ended 31 December 2004, as revised to

comply with IFRS. These accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

The Group has adopted the exemption under IFRS 1, "First Time Adoption of International Financial Reporting Standards" that allows IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement" to be applied prospectively from 1 January 2005. The impacts of adopting these standards are as follows:

### Non Equity Shares

From 1 January 2005 the Group has reclassified the 100,000 3.5% non equity preference shares of £1 each into long term debt. Dividends on these shares are now classified as interest expense.

### Available for Sale Financial Assets

From 1 January 2005 the Group's investment in Societe d'Economie Mixte de Co-operation Transmanche, an unlisted company, has been designated as an available for sale financial asset.

### Derivatives and Hedging Instruments

All derivative financial instruments are included in the accounts at fair value. In the case of those instruments designated as forming a hedge relationship, movements in their fair value are recorded in a separate hedging reserve. At 1 January 2005 an amount of £5,000 was recognised in the hedging reserve and in short term liabilities. This represents a reduction of £25,000 arising from the fair value of foreign currency forward contracts less £20,000 arising from an increase in the fair value of interest rate swaps.

The interim report was approved by the board of directors on 22 August 2005.

## Notes to the Accounts continued

### 2. Segmental information

The following tables represent unaudited revenue and profit information regarding the Group's business segments for the six months ended 30 June 2005 and 2004. The results for June 2004 and December 2004 have been restated under IFRS.

	Continuing Operations								
	Marine Support Services		Marine Oil Services		Cable Ships		Total		
	30 June 2005 £000	30 June 2004 £000	30 June 2005 £000	30 June 2004 £000	30 June 2005 £000	30 June 2004 £000	30 June 2005 £000	30 June 2004 £000	31 December 2004 £000
<b>Revenue</b>									
Sales to external customers	21,648	12,553	22,480	22,711	4,821	3,794	48,949	39,058	78,753
Inter segment sales	2,100	2,352	–	–	–	–	2,100	2,352	4,614
Segmental revenue	23,748	14,905	22,480	22,711	4,821	3,794	51,049	41,410	83,367
<b>Result</b>									
Segmental result before ship disposals	3,495	2,841	3,440	3,810	2,351	1,921	9,286	8,572	16,109
Common costs							(956)	(810)	(1,663)
<b>Profit from operations before ship disposals and joint ventures</b>							<b>8,330</b>	<b>7,762</b>	<b>14,446</b>
(Loss)/profit on ship disposals			(1,449)	(52)			(1,449)	(52)	475
<b>Profit from operations before joint ventures</b>							<b>6,881</b>	<b>7,710</b>	<b>14,921</b>
Finance income (revenue)							180	153	330
Finance costs							(1,355)	(1,254)	(2,511)
Exchange (loss)/gain on loan conversion							(93)	8	155
Share of results of joint ventures	639	583					(1,268)	(1,093)	(2,026)
Segmental result after ship disposals	4,134	3,424	1,991	3,758	2,351	1,921	639	583	1,219
<b>Profit on continuing activities before tax</b>							<b>6,252</b>	<b>7,200</b>	<b>14,114</b>
Taxation							(756)	(1,087)	(2,130)
<b>Profit attributable to equity holders</b>							<b>5,496</b>	<b>6,113</b>	<b>11,984</b>

#### Further analysis of Marine Support Services including joint ventures

	Marine Support Services		Joint Ventures	
	30 June 2005 £000	30 June 2004 £000	30 June 2005 £000	30 June 2004 £000
<b>Operating result</b>				
Marine Support Services	3,495	2,841		
joint ventures	1,899	1,930	1,899	1,930
Finance costs - joint ventures			(1,224)	(1,320)
Taxation - joint ventures			(36)	(27)
	<b>5,394</b>	<b>4,771</b>	<b>639</b>	<b>583</b>

### 3. Taxation

The group has entered the UK tonnage tax regime under which its ship owning and operating activities are based on the net tonnage of vessels operated. Any income and profits outside the tonnage tax regime are taxed under the normal tax rules of the relevant tax jurisdiction.

#### (a) Taxation

The tax charge is made up as follows:

	Unaudited Six months to 30 June 2005 £000	Restated under IFRS Unaudited Six months to 30 June 2004 £000	Unaudited Year ended 31 December 2004 £000
<b>Current tax:</b>			
UK tonnage tax	(11)	(16)	(32)
UK corporation tax	(436)	(389)	(832)
	(447)	(405)	(864)
Tax underprovided in previous years	(44)	(209)	(409)
Foreign tax	(260)	(279)	(477)
Total current tax	(751)	(893)	(1,750)
<b>Deferred tax:</b>			
Group deferred tax	(5)	(194)	(380)
Taxation	(756)	(1,087)	(2,130)
Share of joint venture's current tax	(36)	(27)	(61)

#### (b) Tax included in statement of recognised income and expense

<b>Deferred tax:</b>			
Group deferred tax	780	(61)	(120)

## Notes to the Accounts continued

### 4. Pension Liabilities

As was reported in the Chairman's AGM statement, a court case in March 2005 has established that former as well as existing employers will be liable to make payments in respect of the funding deficit of the Merchant Navy Officers' Pension Fund (MNOFF). The Company is awaiting the Trustee's confirmation as to the allocation basis which will be adopted but initial indications from the Trustees are that the company will be required to make 10 annual payments of £260,000 into the fund. The Company will for the future be exposed on a proportional basis to movements in the total assets and liabilities of the fund. Therefore the company has determined that the fund should be accounted for as a defined benefit scheme and its liability is recognised accordingly. At the half year the Company has estimated its IAS 19 liability based on information currently available; this estimate will be revised at the full year in the light of fuller information from the Trustees. As this liability has not arisen from any new benefits in the year the Company has concluded that the recognition of the liability should be accounted for as an actuarial adjustment, and it is therefore recorded in the Statement of Recognised Income and Expense.

### 5. Reconciliation of Net Debt

	31 December 2004 £000	Restatement £000	Acquisitions £000	Cash Flow £000	Other Non Cash £000	Exchange Movement £000	30 June 2005 £000
Cash in hand and at bank	8,045	–	–	(2,144)	–	(26)	5,875
Short term deposits	2,000	–	–	(2,000)	–	–	–
Debt due after 1 year	(38,472)	(100)	–	–	(2,738)	(46)	(41,356)
Debt due within 1 year	(8,179)	–	(1,300)	(4,750)	2,738	(47)	(11,538)
	(46,651)	(100)	(1,300)	(4,750)	–	(93)	(52,894)
Net debt	(36,606)	(100)	(1,300)	(8,894)	–	(119)	(47,019)

As stated in note 1, the 100,000 3.5% cumulative preference shares of £1 each previously recorded in equity have been reclassified as long term debt on adoption of IAS 32 and IAS 39 prospectively from 1 January 2005.

## 6. Earnings Per Share

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

	Unaudited Six months to 30 June 2005 £000	Restated under IFRS	
		Unaudited Six months to 30 June 2004 £000	Unaudited Year ended 31 December 2004 £000
Profit for the period	5,496	6,113	11,984
Preference dividend	–	(2)	(4)
	5,496	6,111	11,980
Weighted average number of shares*			
	Number of shares	Number of Shares	Number of shares
For basic earnings per share	48,725,767	48,079,850	48,261,182
Exercise of share options	463,183	1,385,927	605,628
For diluted earnings per share	49,188,950	49,465,777	48,866,810

\*Excludes shares owned by James Fisher and Sons Public Limited Company Employee Share Ownership Trust.

The basic earnings per ordinary share before ship disposals and exchange differences on loan conversion is shown to highlight the underlying earnings trend and is calculated using the number of shares outlined in the table above.

	Unaudited Six months to 30 June 2005		Unaudited Six months to 30 June 2004		Unaudited Year ended 31 December 2004	
	£000	p	£000	p	£000	p
Basic earnings per share	5,496	11.28	6,111	12.71	11,980	24.82
Adjustments:						
Exchange loss/(gain) on loan conversion	93	0.19	(8)	(0.02)	(155)	(0.32)
Ship disposals	1,449	2.97	52	0.11	(475)	(0.98)
	7,038	14.44	6,155	12.80	11,350	23.52

## Notes to the Accounts continued

### 7. Reconciliation of Movements in Reserves

	Share Premium £000	Profit and Loss Reserve £000	Other Reserves Translation Reserve £000	Hedging Reserve £000	Treasury Shares £000
At 31 December 2004	23,810	48,151	177	–	(1,212)
Restatement	–	–	–	(5)	–
At 1 January 2005	23,810	48,151	177	(5)	(1,212)
Arising on the issue of shares	150	–	–	–	–
Cash Flow hedges:					
Fair value losses in the period	–	–	–	(203)	–
Share of fair value losses of joint ventures	–	–	–	(167)	–
Total realised income in the period	–	2,206	(23)	–	–
Ordinary dividends paid	–	(2,412)	–	–	–
Share-based compensation expense	–	201	–	–	–
Transfer on disposal of shares	–	(96)	–	–	96
At 30 June 2005	23,960	48,050	154	(375)	(1,116)

### 8. Acquisitions

On 18 January 2005 the Group acquired the entire issued share capital of Harsh Environment Systems Limited for a cash consideration of £1.600m. On 17 March 2005 the Group acquired the entire issued share capital of Fender Care Marine Services Group Limited and Fender Care Marine Solutions Limited, which were under common ownership, for a cash cost of £11.275m plus contingent consideration of £0.750m. These acquisitions have been incorporated into the Group's balance sheet at their fair value at the dates of acquisition.

### 9. Interim Dividend

A dividend for the six months to 30 June 2005 on the preference shares was declared on 30 June 2005. The interim dividend of 3.10p (2004 2.77p) per 25p ordinary share is payable on 1 November 2005 to those shareholders on the register of the company at the close of business on 7 October 2005.



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