James Fisher and Sons
Public Limited Company

Annual Report and Accounts 2009

James Fisher and Sons Plc

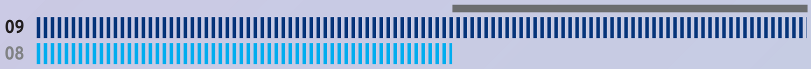
Providing marine and specialist engineering services of the highest quality.

The Chairman's Statement and certain other sectors of this Annual Report contain forward looking statements that are subject to factors associated with, amongst other matters, the economic and business circumstances occurring from time to time in the countries and sectors in which the group operates. It is believed the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those anticipated at the date of the Annual Report.

Financial Highlights

Group revenue

£249.6m +6.8%



Profit before tax

£24.7m +5.0%

Basic earnings per share

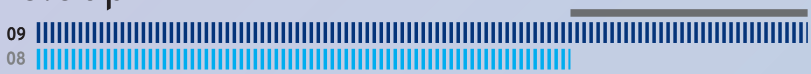
37.14p +0.6%

Adjusted earnings per share (before vessel disposals)*

37.17p +4.6%

Total dividend per share

13.60p +4.5%



*see note 10

Company Highlights

- Group revenue and profit before tax up year on year
- Strong organic growth in Specialist Technical
- Resilient performance from Offshore Oil
- Singapore submarine rescue service operational May 2009
- Volumes and rates impacted Marine Oil
- Final dividend increased

Our Company Divisions

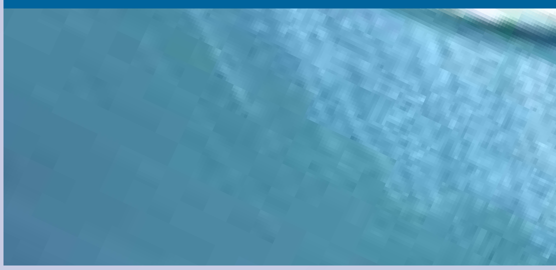
James Fisher and Sons Public Limited Company is a leading provider of marine services with its business divided across four divisions. The Group specialises in the provision of technically based, commercially driven services in the marine environment.

The Group, whose headquarters are based in Barrow-in-Furness, Cumbria, is led by an executive team supported by management throughout the Group who are committed to developing the business for the benefit of the shareholders and other stakeholders.

Offshore Oil Services

Specialist Technical Services

Defence



Marine Oil Services

Fisher Offshore
Buchan Technical Services
RMS/Pumptools
Scan Tech AS
Scan Tech Air Supply

Engaged in the design, construction, rental and sale of specialist equipment, and the provision of related specialist labour, to the offshore sector.

FenderCare
James Fisher Inspection and Measurement Services
James Fisher Nuclear
Strainstall Group
James Fisher Faber

The hire and sale of large scale pneumatic fenders and related equipment, the design and supply of systems for monitoring strains and stress in structures and equipment, ship to ship oil transfer services, non-destructive testing, and the provision of design, engineering and manufacturing services to the nuclear decommissioning and aerospace industries.

James Fisher Defence
James Fisher Marine Services
Foreland Shipping
James Fisher MIMIC
James Fisher Rumic
First Response Marine

Focused on the design, construction and operation of submarine rescue vehicles and the operation of surface ships.

James Fisher Everard
James Fisher Shipping Services

Engaged in the sea transportation of clean petroleum products and wharf operations.

Chairman's Statement

Tim Harris

James Fisher and Sons plc produced a robust performance in 2009, despite an economic environment which was significantly more challenging than for many years.

Group revenue was £249.6 million (+7%) and pre tax profits grew 5% to £24.7 million against £23.6 million in 2008. In brief, strong organic growth outside the UK by the Specialist Technical division and lower borrowing costs more than offset the effects of the economic recession in the UK, which saw the Marine Oil division make a loss of £1.6 million during the year. Earnings per share were only slightly improved year on year as the Marine Oil loss could not be offset against mainstream corporation tax because of the special tonnage tax regime for shipping. The final dividend for 2009 has been set at 8.80p per share giving a total dividend for the year of 13.60p up 5% year on year.

2009 confirmed that James Fisher now has Marine Service divisions which are self sufficient.

Strategy

The Company's consistent strategy since 2002 has been to build up the Company's Marine Service divisions (Offshore, Specialist Technical and Defence) both by acquisition and organic growth, by using the strong cash flow from the Marine Oil division. This has proved successful both in terms of the growing recognition of James Fisher as the UK's leading marine service company and a strong and consistent record of profit growth. During 2009 this strategic model has been significantly stress tested for the first time in adverse circumstances, in that the cash flow for the Marine Oil division has been much reduced although still positive taking depreciation into account. Analysis of the Company's 2009 performance and particularly its cash flow confirms that the Marine Service divisions have now grown sufficiently to stand on their own feet without the need for the cash flow generated by the Marine Oil division to fund investment and growth. In short, the recession has confirmed that James Fisher has been transformed into the fully fledged, self sufficient marine service company it set out to become in 2002.

Offshore Oil

2009 divisional result £12.5 million
(2008 £12.7 million)

The result for this division was consistent with the performance of 2008, with revenue of £48.2 million (2008 £48.3 million) and a margin of 26.0% (2008 26.3%). Norway performed well and we experienced good growth from our operations in Asia and Africa. These factors offset a quieter outturn from the UK sector of the North Sea. The stability of Offshore Oil's performance confirmed the benefits associated with this division's product offering, which is broadly based by geography and by market sector with a focus on niche activities in maintenance and production as well as exploration, which provided some stability and protection against commoditised pricing.

The capital employed by this division increased significantly during the year primarily because we are investing approximately £16 million in new, freehold premises in Stavanger which will be ready for occupation in the first half of 2010. Property values have now largely recovered in Norway which should enable us to sell and lease back the property at a satisfactory price.

We continue to enjoy a number of distinct market niches in the offshore market which have demonstrated their resilience in the downturn. It is our intention to continue to invest to support the growth of these businesses in the global offshore market both by providing more capital and by acquisitions where appropriate.

Specialist Technical

2009 divisional result £16.0 million
(2008 £9.6 million)

The excellent performance of the first half of 2009 continued in the second and produced an outstanding full year result for the division, with revenue up 37% to £103.4 million in 2009 (2008 £75.3 million), strongly improved margins of 15.5% (2008 12.8%) and a return on capital employed of 22.8% (2008 16.9%). Strong organic growth by the FenderCare cluster and the growth and achievement of group performance criteria by the nuclear cluster produced the result.

FenderCare, which is headquartered near Norwich, provides a worldwide service based on the application of marine fenders and mooring systems. In recent years it has developed regional offices in Sharjah, Singapore, Lagos and Macae, Brazil which have enabled it to gain an increasing share of the marine market in the developing world where growth is strong and the competition less mature.

FenderCare is the world leading company in the provision of ship-to-ship oil transfer services which it operates from over twenty bases around the world from Korea in the East to Gibraltar, Malta and Cyprus in the Mediterranean. The key to its outstanding growth is that it is well positioned globally to take advantage of the fastest growing markets with a marine service product range whose efficiency is recognised by a very wide range of blue chip customers.

This division's strong result was also due to the growth and success of the James Fisher Nuclear (JFN) group of companies, which is focused primarily on nuclear decommissioning and the provision of inspection and measurement services.

During the year we purchased M B Faber Limited, based in Leyland, Lancashire, which provides specialist design and engineering services. This acquisition will now cost us £4.0 million, not the £5.25 million reported in the half year accounts due to the £1.25 million earn out (payable based on the 2009 result) not being achieved because a fixed price contract entered into in 2008 overran on cost. Overall the acquisition has integrated well with our other nuclear activities and this one adverse contractual experience, from which we were well protected under the structure of the acquisition agreement, should not represent any check on the strategic fit or opportunity that Faber gives us to increase our profitability.

The Strainstall cluster, whose key skill is the design, production and application of strain and similar gauges, had a more mixed year. Its operating companies, whose main role is the provision of diagnostic equipment measuring the stress on infrastructure assets such as bridges, enjoyed a strong year reflecting the growing role of strain measurement in preventative maintenance.

Conversely and unsurprisingly, its construction related activities in Dubai and elsewhere were well down on 2008.

The Specialist Technical division has some of the best growth opportunities in the Group which we are supporting both with increased capital spend to develop organic growth and through "bolt on" acquisitions. To give three examples – in January 2010 we announced the purchase of the Australian Commercial Marine Pty Ltd (ACM), a Freemantle based provider of marine equipment, for £3.0 million to provide FenderCare with an Australian bridgehead through which to expand its operations in the Asia Pacific region. Similarly, we are in the process of constructing two new specialist facilities for JFN, a nuclear calibration facility at Deeside and a new righall at Egremont for the design and testing of specialist equipment prior to its installation on the Sellafield site itself. The total capital cost of these two projects is £3.0 million.

Defence

2009 divisional result £3.7 million
2008 £4.5 million

The divisional result was down on last year primarily owing to the delays, which were reported at the half year, in the financing of the Singapore Submarine Rescue Service with the Singapore based DBS Bank Ltd. However, we have now received all due payment for both the capital asset sale and service income. The rescue service has been operational since May 2009.

The new service for the Royal Australian Navy, using the former Royal Navy equipment which we own, has now been fully localised and we are undertaking regular mobilisation and operational training exercises off the coast of Western Australia. The successful introduction of a number of new systems over the last eighteen months has continued to attract a good deal of interest from around the world and we are spending significant sums on business development and sales.

Under international accounting standards all such expenditure is written off until preferential bidder status is achieved which inevitably makes year on year profit comparison invidious until a sufficient body of service work has been achieved to provide a degree of "ballast" to even out the results. Just such "ballast" has come from our surface ship activities which have produced a regular income stream without any new major contract gains in 2009.

Marine Oil

2009 divisional result loss £1.6 million
2008 profit £5.4 million

This disappointing result was the consequence of two main adverse factors previously highlighted, both of which commenced in the second quarter of 2009 and have continued to date. The first is a sharp drop in the UK contract cargoes of around 15% that we have carried for our oil major customers which has meant that our exposure to the spot market has increased from around 20% of our fleet to 30%.

The second has been a concomitant drop in spot rates by some 24% to 40% from their 2008 levels owing to the excess of European tonnage available, which has become open because of similar weakness in the other North European economies.

In short, the economic downturn has been sufficiently severe, impacting both UK and global GDP, that this division's market has behaved more like a traditional shipping market with volumes and rates falling together as overcapacity has developed. This has not happened in the UK's coastal tanker market in the remembered past because of the specialist nature of the service provided.

Our response to this downturn in demand was to reduce our fixed cost base by allowing the bareboat charter for mv Rudderman (6,400 tonnes) to expire in July 2009 and by laying up three other small vessels at the same time. One of these vessels was returned to service in February 2010 and it is anticipated that the remaining two will do likewise no later than when the bareboat charters for mv Summity (3,500 tonnes) and mv Stability (3,500 tonnes) expire in September 2010.

It has not been possible to reduce the exposure further by selling vessels because, for the last eighteen months, there has been no active market for such vessels except at distressed prices.

After the precipitous drop in volumes and spot rates in the second quarter, both levelled out for the remainder of the year. There has been a slight improvement in 2010 to date in contract volumes but not spot rates. Shipping markets are cyclical and some improvement can be anticipated with an increase in the general level of economic activity. Realistically we have no better insight as to when this will happen than any informed financial observer.

Finance
The Group's year end gearing at 93% (2008 96%) compares to 108% at the half year reflecting receipt from the Singapore contract. In 2009, the Company benefited from lower interest rates and close relationships with its banks which enabled it to renew its facilities on competitive terms. However, it would be unrealistic to expect interest rates to remain at 2009's exceptionally low levels and there will be some increase in 2010.

A relatively strong US dollar will have some positive effect on the Group's 2010 performance, as increasingly its global revenues are expressed in that currency while much of its cost base is in pound sterling, although Marine Oil's bareboat charters are in US dollars or Euros. Overall, a strong US dollar is a positive feature.

Directors and Employees
2009 has been a more challenging year than for some time owing to the economic downturn and the Company has benefited from a stable board and senior divisional management team. I would like to thank them and all employees for their contribution, hard work and understanding during a difficult year.

As with the majority of private sector companies, there has been no general pay increase for employees this year. More particularly the pay for both executive and non executive directors has been held at last year's levels. Furthermore, the directors' bonuses payable for 2009 are some 68% less in total than for 2008 as the financial targets set for bonus purposes were not met.

An adverse consequence of the economic downturn has been a further deterioration in the historic pension fund deficits reported in the balance sheet. During 2009 the deterioration in the Company's own schemes, which are all closed, amounted to £4.9 million producing an overall deficit of £14.2 million at 31 December 2009. It is also relevant that the trustees of the UK industry wide scheme, the Merchant Navy Officers Pension Fund (MNOPF), are in the process of conducting a triennial valuation of their scheme's deficit. It is not possible to estimate reliably the amount of the obligation, although it may significantly increase our commitment possibly by an amount similar to the current liability.

Summary and Outlook
2009 was a challenging year and one which confirmed that James Fisher now has Marine Service divisions which are self sufficient and able to stand alone without the need for support from the strong cash flows provided by the Marine Oil division.

The outlook for the Group can be summarised as follows:

Offshore Oil – this division has shown considerable resilience over the last eighteen months with steady profits and margins. It is hoped that in 2010 increasing strength in Norway and the new oil regions in which we have been investing will enable the division to start to reproduce the growth of previous years.

Specialist Technical – 2009 was an exceptional year confirming that the three clusters comprising this division – FenderCare, Strainstall and James Fisher Nuclear, all enjoy strong niche positions in growing markets. This should enable further good performance in 2010 although it would be unrealistic to expect the same levels of growth to be achieved as in 2009.

Defence – progress was made in widening the profit base of this division despite the issues which caused it to produce a lower profit than in 2008. Success in obtaining new submarine related contracts will determine its performance in 2010, although the division's scale is not such at present to have a determining effect on the Group's overall result.

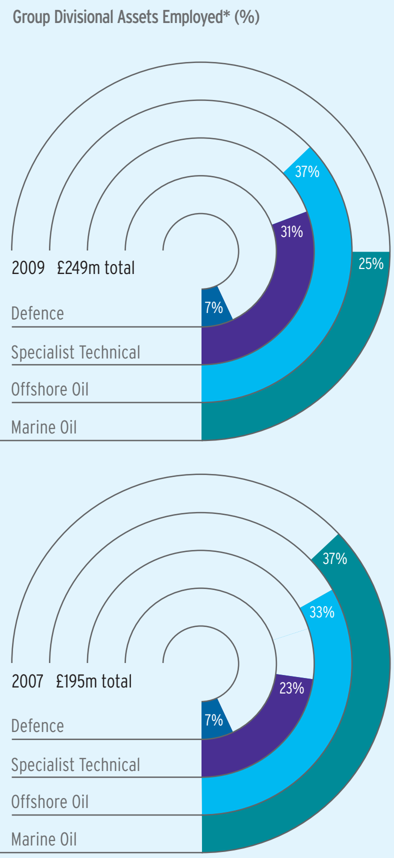
Marine Oil – recovery, when it comes as explained earlier, is only likely to start when there is an increase in global economic activity. Realistically the upswing itself may be slightly "sticky" because the scale of the downswing has inevitably interrupted previously established trading patterns, including what long-term customers believe the "right" price to be.

As regards Marine Oil's future strategic role, the Company's reduced reliance on it as the cash cow to support the growth of the Marine Service divisions means that it can be assessed strictly on its merits as a tax free profit earner and cash generator.

Trading so far in 2010 has been to management expectations which for Marine Oil were based on our experience in the second half of 2009. It is difficult to predict the timing of an improvement in Marine Oil's results other than that it is likely to be related to a general increase in global economic activity when that occurs. Our Marine Service divisions, which are recognised as the core of James Fisher's marine service identity, continue to be well placed to provide further growth and value for our shareholders.

T.C.Harris
Chairman
15 March 2010

The Company's consistent strategy since 2002 has been to build up the Marine Services divisions (Offshore, Specialist Technical and Defence) both by acquisition and organic growth.

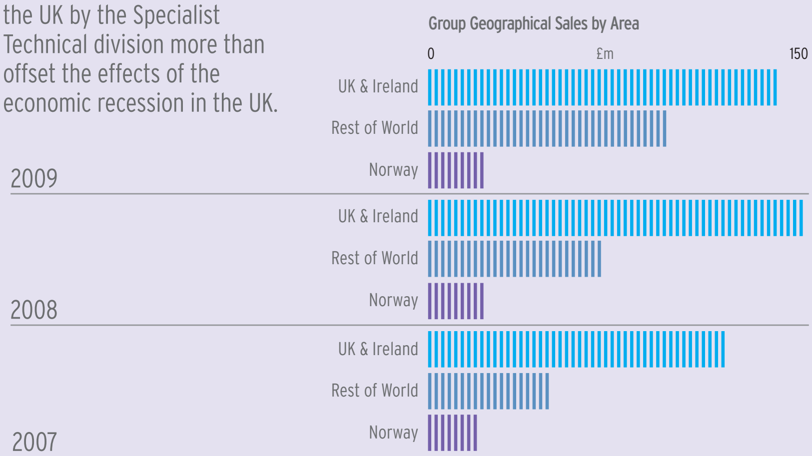


2009 £249m total

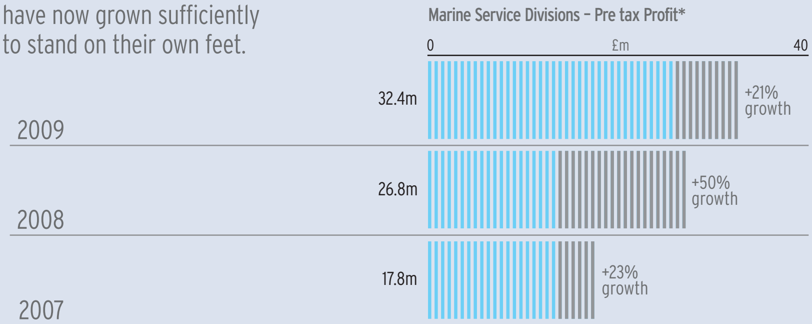
2007 £195m total

* Assets employed is calculated as the differences between segmental assets and liabilities as shown in Note 2.

Strong organic growth outside the UK by the Specialist Technical division more than offset the effects of the economic recession in the UK.



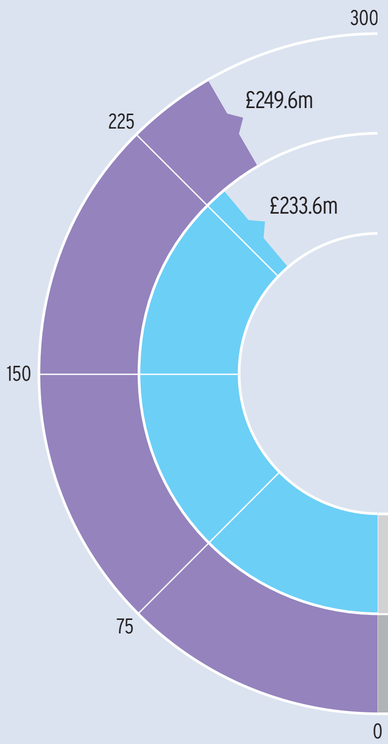
The Marine Service divisions have now grown sufficiently to stand on their own feet.



* Includes share of associates and joint ventures pre interest and tax

Review of Operations

The aim of the Group is to be the UK's leading marine services provider utilising its core expertise of marine, operational and engineering skills.



Group Results

Group revenue increased to £249.6m in 2009, up by 6.8% on 2008 (£233.6m), and this generated a profit before taxation of £24.7m, compared to a 2008 profit on the same basis of £23.6m. The increase of 5.0% reflects continued strong organic growth from Specialist Technical Services, which offset the decline in Marine Oil.

Basic earnings per share from total operations is 37.14p per share (2008 – restated 36.92p per share) an increase of 0.6%. The total profit for the year attributable to ordinary shareholders after taxation is £18.4m (2008 – profit £18.3m).

2008 Group revenue from operations

2009 Group revenue from operations

James Fisher has been transformed into the fully fledged, self sufficient marine services company it set out to become in 2002.

Joint Ventures

Profit after tax derived from associates and joint ventures during the year comprised £2.2m in respect of Foreland Shipping Limited (2008: £2.0m) £1.7m in respect of Fender Care (2008: £0.5m) and £0.3m (2008: £nil) in respect of First Response Marine. Further details of the Fender Care joint ventures are set out at Note 15.

Strategy

As set out in the Chairman's Statement on page 5, the aim of the Group is to be the UK's leading marine services provider utilising its core expertise of marine, operational and engineering skills based on its Marine Oil division to invest in and then generate organic growth from niche service businesses in the marine sector.

Changes in group

On 18th August 2009 the Group acquired the entire share capital of MB Faber Limited (Faber) for up to £5.25m net cash. MB Faber, subsequently renamed as JF Faber, provides specialist electrical and engineering services to the nuclear and aerospace industries. The earn out element of the consideration, comprising up to £1.25m, which was based on Faber's final results for 2009, will not be paid. The consideration paid in the year by the Group, net of cash acquired was £4.1m.

Taxation

The effective tax rate on continuing operations is 25.7% (2008 – 22.4%) This is lower than the standard rate due to the increasing element of group profit derived from overseas and, in 2008, the Marine Oil Services business only incurring a nominal levy due to the UK Tonnage Tax regime. The Group's other divisions are subject to corporation tax.

The tonnage tax regime eliminates the need to provide for deferred tax on accelerated capital allowances for activities which fall within tonnage tax.

Dividends and earnings per share

The Board have recommended a final dividend for the year of 8.80p per share, (2008 – 8.65p per share), making a total for the year of 13.60p per share (2008 – 13.01p per share).
The final dividend represents an increase of 1.7% on 2008.

Basic earnings per ordinary share from continuing operations in 2009 was 37.14p compared to 36.92p in 2008. Adjusted earnings per share, excluding ship disposals was 37.17p per ordinary share compared to 35.53p in 2008.

Cash Flow

Cash generation remains an ongoing focus of the Group. The Group's cash balance at 31 December 2009 was £20.6m compared to 2008 at £16.9m representing a strong position.

Major funding movements in the year are set out in the Cash Flow Statement on page 35.

A total of £4.2m was paid in consideration of new subsidiary undertakings, together with an additional £0.4m in respect of deferred consideration and expenses relating to acquisitions made in previous years.

Borrowings

The Group has relationships with a number of UK banks, including HSBC plc, Lloyds TSB Bank plc, Barclays Bank plc, Bank of Scotland plc, Yorkshire Bank and The Royal Bank of Scotland plc. In Norway the Group's banker is Sparebank1 SR-Bank.

The majority of the Group's borrowing is now made on an unsecured basis. At 31 December 2009 net debt amounted to £99.5m (2008: £91.5m). Net gearing amounted to 93% (2008: 96%). Borrowing costs decreased during the period, primarily as a result of reduced central bank base rates in response to the worldwide financial crisis. During the year the Group obtained an additional revolving credit facility from Yorkshire Bank and renewed two existing facilities which were due to expire in 2010. Further details are provided in Note 1 to the financial statements.

Treasury

Treasury Risk Management

The Group maintains a centralised treasury function, which operates under policies and guidelines approved by the Board. These cover funding, management of foreign exchange exposure and interest rate risk. The purpose is to manage the financial risks of the business effectively and to secure the most cost effective funding. Activities are covered by guidelines, exposure limits, controls and a system of authority. Speculative use of financial instruments is not permitted and none has occurred during the year.

All transactions entered into by the Group's treasury operations are required to be in support of, or a consequence of, underlying commercial transactions. During the year, the Group was in a net debt position. The management of foreign exchange risk and interest rate risk is a board agenda item.

Finance and interest rate risk

Where appropriate, the Group manages its exposure to interest rate fluctuations on its borrowings through the use of interest rate swaps, to reduce the impact of adverse variations in market rates on the Group profit and cash flow.

Further details of the use of such instruments are set out at Note 29.

The Group monitors market trends in interest rates and as appropriate maintains a mixture of fixed and floating rate borrowing to reduce the impact of variations in interest rates on the Group's profit and cash flows.

Liquidity risk

The Group has continued to manage its cash in a manner designed to ensure maximum benefit is gained whilst ensuring security of investment sources. The Group's policy on investment of surplus funds is to place deposits at institutions with strong credit ratings. As at 31 December 2009 the Group had cash balances of £20.6m (2008: £16.9m) and undrawn committed facilities of £23.60m (2008: £35.4m) which are available to provide additional liquidity.

Foreign exchange risk

The Group has a number of overseas and international businesses and operates in various foreign currencies. Whilst the Group trades principally in Sterling the most important foreign currencies to the Group are US Dollars, Norwegian Kroner, Euros, AED and Singapore Dollars. Where appropriate the Group manages its exposure to foreign currencies through the use of hedging instruments.

The Group's Norwegian assets and some other smaller assets are denominated in foreign currencies. The Group mitigates the effect of movement in exchange rates by arranging borrowing in the same currencies as those in which the assets are denominated.

When the Group's businesses enter into capital expenditure or financial commitments in currency other than Sterling, these commitments are hedged in some instances using forward contracts and currency swaps in order to fix the cost when converted into the functional currency. Further details of the use of such instruments are set out at Note 29.

Review of Operations continued

Pensions

As referred to in Note 1 to the financial statements, the Group has adopted IFRIC 14 – IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction. As a result the previous deficits in respect of the year ended 31 December 2008 and earlier years have been restated to reflect the Group's obligations under the deficit recovery plans relating to the Group's defined benefit schemes. Further details of the restatement are included in Note 26. On 30 June 2009 the three defined benefit pension schemes operated by the Group were merged, such that the James Fisher Dockworkers Scheme and the FT Everard Group Pension Fund were merged into the James Fisher Shore Staff Scheme. The merger will result in several benefits to the Scheme, including significant administration cost savings. The deficit of the Scheme at 31 December 2009 was £14.2m (2008: James Fisher Shore Staff Scheme £4.9m deficit; James Fisher Dockworkers Scheme £2.1m deficit; Everard Group Pension Fund £2.3m deficit).

The Scheme has been closed to new members since 2001 and will close to further accrual on 31st December 2010.

The Group, as a former employer of the members of the Merchant Navy Officers Pension Fund, is jointly and severally liable with other former employers to fund the current deficit in the scheme. The Group's liability is currently estimated at £8.2m (2008: £9.3m). This is being paid by annual instalments of £1.9m over the next five years ending in September 2014. Further details are given in Note 24 to these accounts.

Key Performance Indicators

The Group utilises a number of different measures in order to monitor its performance, including segmental revenue, profit and margin as detailed on page 11 of this Review of Operations and Group cash flow. Further measures employed are set out below.

Return on Capital Employed

The Group's return on capital employed, (ROCE), measured as profit after tax divided by capital employed at 31 December adjusted for the effect of acquisition during the year was 17.77% (2008 restated: 19.24%). Divisional ROCE included on page 11 is calculated as profit from operations including the results of associates and joint ventures, divided by capital employed at the end of the financial year adjusted for the effect of acquisitions during the year.

Health and Safety

Health and safety is a matter of paramount concern to the Group across its entire operations. Given the naturally hazardous environment in which they conduct their businesses, particular attention is paid to the Marine Oil services and Offshore Oil services divisions. In 2009 the number of injuries amongst seafarers in the Marine Oil services division, which injuries resulted in an individual not being able to continue with their duties for a period of time, expressed as the number of such injuries per 1 million man hours, comprised 0.43 (2008: 1.2).

Employee Turnover

The Group recognises that as a service provider a skilled and motivated workforce is central to its success, and as such it monitors employee turnover. The number of employees who have left employment with the Group of their own volition during 2009, expressed as a percentage of the average workforce during such period comprised 12.0% (2008: 13.1%).

Principal Risks and Uncertainties

This section sets out a number of the risks which could affect the business operations and results of the Group.

Competitive pressures

In common with other markets, our businesses compete with others on price and service and these markets are subject to cycles determined by the balance between supply and demand.

There exists a risk that over-tonnaging may occur in the shipping markets in which the Group operates and given the ease with which, for example, shipping assets may be moved from one geographical market to another, no regional or local market can be totally isolated from the influence of over-tonnaging in other markets should it occur. The global supply of tonnage makes it difficult to predict over-tonnaging in any particular local market with any accuracy. There are however, high barriers of entry to the contract of affreightment business with the oil majors, with vigorous vetting procedures.

Reputational risks for operational incidents

The results of the Group are reliant to a degree on the maintenance by the various businesses of high reputations with their customers.

The Group places a particular emphasis on the safety and security of operations but notwithstanding this, it is possible that an adverse operational incident may occur, which could in turn damage the Group's reputation.

Pensions

The Group contributes to a number of defined benefit pension schemes. There is a risk that changes in the market conditions for bond yields and equities and changes in the actuarial assumptions (eg on life expectancy), may result in an increase in the deficits in any of such schemes from time to time.

There is a further risk that the Group could be obliged to fund additional liabilities of the industry wide schemes, the Merchant Navy Officers Pension Fund and the Merchant Navy Ratings Pension Fund, in addition to the liabilities in respect of its own employees, in relation to any other employee(s) unconnected to the Group whose employer has become insolvent.

World Economic Outlook

Demand for the Group's products and services is inevitably a factor of wider economic conditions. During an economic slowdown it is possible that demand for certain products and services provided by the Group may reduce. This risk is mitigated to a degree by the diverse nature of the Group's businesses and its expanding geographical spread. Furthermore the current economic environment may increase the risk that parties with whom the Group trades become unable to meet their commitments to the Group. The Group seeks to manage this risk by performing credit checks and taking third party comfort, including guarantees, where appropriate.

Product Liability

The Group is involved in the design, manufacture and sale or hire of various items such as engineering tools, software and electronics. It is possible that the Group may become liable for losses which are incurred by customers and others in the event that any such product does not meet the agreed specifications or other quality requirements. The Group seeks to limit the impact of this risk through its quality assurance processes, by negotiating appropriate limits on its liability to customers and also through its insurance policies.

Integration Benefits

The Group continues to experience growth and development through acquisitions. Integrating the operations and personnel of acquired businesses is a complex process and there is a risk that the anticipated benefits of the acquisition may not be realised in their entirety, or may be realised over a longer time span than originally envisaged. Where appropriate, the Group manages this risk through the formation of an integration committee comprised of senior managers from across the Group with significant experience of the underlying businesses, drawing on external advice and support as appropriate.

Recruitment and retention of talent

The success of the Group is dependent to a significant degree upon the skills and motivation of its workforce, including its senior management team. There is a risk that if the Group loses, or fails to attract personnel of the requisite calibre, that this could have an adverse impact on the performance of the business. The risk is mitigated through the application of appropriate remuneration incentives and the implementation of skills development initiatives, designed to assist in making the Group an attractive environment in which to work.

Legislation and regulation

The businesses conducted by the Group are subject to numerous laws and regulations, both in the United Kingdom and overseas, which regulate matters including safety procedures, employment requirements, taxation, environmental procedures and other operating issues. Failure to comply with such laws and regulations may harm the business or the Group's reputation. The Group draws upon the expertise of various professionals, both within and outside the business, in order to seek to ensure compliance with such provisions.

Financial

The Group is exposed to interest rate risk and foreign exchange risk which it seeks to manage, where appropriate, via hedging arrangements. Furthermore the loan facilities entered into by the Group include a number of financial covenants. Breach of these covenants would constitute events of default under such facilities which might result in these borrowings becoming immediately repayable. Recent events in the financial markets have demonstrated the risks associated with credit and liquidity. In 2009 the Group has continued to be proactive in managing these risks, both fostering existing and developing new relationships with lenders.

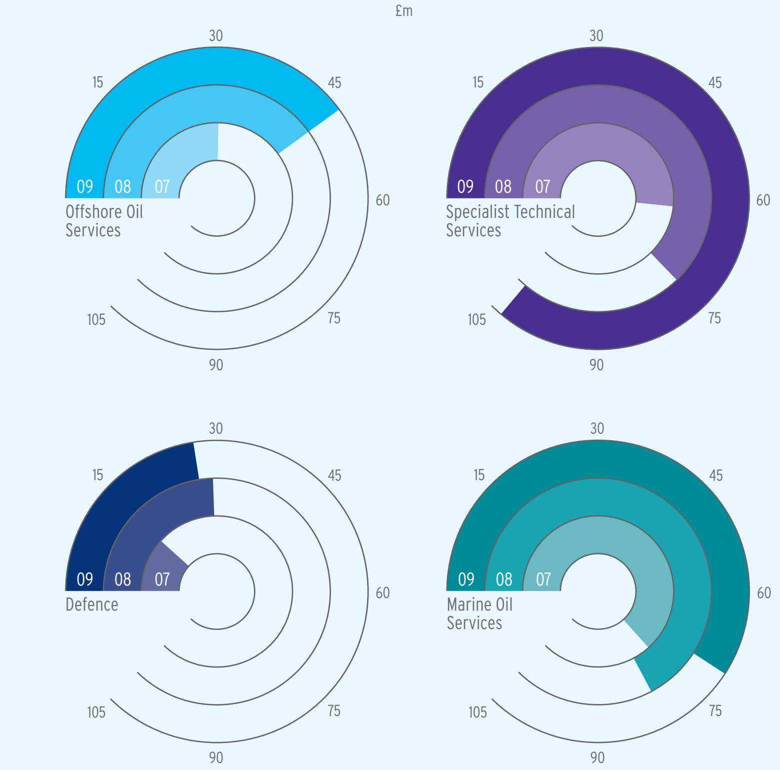
Nick Henry

Nicholas Henry
Chief Executive Officer

Michael Shields

Michael Shields
Group Finance Director

Continuing Operations Divisional Revenue



Segmental Reporting

Details of segmental profit, revenue, margin and return on capital employed are shown in the table below. Figures for 2007 have been adjusted to reflect the transfer of Remote Marine Systems and Pumptools from Specialist Technical Services to Offshore Oil Services. Separately disclosed items from 2008 and 2007 have been reclassified into segmental profit. For both years all items related to the Marine Oil segment and have been included in this segment result (Note 5). See page 10 for definition of return on capital employed.

	2009	2008	2007
Offshore Oil Services			
Revenue (£m)	48.2	48.3	30.3
Profit (£m)	12.5	12.7	9.2
Margin	26.0%	26.3%	30.4%
Return on capital employed	13.4%	16.4%	15.8%
Specialist Technical Services			
Revenue (£m)	103.4	75.3	61.9
Profit (£m)	16.0	9.6	5.6
Margin	15.5%	12.8%	9.1%
Return on capital employed	22.8%	16.9%	13.2%
Defence			
Revenue (£m)	26.9	29.3	13.9
Profit (£m)	3.7	4.5	3.0
Margin	13.6%	15.3%	21.5%
Return on capital employed	19.7%	20.2%	22.7%
Marine Oil Services			
Revenue (£m)	71.1	80.8	75.9
Profit (£m)	(1.6)	5.4	8.6
Margin	(2.2%)	6.7%	11.3%
Return on capital employed	(2.5%)	8.0%	11.9%








Board of Directors

Executive Chairman

Timothy C Harris
Executive Chairman (aged 62)
Joined the board in September 2001 and became chairman on 1 January 2002. Formerly Chief Executive Officer of P&O's cruise interests and of P&O Nedloyd Container Line Limited. He was the Non-Executive Chairman of Clarksons plc until 2008. He was also President of the Chamber of Shipping from March 1995 to March 1996. He is currently a Non-Executive Director of Neptune Orient Line Limited.

Executive Directors

Nicholas P Henry
Chief Executive Officer (aged 48)
Joined James Fisher in February 2003 as Managing Director of James Fisher Tankships Limited, after working for 20 years for P&O and has extensive experience in shipping, including fleet management. He was appointed Chief Executive Officer in December 2004.

Michael J Shields
Group Finance Director (aged 62)
Joined the Group in 1964 and has worked extensively throughout the Group's chartering, ship operations and previous port activities. In 1983 he became group accountant and treasurer, first becoming a main board director in 1986. He was appointed Group Finance Director in 1996.

Simon A Harris
Chairman, James Fisher Defence (aged 49)
Joined James Fisher in March 2004 as Commercial Director of James Fisher (Shipping Services) Ltd and was appointed Managing Director of James Fisher Defence in January 2005, becoming Chairman of James Fisher Defence in 2009. He was previously Operations Director of Houlder Ltd and Project Director during negotiations for the £1bn Strategic Sealift PFI contract awarded to Foreland Shipping Limited in which James Fisher has a 25% holding. He joined the board in August 2005.

Non Executive Directors

Anthony R C B Cooke
Senior non-executive director (aged 68) ● ○
Joined the board in January 2002. He has wide experience in commercial shipping, having been Chairman of Andrew Weir Shipping Limited and was president of the Chamber of Shipping in 1997. He is currently a director of the West of England Shipowners Mutual Insurance Company. He is also a fellow of the Institute of Chartered Accountants of England and Wales. He is a past Chairman of the Baltic Exchange and is a past president of the Institute of Chartered Shipbrokers.

Maurice Storey
Non-executive director (aged 66) ● ○
Joined the board in December 2003. He is a chartered engineer with wide experience in operational management of ships and marine services having been responsible for ships and port operations as main board director for Stena Line UK Limited. For a number of years he held the position of Chief Executive of the Maritime Coastguard Agency. He is currently Honorary Chairman of Evergreen Marine UK Limited. He was president of the Institute of Marine Engineering, Science and Technology from March 2005 to March 2006 and President of the Chamber of Shipping from March 2006 to March 2007. He is a Trustee of the Historic Dockyard (Chatham).

Charles J Rice
Non-executive director (aged 56) ● ○
Joined the board in April 2004. He has wide experience in commercial shipping having held a number of commercial and operational roles with Overseas Containers Limited. During the 1990s he was responsible for P&O's Trans European Division progressing to a main board director of P&O in 2001. He is currently chairman of the Transport Research Foundation and Executive Director of Geoenergie Bayern Gmbh and G Finanz Limited.

F Michael Everard
Non-executive director (aged 61) ● ○
Joined James Fisher in December 2006 following the acquisition of F.T.Everard and Sons Limited in which he held the position of Chairman from 1988 to 2006. He is a past president of The Baltic and International Maritime Council, the Chamber of Shipping and the Institute of Chartered Shipbrokers. He was a non-executive director of P&O and sits on the executive of The International Chamber of Shipping. He is currently the President of the Institute of Marine Engineers, Science and Technology.

● Audit Committee
○ Remuneration and Nominations Committees

Report of the Directors

The directors present their report and the Group financial statements of James Fisher and Sons Public Limited Company for the financial year ended 31 December 2009.

Principal group activities, review of operations and results.

The Review of Operations on pages 8 to 11 describes the principal activities, operations and the financial position of the Group. The results of the Group are set out in detail on pages 31 to 38 and in the accompanying notes. Further information on the business and future developments of the Group is presented in the Chairman's Statement on pages 4 to 7. The principal subsidiaries and associates are listed on pages 98 to 99.

Business review and future developments

The Companies Act 2006, section 417 requires the directors to present a Business Review in this report. The information that fulfils this requirement can be found in sections set out below and is incorporated by reference into this report.

- the Chairman's Statement on pages 4 to 7
- the Review of Operations on pages 8 to 11
- the summary of principal risks and uncertainties on pages 10 to 11
- the key performance indicators on page 11
- the review of environmental matters, employees and social issues on pages 20 to 21
- the disclosure of contractual arrangements below.

Results and dividends

The Group profit for the financial year after taxation amounted to £18.424m (2008: profit £18.290m). The directors recommend a final ordinary dividend of 8.80p per share (2008: 8.65p) amounting to £4.4m making 13.60p per share and £6.8m for the year. Dividends are recognised in the accounts in the year in which they are paid, or in the case of a final dividend, when approved by shareholders, such that the amount recognised in the accounts as described in Note 11, is made up of last year's final dividend, and this year's interim. Preference dividends of £3,500 were also paid during the year, which are reflected in finance costs.
The final dividend if approved will be paid on 14 May 2010 to ordinary shareholders whose names were on the register on 16 April 2010.

Directors and their interests

The current members of the board are listed on page 12.

Mr M.J.Shields retires by rotation and, being eligible, offers himself for re-election.
Mr A.R.C.B.Cooke retires by rotation and, being eligible, offers himself for re-election.
Mr F.M.Everard retires by rotation and, being eligible, offers himself for re-election.
Brief biographical details of all directors are shown on page 12.

The interests of the directors, who held office at the end of the financial year, in the ordinary share capital of the Company, other than with respect to options to acquire ordinary shares (which are detailed in the analysis of options included in the report on directors' remuneration), are as follows:

	Holdings of ordinary shares of 25p each	
	2009 No.	2008 No.
T.C. Harris	267,705	241,260
N.P. Henry	55,503	43,083
M.J. Shields	195,166	187,284
S.A. Harris	29,564	18,116
A.R.C.B. Cooke	33,684	33,684
M. Storey	-	-
C.J. Rice	5,000	5,000
F.M. Everard	-	-

Since 31 December 2009 there has been no change in directors' interests.

No director is interested in the preference shares of the Company, or in the shares of any subsidiary undertaking.

All executive directors, other than the Chairman who has a six month rolling service contract, have one year rolling service contracts with the Company. The non-executive directors do not have service contracts with either the Company or any Group undertaking.

No contract in relation to the Group's business in which the directors of the Company had an interest, existed at 31 December 2009 or at any time during 2009.

During the financial year the Company has maintained cover for its directors under a directors' liability insurance policy.

Substantial shareholders

On 15 March 2010 the following were interested in 3 per cent or more of the Company's issued share capital:

	Ordinary Shares	
	No.	%
Rowland Frederick Hart Jackson (non-beneficial)	8,887,596	17.84
Schroder Investment Management	6,898,473	13.85
Therapia Investments Limited	3,497,100	7.01
Montanaro Investment Managers	2,815,471	5.64
M&G Investment Management	2,504,727	5.03
Legal and General Investment Management	2,070,666	4.16
Scottish Widows	1,892,713	3.80

	Preference Shares	
	No.	%
Therapia Investments Limited	100,000	100

Financial instruments

The Group's financial risk management objectives and policies are discussed in the treasury section of the Review of Operations on page 9.

Charitable and political contributions

During the financial year the Group made no political contributions (2008 £nil).
Charitable contributions made during the financial year totalled £370 (2008 £335).

Events after the balance sheet

On 22 January 2010 the Group entered into an agreement for the purchase of the business and property leases of Australian Commercial Marine Pty Ltd (ACM) for a total consideration of approximately AUD 3 million in cash. ACM is a leading local provider of marine equipment to the commercial shipping, port and offshore industries in Western Australia.

Report of the Directors

Employees

It is the policy of the Group to ensure all sections of the community at large have equal opportunities in matters relating to employment. Furthermore, full and fair consideration is given to disabled applicants for employment and career development. The Group also actively encourages the training of its employees through participation in industry training schemes. Additionally, both in-house and external training is provided for staff. The Group communicates with its employees principally through regular presentations by senior management and by means of publication of a company newsletter.

A Long Term Incentive Plan was introduced in 2001 following shareholders' approval under which options may be awarded to nominated employees. Awards have been made to the directors and other senior executives under this plan.

The Savings Related Share Option Scheme was approved by shareholders at the Annual General Meeting in 2005. Under this scheme, which is a UK HM Revenue and Customs approved scheme, eligible employees may be invited to apply for options after announcement of results for any period. The options granted to each individual are related to the monthly sum the individual agrees to save under the contract, not exceeding £250 per month for a period of three, five or seven years. Options are normally exercisable at the end of the related savings contract, but early exercise is permitted in certain circumstances, for example if an individual leaves employment for specific good leaver reasons.

The Company also operates an Executive Share Option Scheme (the ESOS Scheme) which was approved by the shareholders at the Annual General Meeting in 2005. Under this scheme, which is a UK HM Revenue and Customs approved scheme, the remuneration committee has the discretion to select employees and directors of the Company and of its subsidiaries for participation in the plan each time it is operated. The fair value of the options granted in any year of operation of the plan shall not exceed 100% of an option holder's annual base salary.

The options can be exercised following attainment of a performance target linked to the Company's total shareholder return (TSR) relative to a comparator group over a three year period. Following approval by the shareholders at the 2007 Annual General Meeting the comparator group was amended to comprise companies forming the FTSE Small Cap index as a whole, excluding investment trusts.

Special business at the Annual General Meeting

At the Annual General Meeting on 6 May 2010 resolutions 8 to 11 inclusive will be special business. The special business covers: approval for the directors' authority to allot shares, the partial disapplication of pre-emption rights, the Company's authority to purchase its own shares and the notice period for general meetings. Details of the resolutions are set out in the Notice of Annual General Meeting on page 101 and the explanatory Notes on pages 102 to 104.

In the opinion of the directors, the passing of these resolutions is in the best interests of the shareholders.

Supplier payment terms

It is the Company's policy to comply with the terms of payment agreed with its suppliers. Where payment terms are not negotiated the Company endeavours to adhere to suppliers' standard terms.

At 31 December 2009 the Group and Company had an average number of 51 days and 51 days purchases outstanding in trade creditors respectively (2008 Group 58 days, Company 52 days).

Additional information for shareholders

The following provides the additional information required for shareholders as a result of the implementation of the Takeovers Directive into UK Law.
At 31 December 2009, the Company's issued share capital comprised:

	Number	£000	% of total Share capital
Ordinary shares of 25p each	49,822,840	12,456	99.2
3.5% cumulative Preference shares of £1 each	100,000	100	0.8

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

Ordinary shares

On a show of hands at a general meeting of the Company every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the general meeting on page 101 specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at general meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the Annual General Meeting and published on the Company's website after the meeting.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods) and;
- pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the Company require the approval of the Company to deal in the Company's securities.

The Company's articles of association may only be amended by a special resolution at a general meeting of the shareholders. Directors are reappointed by ordinary resolution at a general meeting of the shareholders. The Board can appoint a director but anyone so appointed must be elected by an ordinary resolution at the next general meeting. Any director who has held office for more than three years since their last appointment must offer themselves up for re-election at the Annual General Meeting.

Preference shares
The 3.5% cumulative preference shares carry a dividend of 3.5% per annum, payable half-yearly in arrears on 30 June and 31 December. The dividend rights are cumulative. The preference shares carry one vote for every £1.00 in nominal amount at meetings. On a winding up of the Company the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, £1 per share plus any accrued dividend.

Significant interests
Directors' interests in the share capital of the Company are shown in the table on page 13. Major interests (ie those greater than or equal to 3%) of which the Company has been notified are shown on page 13.

Company share schemes
The James Fisher Employee Share Ownership Trust, holds 0.34% of the issued share capital of the Company in trust for the benefit of employees of the group and their dependents. The voting rights in relation to these shares are exercised by the trustees.

Change of control and essential contracts
The Company is not party to any agreements which take effect, alter or terminate upon a change of control of the Company following a takeover bid.

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid. The Company is party to a number of banking agreements which upon a change of control of the Company are terminable by the bank.

Furthermore the following contracts may terminate upon a change of control of the Company or its relevant subsidiary.

- the Shareholders Agreement dated 22 June 2006 in relation to Foreland Shipping Limited, which is responsible for the provision of sealift capability to the MoD.
- the Singapore Submarine Rescue Service Agreement dated 17 October 2008, between James Fisher Defence Limited and First Response Marine Pte Ltd.

There are no individual contracts or other arrangements which are deemed essential to the Group's business.

Environmental policy
The Group recognises its responsibilities towards the protection of the environment by operating a management system that upholds the procedures necessary to ensure high standards and safe practices in all marine operations to prevent damage to the environment. Further details are included in the statement on Corporate Social Responsibility on pages 20 and 21.

Auditors
The auditors, KPMG Audit Plc, have indicated their willingness to continue in office and their re-appointment as auditors will be proposed at the Annual General Meeting on 6 May 2010.

Directors' statement as to disclosure of information to auditors
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board

J.J.B.Tyler
Company Secretary
15 March 2010

Corporate Governance Statement

The Company is committed to high standards of corporate governance. The board is accountable to the Company's shareholders for good governance. This statement describes how the principles of corporate governance are applied to the Company and the Company's compliance with the provisions set out in the revised Combined Code issued by the Financial Reporting Council in 2008 (the code).

Statement of compliance with the code

The directors consider that the Company has complied throughout the year with the provisions of the revised code.

Board of directors

The board is the principal decision making forum for the Company. It has overall responsibility for leading and controlling the Company and is accountable to shareholders for financial and operational performance. The board approves group strategy and monitors performance. The board has adopted a formal schedule of matters detailing key aspects of the Company's affairs reserved for it to decide, including setting and monitoring group strategy, reviewing trading performance, ensuring adequate funding, examining potential acquisitions, formulating policy on key issues and reporting to shareholders. The schedule is reviewed annually.

The roles of the Executive Chairman and Chief Executive are distinct and separate with a clear division of responsibilities. The Executive Chairman is responsible for the development of policy and strategy and leads the board ensuring the effective engagement and contribution of all non-executive and executive directors. The Chief Executive has responsibility for the operational management of the Group's businesses.

All directors participate in discussing performance and financial and risk management of the Company and meetings of the board are structured to allow open discussion. The board meets at least on a quarterly basis each year and to ensure that the board is able to discharge its duties, all directors receive appropriate and timely information with comprehensive papers being issued to the board in advance of the board meetings including financial and business reports covering the Group's principal activities. The non-executive directors meet with the Executive Chairman on a regular basis without the executive directors present. The non-executive directors also meet at least once a year without the Chairman or executive directors present. The non-executive directors visit major business centres for the Group in order to enhance their knowledge of the services and products offered, which in turn acts to strengthen their contribution to board debate.

The board has adopted and applied comprehensive procedures addressing the management of potential and actual conflicts of interest.

Board balance and independence

The board currently comprises an Executive Chairman, a Chief Executive Officer, two executive directors, and four independent non-executive directors. The board functions effectively and efficiently and is considered to be of an appropriate size in view of the scale of the Company and the diversity of its businesses. The board considers that each director demonstrates a range of experience and is of the calibre necessary to support and develop the success of the Group.

The board considers the non-executive directors combine broad business and commercial experience to bring independent and objective judgment to bear on issues of strategy, performance, resource and standards of conduct. The balance between non-executive and executive directors enables the board to provide clear and effective leadership and maintain the highest standards of integrity across the Company's business activities. The names and biographies of all board members are set out on page 12.

The code requires the board to determine whether its non-executive members are independent. The board considers that all non-executive directors are independent for the purposes of the code.

In addition to his role as a non-executive director, Mr F.M.Everard acted as Chairman of Cattedown Wharves Limited in 2009. Mr F.M.Everard resigned as Chairman of Cattedown Wharves Limited with effect from 1st January 2010. In 2009 Mr F.M.Everard was paid an annual fee of £61,750 by the Company, which included £43,500 for his services as a non-executive director and £18,250 in respect of his role as Chairman of Cattedown Wharves Limited. The board believes that notwithstanding this factor, Mr F.M.Everard is independent in character and judgement.

The composition of the board is subject to continuing review and the provisions of the code will be taken into account in respect of the balance of the board.

Mr. Anthony R.C.B. Cooke is the senior independent non-executive director.

Re-election of directors
At each Annual General Meeting, in accordance with the Articles of Association, one third of the directors will retire and offer themselves for re-election and each director must stand for re-election at least once every three years. The proposed re-election of directors is subject to prior review by the board.

The names of the directors standing for re-election at the 2010 Annual General Meeting are contained on page 13.

Information, induction and professional development
The Executive Chairman ensures that all directors receive accurate, timely and clear information on all relevant matters.

The Company Secretary is responsible for advising the board, through the Executive Chairman, on all governance matters and to ensure that board procedures are followed and applicable rules and regulations are complied with. In addition, all directors have access to independent professional advice if necessary.

On appointment, new directors are given a comprehensive induction to the Group's business, together with an ongoing programme of visits to the Group's major activities and meetings with senior management.

Performance evaluation
An evaluation of the performance of the board and its committees during 2009 was conducted in January 2010. The evaluation was conducted internally on a confidential basis and included amongst other matters a review of the conduct of, and processes for: board and committee meetings, information received, corporate governance issues and overall performance as well as an assessment of the contribution of individual directors. The non-executive directors have met to discuss the performance of the Executive Chairman. The executive directors have appraised the performance of the non-executive directors. The performance evaluation was designed to assist the board in further improving performance. A performance review is conducted on an annual basis.

Board committees
The board has established a number of committees to deal with specific aspects of the Group's affairs:

Audit committee
The audit committee is responsible for assisting the board in discharging its responsibilities which role it fulfils by way of reviewing and monitoring the financial affairs of the Group, the arrangements for accounting and financial reporting and regulatory compliance, the standards of internal control and arrangements for internal audit, risk management and external auditors. The audit committee is formally constituted with written terms of reference and meets at least three times a year. All members of the committee are independent non-executive directors and the committee is chaired by Mr. A.R.C.B. Cooke, the senior independent non-executive director. The board is satisfied that the audit committee has relevant and recent financial experience.

The Executive Chairman, Chief Executive Officer and the Group Finance Director attend meetings of the committee. In addition, the audit committee meets the external auditors privately.

The audit committee is responsible for monitoring the controls in place and determining any corrective action that it considers is appropriate in respect of internal control issues raised by the internal and external auditors.

Auditor independence
Controls are in place to safeguard the independence of the auditors. However there are occasions when services can be more efficiently undertaken by the external auditor and at no risk of impairment of their independence.

The audit committee review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements and makes recommendations to the board. Whilst a formal policy around the provision of non audit services by auditors is not in place the audit committee follows the guidelines set out by the Institute of Chartered Accountants in England and Wales and has the necessary approval processes in place for non-audit services.

All non-audit services are reported to the audit committee. A summary of fees paid to the auditor can be found in Note 5 of the accounts.

Remuneration and nomination committees
Membership of the remuneration and nomination committees comprises the four non-executive directors with attendance by the Executive Chairman. The remuneration committee is chaired by Mr. A.R.C.B. Cooke, the senior independent non-executive director, and is responsible for formulating and reviewing the Group's executive remuneration policy and making recommendations to the board on the remuneration arrangements for directors. The Executive Chairman is not present when his own terms and conditions are discussed. The report on directors' remuneration is shown on pages 22 to 28.

The nomination committee is chaired by Mr A.R.C.B.Cooke, the senior independent non-executive director and is responsible for assisting the board in the formal selection and appointment of directors and succession planning, having regard to the balance and structure of the board. It also considers potential candidates and recommends appointments of new directors to the board. The appointments are based on merit having regard to their achievements and relevant experience.

Corporate Governance Statement

The Executive Chairman attends the committees' meetings only on invitation by the Chairman of the committee.

Meetings

The number of meetings of the board, the audit, remuneration and nominations committees and individual attendance by members is shown below:

	Board	Audit	Remuneration and nominations
Total number of meetings	4	3	2
Number of meetings attended in 2009			
Mr. T.C. Harris	4	*	*
Mr. N.P. Henry	4	*	–
Mr. M.J. Shields	4	*	–
Mr. S.A. Harris	4	–	–
Mr. A.R.C.B. Cooke	4	3	2
Mr. M. Storey	4	3	2
Mr. C.J. Rice	4	3	2
Mr. F.M. Everard	4	3	2

*attends by invitation

In addition to the formal meetings set out above, the executive directors are in frequent ad hoc dialogue with the non-executive directors.

Relations with shareholders

The Company communicates with shareholders through the annual report, interim report, preliminary announcements, interim management statements and the Company web site. The board takes the opportunity at the Annual General Meeting to meet and communicate with private and institutional shareholders and welcomes their involvement. Furthermore, communication with the Company's largest institutional shareholders is undertaken as part of the Company's investor relations programme. Non attributable feed back on the Institutional Presentations which is given to the Company's stock brokers, is circulated to the non-executive directors. The non-executive directors have consulted with major shareholders in order to develop a balanced understanding of the issues and concerns of major shareholders. In addition the outcome of any meeting by the executives with investors in governance and strategy matters is relayed back to the board.

Internal control

The board of directors is responsible for the Group's (excluding joint ventures) system of internal control that is designed to provide them with reasonable assurance as to the effective and efficient operation of the Group and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. However, there are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable and not absolute assurance.

The board has established an ongoing process in accordance with the guidance of the Turnbull Committee on internal control, for the identification, evaluation and management of the significant risks facing the Group, which operated throughout the year. Risk management is included as an agenda item at board meetings where there is an opportunity to discuss risk management and internal control issues and to determine a control strategy for the significant risks.

Furthermore, the risk committee which is chaired by the Chief Executive Officer meets quarterly. The risk committee's terms of reference include the identification and monitoring of risks and ensuring the risks are being actively managed. The committee's findings are reported to the board. This process is under continual review by the board. A full risk assessment is made to the board before any decision on major projects is made and commercial, legal and financial due diligence are carried out on any potential acquisition.

The Group's internal audit function employs a peer group review process, whereby senior financial managers from within the business conduct audits of non-related areas of the Group's activities. The programme is co-ordinated by the Assistant Company Secretary who presents the Group Internal Audit Plan and Reports to the audit committee, and is responsible for ensuring that the audit program is met and recommendations are actioned. The directors have reviewed the effectiveness of the Group's system of internal control as it operated throughout the year. The key features of the internal control system that operated throughout the year are as follows:

Control environment

The board has put in place a documented organisational structure with defined lines of authority from the board to operating units. Each operating unit is required to operate within this control environment and in accordance with established policies and procedures which includes ethical, treasury, employment, health and safety and environmental issues.

Information systems

The Group operates comprehensive annual planning and budgeting systems with a half yearly forecast all of which are approved by the board. There is a financial reporting system which compares results with budget and the previous year on a monthly basis to identify any significant deviation from approved plans. A cash flow statement projected for a rolling twelve months is prepared on a quarterly basis and is used in determining that the Group has adequate funding for its future needs. In addition the Group produces an 18 month forward looking cash flow forecast for its going concern requirements. The actual cash flow is monitored on a monthly basis and compared to forecast. Financial reviews of the major operating units are undertaken on a monthly basis and a rolling forecast for the year is also updated on a monthly basis.

Main control procedures

The board has adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, investment, financial, organisational and compliance issues. Controls and procedures have been implemented which include defined procedures for seeking and obtaining approval for major transactions or organisational change. This schedule is subject to review by the board on an annual basis.

Monitoring

The board has delegated to executive management implementation of the system of internal control. The effectiveness of the Group's internal control system is regularly reviewed by the board and the audit committee. Executive management of the various business units submit to the board detailed reports, including significant risks facing their business and how they are being controlled. There is an organisation structure which has clear lines of communication and accountability and delegation of authority rules. Business strategies are prepared at divisional level and approved by the board. Actual performance is compared to budget and significant variances are investigated. All major items of capital expenditure and significant treasury transactions are subject to approval. There is also a regular review of the Group's health and safety processes. Additional assurance that the key controls are operating as intended is provided by internal audit.

Whistle-blowing policy

The board has approved a whistle-blowing policy whereby employees may express their concerns in confidence to designated officers.

Going concern

After making enquiries, the directors believe that the Group and the Company have adequate resources to operate for the foreseeable future, as detailed in Note 1 to the financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Corporate Social Responsibility Statement

As a leading provider of marine services in the United Kingdom and overseas, the Group is committed and determined to conduct its affairs in an equitable manner recognising its responsibilities with regard to social and ethical conduct, human resources, health and safety and the environment collectively known as Corporate Social Responsibility (CSR) and to communicate with its stakeholders. The Group believes that its activities and relationships should be undertaken with integrity and in an honest manner and that it should be accountable for its actions.

The following statement contains information on the Group's policies and procedures in areas of social and ethical conduct, human resources, health and safety and the environment. It is also an acknowledgement of the Group's responsibility to provide information and transparency to shareholders, customers, employees, suppliers and the wider community in which the Group operates.

The statement consolidates information drawn from many policies and procedures in operation throughout the Group. These policies and procedures are under regular review by senior management to enable continual improvement and development.

The Group's policy commitments focus on the following areas:

- Ethical code of conduct
- Human resources
- Stakeholders
- Health and safety
- Environment

Ethical code of conduct

The Group is committed to ensuring the highest standards in all its business dealings and applies the following principles:

- Respect the rule of law and comply with legislation and recognised industry standards.
- Do not participate in or condone corrupt or unacceptable business practices.
- Avoid any conflicts of interest both at a corporate and individual level.
- Promote a strong culture of health and safety and environmental awareness for the benefit of customers, suppliers, employees and third parties.
- Aim to provide continuous improvement in the services the Group offers.
- Respect the confidentiality of each customer's business and activities.

Human resources

The Group holds its employees in high regard and recognises that their skills, knowledge and expertise fundamentally contribute to the Group's success. The Group operates an equal opportunities policy which provides that it will not discriminate against employees, and any complaints of discrimination will be viewed seriously and dealt with according to the Group's disciplinary procedures. The Group will also not tolerate sexual, physical or mental harassment of employees.

The Group operates personnel policies with the objective that all employees:

- Understand their role and duties within the Group.
- Work in healthy and safe working conditions.
- Have an opportunity to discuss their areas of performance improvement and training needs.
- Receive suitable training as part of a programme of continuous personal and professional development.
- Are fairly treated and have their views considered.
- Have confidential access to a member of senior management to discuss concerns about any aspect of their employment.

Stakeholders

The Group recognises the aspirations and needs of shareholders, customers, suppliers and communities in establishing and developing relationships leading to the creation of mutual success. Good relationships are founded on trust and good working practices. In pursuit of good relationships the Group endeavours to understand the objectives and desires of those with whom it is interacting and to honour the standards of service that have been agreed between parties.

The Group believes that long-term relationships are based on:

- High performance standards.
- Delivery commitments.
- Flexible and strong working practices.

Health, safety and environment

The Group operates a philosophy in which the management of safety, health and environment control is integral to, and equal to all commercial activities. All employees, both at sea and ashore, have a paramount responsibility to prevent accidents, incidents or injury to themselves and others and harm to the environment. The Group's management system embraces this responsibility and encourages improvement by continual assessment.

Health and safety

The nature of the Group's business is to provide quality assured marine and technical services which entails:

- Operating vessels and transporting cargo safely and efficiently.
- Providing high quality equipment to clients.
- Avoiding injuries to personnel and loss of life.
- Protecting owners' assets that are entrusted to the Group.
- Complying with statutory and classification rules and requirements.
- Applying recognised industry standards.
- Continuous development of skills and systems.
- Preparing for emergencies.

To ensure that high standards are achieved the Group has established and maintains an efficient and effective quality assurance programme. The Group's quality assurance system complies with and exceeds the requirements of the quality standard ISO9000 the International Safety Management (ISM) Code and the Oil Companies International Marine Forum Ship to Ship Transfer Guide.

The Group is fully committed to providing services in accordance with the international quality standard ISO9001:2000. The system encompasses the Group's business from head office functions to its offshore operations and is designed to continuously improve performance, reliability and safety whilst providing a service that fully meets our customers' requirements. The objectives of the Safety Management System are:

- Continuously develop and improve the awareness and management of safety of all personnel in the Group.
- Provide a continuously safe working environment. Operations and activities are subject to appropriate controls that include the application of safe working practices, complying with relevant legislation and the employment of appropriately trained and competent personnel.
- Review accidents and incidents with a view to ascertaining and publishing the root cause to improve personnel awareness. Evaluate existing controls following an incident to determine how these controls may be improved upon, to reduce the possibility of recurrence.
- Prevent damage to property and the marine environment by employing best practice and complying with all applicable rules and regulations.

Environment

James Fisher and Sons plc is committed to operating a sustainable business and to the protection and conservation of the environment.

As such the Group will endeavour to:

- Include environmental concerns on an equal basis with economic and commercial considerations in decision-making.
- Identify the environmental impacts of its operations and to take the appropriate steps to minimise or eliminate those impacts in a similar manner to health and safety risk assessments.
- Go beyond legal compliance by subscribing to relevant industry best practice and by encouraging all staff to take voluntary steps to improve environmental performance.
- Establish pre-defined objectives or targets to help achieve its environmental aspirations.
- Monitor its environmental performance, to seek continuous improvement, to conduct regular reviews, and to verify progress towards meeting its environmental objectives.
- Ensure that management at board level takes ownership of environmental issues and develop good communication flows to foster a sense of environmental responsibility in every employee.
- Make available the appropriate resources and provide the necessary training for employees to comply with, and where appropriate exceed, their statutory environmental obligations.
- Encourage the development and installation of new systems and/or procedures to reduce environmental impact.
- Encourage the use of recyclable materials whenever possible, to minimise packaging and to dispose of waste in an environmentally responsible manner.
- Encourage contractors and suppliers to apply these principles and, if necessary, require them to improve their standards to conform with the above.

Report on Directors' Remuneration

The directors' remuneration report covers all directors, both executive and non-executive, and is set out on pages 22 to 28.

The report has been approved by the board and signed on its behalf by the Chairman of the remuneration committee. A resolution to approve this report will be proposed at the Company's Annual General Meeting to be held on 6 May 2010.

Information not subject to audit

Remuneration committee and advisers

The remuneration committee (the committee) determines on behalf of the board the Company's policy on the remuneration and terms of engagement of the executive directors and senior executives.

The committee is comprised exclusively of non-executive directors of the Company, all of whom are considered to be independent. The members of the committee during the year were:

Mr. A.R.C.B.Cooke (chairman and senior independent non-executive director)
Mr. M.Storey
Mr. C.J.Rice
Mr. F.M.Everard

The committee members have no personal financial interest other than as shareholders, in the matters to be decided. They have no conflicts of interest arising from cross-directorships with the executive directors nor from being involved in the day-to-day business of the Company. They do not hold share options nor do they participate in any Group share or pension schemes.

The committee operates under clear written terms of reference, confirms that its constitution and operation comply with the principles which are set out in the Combined Code on Corporate Governance, and has applied the principles in Section 1 of the Code throughout the year.

	Number of meetings held	Number of meetings attended
Mr. A.R.C.B. Cooke (chairman)	2	2
Mr. M. Storey	2	2
Mr. C.J. Rice	2	2
Mr. F.M.Everard	2	2

The committee met twice in the period under review. Mr. T.C.Harris, as Executive Chairman of the board, also attended committee meetings, at the invitation of the chairman of the committee.

The committee has appointed an independent firm of remuneration consultants, Hewitt New Bridge Street (Hewitts), as its principal external adviser on matters of executive directors' remuneration. Mr. T.C.Harris was consulted on matters relating to the other executive directors who report to him.

Remuneration policy for executive directors

Main principles

James Fisher and Sons Public Limited Company operates in a highly competitive international environment. For the Company to continue to compete successfully, it is essential that the level of remuneration and benefits offered achieves the objectives of attracting, retaining, motivating and rewarding the necessary high calibre of individuals at all levels across the Company. The Company therefore sets out to provide competitive remuneration to all its employees, appropriate to the business environment in those countries in which it operates. To achieve this the remuneration package is based upon the following principles:

- Total rewards should be set at appropriate levels to reflect the competitive market in which the Company operates, and to provide a fair and attractive remuneration package.

- Reward elements should be designed to reinforce the link between performance and reward. The majority of the total remuneration package should be linked to the achievement of appropriate performance targets.

- Executive directors' incentives should be aligned with the interests of shareholders. This is achieved through setting performance targets to reward increase in shareholder value, and through the committee's policy to encourage shareholding by executive directors.

The remuneration strategy is designed not only to align with the Company's fundamental values of fairness, competitiveness and equity, but also to support the Company's corporate strategy, as a significant contributor to competitive advantage. A cohesive reward structure – with a timely pay review process, consistently applied to all employees, with links to corporate performance – is seen as critical in ensuring all employees can associate with, and are focused on, the attainment of the Company's strategic goals.

The Company also seeks to align the interests of shareholders and employees at all levels by giving employees opportunities and encouragement to build up a shareholding interest in the Company. Through a series of share plan initiatives, under the UK Savings Related Share Option Scheme, the majority of employees of the Company, and its wholly owned subsidiaries, have the opportunity to take up a shareholding interest. In addition in 2009 further awards were made under the Long Term Incentive Plan to certain senior executives.

Elements of remuneration
The executive directors' total remuneration currently consists of base salary, annual bonus coupled with an Executive Share Option Scheme, Long-Term Incentive Plan, pensions and other benefits. The performance-related elements, when valued at target performance levels, comprise more than 50% of the package (excluding pension benefits).

Each of the above elements of remuneration is explained in the pages which follow.

Base salary
Base salaries are a fixed annual sum payable monthly in cash. The committee's policy is to set the salary for each executive director within a range around the market median for similar positions in appropriate comparator companies. Salaries for individual directors are reviewed each year by the committee, recognising the individual's performance and experience, and developments in the relevant employment market. In 2009 the base salaries of the executive directors were increased by 3.5% in line with inflation, and in 2010 the base salaries were frozen, in each case in line with the policy applied to the Group as a whole. In lieu of the 6% increase in company pension contributions with effect from 1 January 2009 awarded to certain executive directors and other senior executives, the base salaries of Mr T.C.Harris and Mr M.J.Shields, neither of whom participate in the Group defined contribution pension scheme, were increased by an additional amount of £20,604 and £9,988 respectively.

Benefits in kind
These principally comprise car benefits, life assurance and membership of the Group's healthcare insurance scheme. These benefits do not form part of pensionable earnings.

Annual cash bonus
Each executive director is eligible to participate in an annual performance-based cash bonus scheme. The committee reviews and sets bonus targets and levels of eligibility annually. Subject to overall performance, 70% of the bonus is based on financial targets derived from the strategic and annual plan, and 30% of the bonus is based on individual achievement and personal objectives.

The maximum level of bonus that could be earned by an executive director in 2009 was 70% of base salary.

These annual bonuses are not pensionable by the Company, although the director can use them to support a personal pension.

Bonuses for the year to 31 December 2009 are shown in the table on page 25. In the case of the executive directors the financial targets forming part of the bonus structure have not been achieved, and therefore that element of the bonus has not been paid. Other senior executives also achieved a cash bonus for last year.

Long Term Incentive Plan
Longer-term business performance improvement is rewarded under the Long Term Incentive Plan (LTIP), which was approved by shareholders in 2001. The committee may award shares annually up to a maximum of 100% of annual salary to main board directors and senior executives, subject to the achievement of a performance target, over a three year performance period. In 2009 the committee set award levels for main board directors under the LTIP at 75% of salary annually. Under the performance target, which utilises a sliding scale, one third of the award vests where growth of diluted earnings per share of RPI plus 9% is achieved over the three year performance period, to full vesting where growth of RPI plus 18% is achieved over the same period.

Executive Share Option Scheme
The Company has for some time operated an Executive Share Option Scheme (the 1995 Scheme). Under the 1995 Scheme options to acquire ordinary shares at an exercise price no lower than the market value (as determined in accordance with the Scheme rules) of a share at the date of grant could be awarded at the discretion of the committee subject to an overall limit of four times base salary. Details of options held by directors under the 1995 Scheme are set out on page 26. The options may be exercised following the attainment of a performance condition measured over a continuous period of three years and which demonstrates the increase in diluted earnings per share achieved exceeds inflation as measured by RPI and is at least 9%.

A new Executive Share Option Scheme was approved by shareholders in May 2005 – the James Fisher and Sons Public Limited Company (2005) Executive Share Option Scheme (the ESOS). The ESOS provides for the grant of options to acquire shares at a price equal to market value at the date of grant. Options over shares with a market value not exceeding 100% of a participant's base salary may be granted under the ESOS annually.

Report on Directors' Remuneration

Options under the ESOS will be granted subject to a performance target which must be achieved before exercise based on the total shareholder return (TSR) performance of the Company relative to a comparator group. The committee firmly believes that the use of relative TSR as a performance measure is an appropriately objective measure of the Company's success that will both reflect relative management performance and align the interests of shareholders and executives. The comparator group comprises companies forming the FTSE Small Cap Index as a whole, excluding investment trusts. If at the end of a performance period, usually three years, the Company ranks in the upper quartile of the comparator group, all of the options will vest. If the ranking is at the median level, 40% of the options will vest. No options will vest for performance below median. For intermediate rankings between upper quartile and median, a proportionate number of options will vest reducing on a straight-line basis. Options which do not vest at the end of the performance period will lapse. Details of awards made to directors under the ESOS are on page 26.

Savings Related Share Option Scheme
All eligible employees including executive directors have the opportunity to participate in the James Fisher Savings Related Share Option Scheme. This is a HM Revenue and Customs approved all-employee share plan. HM Revenue and Customs does not permit performance conditions to be attached to the exercise of options. Under the Scheme, participants are granted options over James Fisher and Sons Public Limited Company ordinary shares. Each participant may save up to £250 per month over a three, five or seven year savings period to purchase the Company's shares.

Executive Chairman's remuneration package
Mr. Tim Harris, Executive Chairman has an agreed annual salary of £365,000 per year. In 2009 he was entitled to participate in the annual bonus scheme and awarded LTIP shares together with options under the ESOS. The executive chairman is not in the Company's pension scheme but he is a member of the Company's health scheme and he receives a cash sum in lieu of a company car. Details of the Executive Chairman and other directors' emoluments are set out on page 25.

Service contracts
It is the committee's policy that executive directors are employed on contracts subject to no more than 12 months notice. In line with this policy, the Executive Chairman's employment agreement is subject to six months notice by either side. Other executive directors' employment agreements are subject to twelve months notice by either side. There is no predetermined provision for compensation on termination within executive directors' service agreements. The service agreements do not have a fixed term. If it becomes necessary to consider termination of a service contract, the committee will have regard to all the circumstances of the case, including mitigation, when determining any compensation to be paid. Details of the contracts are set out below:

	Contract date	Unexpired term/ Notice period
T.C. Harris	01.12.06	6 months
N.P. Henry	01.12.06	12 months
M.J. Shields	04.12.06	12 months
S.A. Harris	04.12.06	12 months

Non-executive directors do not have service contracts but have a letter setting out their terms and conditions.

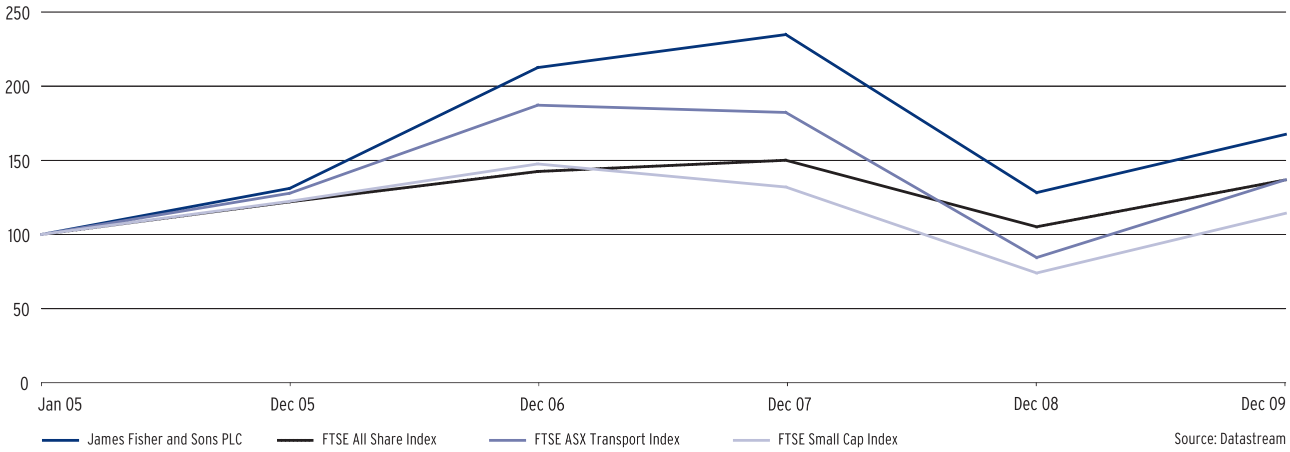
	Contract date	Expiry date
A.R.C.B. Cooke	01.01.10	31 December 2010
M. Storey	01.01.10	31 December 2010
C.J. Rice	01.01.10	31 December 2010
F.M.Everard	01.01.10	31 December 2010

Remuneration policy for non-executive directors
Fees for non-executive directors are determined by the board as a whole, based on independent surveys of fees paid to non-executive directors of comparable companies within the restrictions contained within the Articles of Association. The non-executive directors do not take part in discussions on their own remuneration. Remuneration comprises an annual fee for acting as a non-executive director of the Company. Save as set out on page 16 in respect of Mr F.M.Everard, non-executive directors receive no other pay or benefits (with the exception of reimbursement of expenses incurred in connection with their directorship of the Company), do not participate in the Company's option schemes, bonus schemes or long-term incentive plans and are not eligible for pension scheme membership.

Performance graph

The following graph shows the Company's total shareholder return compared to the total shareholder return for the FTSE All Share Index, the FTSE ASX Transport Index and the FTSE Small Cap Index. These indices show the share price growth plus reinvested dividends and provides relevant equity indices of which the Company is a member as a basis for comparison.

The James Fisher and Sons PLC Total Return Index vs. FTSE All Share Index, FTSE ASX Transport Index and FTSE Small Cap Index
for the period 1 January 2005 to 31 December 2009 (rebased 1 January 2005)



Information subject to audit
Details of directors' remuneration

	Salary and fees £000	Annual performance bonuses £000	Benefits in kind £000	Cash in lieu of benefits £000	2009 Total £000	2008 Total £000
Executive						
T.C. Harris	365	77	-	15	457	547
N.P. Henry	233	49	-	13	295	367
M.J. Shields	173	36	9	-	218	257
S.A. Harris	140	15	-	10	165	221
Non-executive						
A.R.C.B. Cooke	50	-	-	-	50	37
M. Storey	44	-	-	-	44	34
C.J. Rice	44	-	-	-	44	34
F.M. Everard +	62	-	-	-	62	62
Aggregate emoluments	1,111	177	9	38	1,335	1,559

\+ In addition to his salary as a non-executive director Mr F.M. Everard was paid a fee of £18,250 (2008: £27,500) as Chairman of Cattedown Wharves Limited, a subsidiary of FT Everard & Sons Limited. This amount is included in the table above.

Benefits in kind principally comprise car benefits, life assurance and membership of the Group's healthcare insurance scheme.

Mr. M.J. Shields is a member of the James Fisher and Sons PLC Pension Fund for Shore Staff which is a defined benefit scheme. Mr. N.P. Henry and Mr. S.A. Harris are members of the Group defined contribution scheme. Further details of the directors' pension entitlements are set out on page 28.

External directorships

The executive directors are permitted to serve as non-executive directors of other companies, provided the appointment is first approved by the remuneration committee. Directors are allowed to retain their fees from such appointments. During the year Mr T.C. Harris earned £57,801 (2008: £158,705) under this arrangement.

Report on Directors' Remuneration

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the directors. Details of the options are as follows:

	1 January 2009 No.	Granted No.	Exercised No.	Cancelled No.	31 December 2009 No.	Gains on exercise 2009 £000
T.C. Harris	342,933	103,107	–	–	446,040	–
N.P. Henry	134,277	65,784	–	–	200,061	–
M.J. Shields	103,114	48,729	–	–	151,843	–
S.A. Harris	77,874	39,470	–	–	117,344	–
Total	658,198	257,090	–	–	915,288	–

The outstanding options held under the 1995 Executive Share Option Scheme, 2005 Executive Share Option Scheme and 2005 Savings Related Share Option Scheme were as follows:

	Number of share options							
	1 January 2009 No.	Granted during year No.	Exercised during year No.	Cancelled during year No.	31 December 2009 No.	Exercise price	Date from which exercisable	Expiry date
T.C. Harris	130,282	–	–	–	130,282	142p*	10.03.06	10.03.13
	67,278	–	–	–	67,278	327p**	22.06.08	22.06.15
	49,359	–	–	–	49,359	468p**	23.03.09	23.03.16
	44,630	–	–	–	44,630	596p**	02.04.10	02.04.17
	2,803	–	–	–	2,803	584p+	05.01.10	05.07.10
	48,581	–	–	–	48,581	623p**	25.03.11	25.03.18
	–	103,107	–	–	103,107	354p**	20.12.12	20.03.19
	342,933	103,107	–	–	446,040			
N.P. Henry	40,367	–	–	–	40,367	327p**	22.06.08	22.06.15
	29,615	–	–	–	29,615	468p**	23.03.09	23.03.16
	29,362	–	–	–	29,362	596p**	02.04.10	02.04.17
	2,803	–	–	–	2,803	584p+	05.01.10	05.07.10
	32,130	–	–	–	32,130	623p**	25.03.11	25.03.18
	–	65,784	–	–	65,784	354p**	20.12.12	20.03.19
	134,277	65,784	–	–	200,061			
M.J. Shields	33,028	–	–	–	33,028	327p**	22.06.08	22.06.15
	24,231	–	–	–	24,231	468p**	23.03.09	23.03.16
	21,812	–	–	–	21,812	596p**	02.04.10	02.04.17
	1,132	–	–	–	1,132	584p+	05.01.10	05.07.10
	427	–	–	–	427	673p+	28.09.10	28.03.11
	22,484	–	–	–	22,484	623p**	25.03.11	25.03.18
	–	48,729	–	–	48,729	354p**	20.12.12	20.03.19
	103,114	48,729	–	–	151,843			
S.A. Harris	14,526	–	–	–	14,526	327p**	22.06.08	22.06.15
	4,573	–	–	–	4,573	352p+	01.12.10	01.06.11
	21,368	–	–	–	21,368	468p**	23.03.09	23.03.16
	18,456	–	–	–	18,456	596p**	02.04.10	02.04.17
	18,951	–	–	–	18,951	623p**	25.03.11	25.03.18
	–	39,470	–	–	39,470	354p**	20.12.12	20.03.19
	77,874	39,470	–	–	117,344			

* 1995 Executive Share Option Scheme

** 2005 Executive Share Option Scheme

\+ 2005 Savings Related Share Option Scheme

The options under the 1995 scheme are exercised following the attainment of a performance condition measured over a continuous period of three years and which demonstrates that the increase in diluted earnings per ordinary share achieved exceeds inflation and is at least 9%.

The options under the 2005 scheme are exercised following the attainment of a performance target linked to the Company's total shareholder return (TSR) relative to a comparator group over a three year period. The comparator group is those companies in the FTSE Small Cap index excluding investment trusts.

The market value of the 25p ordinary share at 31 December 2009 was 445p having ranged between 283p and 517p during the financial year.

The interest of directors other than those noted above, to subscribe for, or acquire, ordinary shares under the Executive and Savings Related Share Option Schemes have not changed since the year end.

Long Term Incentive Plan (LTIP)

There is a conditional award of shares to directors following the introduction of a Long Term Incentive Plan. Interests in the shares awarded vest in the directors after a period of three years provided the increase in diluted earnings per ordinary share in the three year period at least equals the rate of inflation, as measured by RPI, plus 9%. For awards in 2009 and thereafter the committee approved amendment of the vesting conditions as set out on page 23.

At 1 January 2009 and 31 December 2009 the number of shares under conditional share awards held were as follows:

	1 January 2009 No.	Granted No.	Vested/ exercisable No.	Cancelled No.	31 December 2009 No.
T.C. Harris	73,051	71,747	(26,445)	–	118,353
N.P. Henry	61,289	45,775	(15,867)	–	91,197
M.J. Shields	35,130	33,908	(12,982)	–	56,056
S.A. Harris	30,151	27,465	(11,448)	–	46,168
	199,621	178,895	(66,742)	–	311,774

		1 January 2009 No.	Granted No.	Vested/ exercisable No.	Cancelled No.	31 December 2009 No.	Exercise price	End of performance period
T.C. Harris	3 Year Award	26,445	–	(26,445)	–	–	Nil	14 March 2009
	3 Year Award	22,315	–	–	–	22,315	Nil	2 April 2010
	3 Year Award	24,291	–	–	–	24,291	Nil	25 March 2011
	3 Year Award	–	71,747	–	–	71,747	Nil	31 March 2012
		73,051	71,747	(26,445)	–	118,353		
N.P. Henry	3 Year Award	15,867	–	(15,867)	–	–	Nil	14 March 2009
	3 Year Award	29,362	–	–	–	29,362	Nil	2 April 2010
	3 Year Award	16,060	–	–	–	16,060	Nil	25 March 2011
	3 Year Award	–	45,775	–	–	45,775	Nil	31 March 2012
		61,289	45,775	(15,867)	–	91,197		
M.J. Shields	3 Year Award	12,982	–	(12,982)	–	–	Nil	14 March 2009
	3 Year Award	10,906	–	–	–	10,906	Nil	2 April 2010
	3 Year Award	11,242	–	–	–	11,242	Nil	25 March 2011
	3 Year Award	–	33,908	–	–	33,908	Nil	31 March 2012
		35,130	33,908	(12,982)	–	56,056		
S.A. Harris	3 Year Award	11,448	–	(11,448)	–	–	Nil	14 March 2009
	3 Year Award	9,228	–	–	–	9,228	Nil	2 April 2010
	3 Year Award	9,475	–	–	–	9,475	Nil	25 March 2011
	3 Year Award	–	27,465	–	–	27,465	Nil	31 March 2012
		30,151	27,465	(11,448)	–	46,168		

The scheme is unapproved for HM Revenue and Customs purposes.

Report on Directors' Remuneration

On 14 March 2009 following the attainment of the necessary performance conditions the 2006 award matured and 66,742 shares were vested to the participants Mr T.C.Harris, Mr N.P.Henry, Mr M.J.Shields and Mr S.A.Harris over 26,445, 15,867, 12,982 and 11,448 shares respectively. The market value at the date of vesting was 330p.

The interest of directors to subscribe for, or acquire, ordinary shares under the Long Term Incentive Plan have not changed since the year end.

Directors' pension entitlements

The following director had accrued entitlements under a Group defined benefit scheme as follows:

	Age at 31 December 2009	Accrued pension 1 January 2009 £000	Accrued pension 31 December 2009 £000	Increase £000	Increase after indexation £000	Transfer value of increase after indexation £000
M.J. Shields	62	74	89	15	9	175

The pension entitlement shown is that which would be paid annually on retirement based on service to the end of the year.

The value of accrued benefits is as follows:

	Transfer value of accrued benefits 31 December 2009 £000	Transfer value of accrued benefits 31 December 2008 £000	Increase in transfer value over the year £000
M.J. Shields	1,625	1,315	310

The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11 and is net of directors' contributions. The transfer value is a liability of the Company.

The difference between the 'Increase in transfer value' figure and the 'Transfer Value of increase' figure arises from a change in the date of calculation of transfer values.

At 31 December 2008 Mr Shields was treated as an active member of the Scheme and so a date of leaving of 31 December 2008 was assumed. However, recognising that Mr.Shields had accrued his maximum 40 years' pensionable service with the Company by 31 December 2005, in 2009 in the interests of fair treatment the remuneration committee agreed that Mr Shields' date of leaving the Scheme be backdated to 31 December 2005 and this date has been used for the accrued pension at 31 December 2009. The rate of revaluation in deferment has been greater than his notional salary growth in this period. In addition a late retirement factor of 9% has been applied to the pension at his normal retirement date, 19 January 2009. As a result the accrued pension at 31 December 2009 is higher than the accrued pension at 31 December 2008.

Members of the scheme have the option to pay Additional Voluntary Contributions; neither the contributions nor the resulting benefits are included in the above table.

Mr N.P.Henry and Mr S.A.Harris are members of the Group's defined contribution scheme. The Company's contribution is 13% of base salary amounting to £30,274 for Mr N.P.Henry (2008: £14,583) and £18,164 for Mr S.A.Harris (2008: £8,284).

The director's interests in shares are shown in the Report of the Directors on page 13.

On behalf of the board

Anthony R.C.B. Cooke
Board remuneration committee chairman
15 March 2010

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Report of the Directors, Report on Directors' Remuneration and Corporate Governance Statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

- the Report of the Directors, Chairman's statement, and Review of Operations include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

T.C. Harris
Chairman

M.J. Shields
Group Finance Director

On behalf of the Board of Directors

15 March 2010

Independent Auditors' Report

Independent Auditors' Report to the Members of James Fisher and Sons PLC

We have audited the financial statements of James Fisher and Sons plc for the year ended 31 December 2009 which comprise the Consolidated Income Statement and Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Movements in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2009 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Report on Directors' Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- information given in the Corporate Governance Statement on pages 16 to 19 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Report on Directors' remuneration to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 19, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 16 to 19 relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review

Jonathan Hurst (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc,
Statutory Auditor
Chartered Accountants
St James Square, Manchester, M2 6DS

15 March 2010

Consolidated Income Statement
For the year ended 31 December 2009

	Notes	Year ended 31 December 2009 £000	Restated Note 26 Year ended 31 December 2008 £000
Group revenue	3	249,594	233,578
Cost of sales		(218,497)	(199,718)
Gross profit		31,097	33,860
Administrative expenses		(7,380)	(6,943)
Profit from operations	5	23,717	26,917
Finance costs			
Finance income	7	228	412
Finance costs	7	(3,386)	(6,309)
		(3,158)	(5,897)
Share of post tax results of associates and joint ventures	15	4,183	2,547
Profit before tonnage and income tax		24,742	23,567
Tonnage tax		(25)	(29)
Income tax	8	(6,293)	(5,248)
Total tonnage and income tax		(6,318)	(5,277)
Profit for the year		18,424	18,290
Profit attributable to:			
Equity holders of the parent		18,424	18,264
Minority interests		-	26
		18,424	18,290
Earnings per share		pence	pence
Basic EPS on profit from total operations	10	37.14	36.92
Diluted EPS on profit from total operations	10	37.00	36.73

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2009

	Notes	Year ended 31 December 2009 £000	Restated Note 26 Year ended 31 December 2008 £000
Profit for the period		18,424	18,290
Other comprehensive income			
Exchange differences on translation of foreign operations		1,275	4,906
Net loss on hedge of net investment in foreign operations		(1,283)	(1,070)
Exchange gains transferred to income statement on disposal of subsidiary assets		(195)	-
Effective portion of changes in fair value of cash flow hedges	29	(60)	(4,420)
Effective portion of changes in fair value of cash flow hedges in associates and joint ventures	15	730	(1,453)
Net changes in fair value of cash flow hedges transferred to profit or loss		4,624	5
Defined benefit plan actuarial losses	24	(5,839)	(2,054)
Income tax on comprehensive income	8	455	(755)
Other comprehensive income for the period, net of income tax		(293)	(4,841)
Total comprehensive income for the period		18,131	13,449
Attributable to:			
Equity holders of the parent		18,131	13,423
Minority interests		-	26
		18,131	13,449

Consolidated Balance Sheet
As at 31 December 2009

	Notes	31 December 2009 £000	Restated Note 26 31 December 2008 £000	Restated Note 26 31 December 2007 £000
Assets				
Non current assets				
Goodwill	12	73,141	69,993	67,190
Other intangible assets	13	297	76	76
Property, plant and equipment	14	111,086	102,018	92,311
Investment in associates and joint ventures	15	8,978	4,547	4,217
Available for sale financial assets	16	1,370	1,370	1,370
		194,872	178,004	165,164
Current assets				
Inventories	18	28,441	21,965	18,471
Trade and other receivables	19	50,760	62,395	39,823
Derivative financial instruments	29	170	-	-
Cash and short term deposits	20	20,563	16,859	13,221
Assets classified as held for sale	4	1,375	-	1,172
		101,309	101,219	72,687
Total Assets		296,181	279,223	237,851
Equity and Liabilities				
Capital and reserves				
Called up share capital	21	12,456	12,438	12,428
Share premium		24,576	24,432	24,338
Treasury shares		(768)	(1,036)	(1,134)
Other reserves		3,937	(1,154)	878
Retained earnings		66,877	60,370	50,471
Shareholders' Equity		107,078	95,050	86,981
Minority interests		-	-	128
Total equity		107,078	95,050	87,109
Non current liabilities				
Other payables	23	934	1,248	2,012
Retirement benefit obligations	24	22,361	18,648	19,683
Derivative financial instruments		-	-	188
Cumulative preference shares	21	100	100	100
Loans and borrowings	27	109,490	89,315	83,628
Deferred tax liabilities	9	1,147	1,405	843
		134,032	110,716	106,454
Current liabilities				
Trade and other payables	23	39,640	45,440	34,907
Current tax		4,706	4,465	1,940
Derivative financial instruments	29	230	4,603	-
Loans and borrowings	27	10,495	18,949	7,441
		55,071	73,457	44,288
Total liabilities		189,103	184,173	150,742
Total equity and liabilities		296,181	279,223	237,851

These accounts were approved by the board of directors on 15 March 2010 and signed on its behalf by:
TC Harris
Executive Chairman

Company Balance Sheet
As at 31 December 2009

	Notes	31 December 2009 £000	Restated Note 26 31 December 2008 £000	Restated Note 26 31 December 2007 £000
Assets				
Non current assets				
Property, plant and equipment	14	6,915	7,333	7,810
Investments	16	178,165	147,145	138,122
Available for sale financial assets	16	1,368	1,368	1,368
Deferred tax assets	9	2,531	1,600	1,663
		188,979	157,446	148,963
Current assets				
Trade and other receivables	19	2,707	2,307	2,701
Derivative financial instruments	29	111	-	-
Corporate tax receivable		12,450	7,427	5,511
Cash and cash equivalents	20	376	169	1,237
		15,644	9,903	9,449
Total Assets		204,623	167,349	158,412
Equity and Liabilities				
Capital and reserves				
Called up share capital	21	12,456	12,438	12,428
Share premium		24,576	24,432	24,338
Treasury shares		(768)	(1,036)	(1,134)
Hedging reserve		(99)	(4,589)	(189)
Retained earnings		35,664	11,824	13,032
Total equity		71,829	43,069	48,475
Non current liabilities				
Other payables		-	-	22
Retirement benefit obligations	24	18,410	11,818	12,144
Derivative financial instruments		-	-	188
Cumulative preference shares	21	100	100	100
Loans and borrowings	27	98,543	81,253	78,454
		117,053	93,171	90,908
Current liabilities				
Trade and other payables	23	8,190	11,338	14,722
Derivative financial instruments	29	230	4,589	-
Loans and borrowings	27	7,321	15,182	4,307
		15,741	31,109	19,029
Total liabilities		132,794	124,280	109,937
Total equity and liabilities		204,623	167,349	158,412

These accounts were approved by the board of directors on 15 March 2010 and signed on its behalf by:
TC Harris
Executive Chairman

Consolidated Cash Flow Statement
For the year ended 31 December 2009

	Notes	31 December 2009 £000	Restated Note 26 31 December 2008 £000
Group profit before tax from continuing operations		24,742	23,567
Adjustments to reconcile Group profit before tax to net cash flows			
Adjustments for:			
Depreciation and amortisation		10,149	9,431
Loss/(profit) on sale of property, plant and equipment		388	(499)
Profit on disposal of trade and assets of subsidiary		(160)	-
Impairment of non - current assets		-	107
Loss/(profit) on ship disposals		14	(685)
Finance income		(228)	(412)
Finance costs		3,386	6,309
Exchange (gain)/loss on loans		(150)	1,152
Share of post tax results of associates and joint ventures		(4,183)	(2,547)
Increase in trade and other receivables		(1,695)	(8,530)
Increase in inventories		(7,318)	(8,367)
Decrease/(increase) in inventories and other receivables attributable to submarine rescue vessels		14,044	(10,618)
(Decrease)/increase in trade and other payables		(6,474)	11,728
Additional defined benefit pension scheme contributions		(3,069)	(3,081)
Share based compensation		438	662
Cash generated from operations		29,884	18,217
Income tax payments		(5,655)	(3,522)
Cash flow from operating activities		24,229	14,695
Investing activities			
Dividends from associates and joint venture undertakings		2,286	1,200
Proceeds from the sale of property, plant and equipment		531	4,681
Proceeds from the sale of trade and assets of subsidiary net of cash disposed of	17	1,040	-
Finance income		228	411
Acquisition of subsidiaries, net of cash acquired		(4,540)	(5,487)
Acquisition of property, plant and equipment		(13,891)	(12,382)
Acquisition of Norway property		(5,223)	(4,670)
Acquisition of investment in associates and joint ventures		(2,102)	(9)
Cash flows used in investing activities		(21,671)	(16,256)
Financing activities			
Proceeds from the issue of share capital		162	104
Preference dividend paid		(4)	(3)
Finance costs		(3,542)	(6,818)
Proceeds from other non-current borrowings		38,840	30,859
Purchase less sales of own shares by ESOP		(31)	(164)
Capital element of finance lease repayments		(69)	(65)
Repayment of borrowings		(26,717)	(14,828)
Dividends paid		(6,673)	(5,879)
Cash flows from financing activities		1,966	3,206
Net increase in cash and cash equivalents	28	4,524	1,645
Cash and cash equivalents at 1 January 2009		16,859	13,221
Net foreign exchange difference		(820)	1,993
Cash and cash equivalents at 31 December 2009	20	20,563	16,859

Company Cash Flow Statement
For the year ended 31 December 2009

	Notes	31 December 2009 £000	Restated Note 26 31 December 2008 £000
Company profit before tax		33,485	5,941
Adjustments to reconcile Company profit before tax to net cash flows			
Depreciation		570	579
Profit on sale of property, plant and equipment		(7)	(2)
Finance income		(551)	(1,108)
Finance costs		3,188	5,934
Dividends received from subsidiaries		(33,600)	(15,000)
Reduction in provision against investments		(7,459)	(68)
(Increase)/decrease in trade and other receivables		(419)	395
Decrease in trade and other payables		(2,585)	(1,028)
Additional defined benefit pension scheme contributions		(2,018)	(1,887)
Share based compensation		329	477
Cash generated from operations		(9,067)	(5,767)
Income tax payments		(3,984)	(809)
Cash flow used in operating activities		(13,051)	(6,576)
Investing activities			
Dividends from subsidiaries		33,600	15,000
Proceeds from the sale of plant and equipment		9	4
Finance income		553	1,108
Acquisition and recapitalisation of subsidiaries		(12,640)	(2,054)
Acquisition of property, plant and equipment		(137)	(104)
Cash flows from investing activities		21,385	13,954
Financing activities			
Proceeds from the issue of share capital		162	104
Preference dividend paid		(4)	(3)
Finance costs		(3,102)	(6,235)
Net loans advanced to subsidiaries		(8,071)	(8,789)
Proceeds from other non-current borrowings		35,267	25,452
Purchase less sales of own shares by ESOP		(31)	(164)
Repayment of borrowings		(25,676)	(12,932)
Dividends paid		(6,672)	(5,879)
Cash flows from financing activities		(8,127)	(8,446)
Net increase/(decrease) in cash and cash equivalents	28	207	(1,068)
Cash and cash equivalents at 1 January 2009		169	1,237
Cash and cash equivalents at 31 December 2009	20	376	169

Consolidated Statement of Movements in Equity
For the year ended 31 December 2009

For the year ended 31 December 2009

	Capital		Attributable to equity holders of parent					
	Share capital £000	Share premium £000	Retained earnings £000	Other reserves £000	Treasury shares £000	Total shareholders equity £000	Minority interests £000	Total equity £000
At 1 January 2009 (restated)	12,438	24,432	60,370	(1,154)	(1,036)	95,050	-	95,050
Profit for the period	-	-	18,424	-	-	18,424	-	18,424
Other comprehensive income for the period	-	-	(5,384)	5,091	-	(293)	-	(293)
Contributions by and distributions to owners								
Ordinary dividends paid	-	-	(6,672)	-	-	(6,672)	-	(6,672)
Share-based compensation expense	-	-	438	-	-	438	-	438
Arising on the issue of shares	18	144	-	-	-	162	-	162
Purchase of shares	-	-	-	-	(31)	(31)	-	(31)
	18	144	(6,234)	-	(31)	(6,103)	-	(6,103)
Transfer on disposal of shares	-	-	(299)	-	299	-	-	-
At 31 December 2009	12,456	24,576	66,877	3,937	(768)	107,078	-	107,078

For the year ended 31 December 2008

	Capital		Attributable to equity holders of parent					
	Share capital £000	Share premium £000	Retained earnings £000	Other reserves £000	Treasury shares £000	Total shareholders equity £000	Minority interests £000	Total equity £000
At 1 January 2008	12,428	24,338	57,395	878	(1,134)	93,905	128	94,033
Changes in accounting policy (Note 26)	-	-	(6,924)	-	-	(6,924)	-	(6,924)
Restated balance at 1 January 2008	12,428	24,338	50,471	878	(1,134)	86,981	128	87,109
Profit for the period	-	-	18,264	-	-	18,264	26	18,290
Other comprehensive income for the period	-	-	(2,809)	(2,032)	-	(4,841)	-	(4,841)
Contributions by and distributions to owners								
Ordinary dividends paid	-	-	(5,879)	-	-	(5,879)	-	(5,879)
Acquisition of minority interest	-	-	-	-	-	-	(154)	(154)
Share-based compensation expense	-	-	662	-	-	662	-	662
Tax effect of share based compensation expense	-	-	(77)	-	-	(77)	-	(77)
Arising on the issue of shares	10	94	-	-	-	104	-	104
Purchase of shares	-	-	-	-	(164)	(164)	-	(164)
	10	94	(5,294)	-	(164)	(5,354)	(154)	(5,508)
Transfer on disposal of shares	-	-	(262)	-	262	-	-	-
At 31 December 2008	12,438	24,432	60,370	(1,154)	(1,036)	95,050	-	95,050

Other reserve movements

Other reserves	Translation reserve £000	Hedging reserve £000	Total £000
At 1 January 2008	1,264	(386)	878
Other comprehensive income for the period	3,836	(5,868)	(2,032)
At 31 December 2008	5,100	(6,254)	(1,154)
Other comprehensive income for the period	(203)	5,294	5,091
At 31 December 2009	4,897	(960)	3,937

Company Statement of Movements in Equity

For the year ended 31 December 2009

For the year ended 31 December 2009

	Capital		Attributable to equity holders of parent			
	Share capital £000	Share premium £000	Retained earnings £000	Hedging reserves £000	Treasury shares £000	Total equity £000
At 1 January 2009 (restated)	12,438	24,432	11,824	(4,589)	(1,036)	43,069
Profit for the period	-	-	35,292	-	-	35,292
Other comprehensive income for the period	-	-	(4,919)	4,490	-	(429)
Contributions by and distributions to owners						
Ordinary dividends paid	-	-	(6,672)	-	-	(6,672)
Share-based compensation expense	-	-	438	-	-	438
Arising on the issue of shares	18	144	-	-	-	162
Purchase of shares	-	-	-	-	(31)	(31)
	18	144	(6,234)	-	(31)	(6,103)
Transfer on disposal of shares	-	-	(299)	-	299	-
At 31 December 2009	12,456	24,576	35,664	(99)	(768)	71,829

For the year ended 31 December 2008

	Capital		Attributable to equity holders of parent			
	Share capital £000	Share premium £000	Retained earnings £000	Hedging reserves £000	Treasury shares £000	Total shareholders equity £000
At 1 January 2008	12,428	24,338	18,074	(189)	(1,134)	53,517
Changes in accounting policy (Note 26)	-	-	(5,042)	-	-	(5,042)
Restated balance at 1 January 2008	12,428	24,338	13,032	(189)	(1,134)	48,475
At acquisition						
Profit for the period	-	-	6,190	-	-	6,190
Other comprehensive income for the period	-	-	(1,841)	(4,400)	-	(6,241)
Contributions by and distributions to owners						
Ordinary dividends paid	-	-	(5,879)	-	-	(5,879)
Acquisition of minority interest	-	-	-	-	-	-
Share-based compensation expense	-	-	661	-	-	661
Tax effect of share based compensation expense	-	-	(77)	-	-	(77)
Arising on the issue of shares	10	94	-	-	-	104
Purchase of shares	-	-	-	-	(164)	(164)
	10	94	(5,295)	-	(164)	(5,355)
Transfer on disposal of shares	-	-	(262)	-	262	-
At 31 December 2008	12,438	24,432	11,824	(4,589)	(1,036)	43,069

Notes to the financial statements

General information

The consolidated financial statements comprise the financial statements of James Fisher and Sons Public Limited Company (the Company) all of its subsidiary undertakings and the Group's interest in associates and jointly controlled entities (together referred to as the Group), for the year ended 31 December 2009.

The consolidated financial statements are prepared on a going concern basis and on an historical cost basis, modified to include revaluation to fair value of certain financial instruments as described below.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

Further information regarding the Company's business activities, together with the factors likely to affect its future development, performance and position is set out in the Chairman's Statement on pages 4 to 7. Further information regarding the financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the primary statements and in Note 27. In addition, Note 29 of the financial statements includes the Company's objectives; policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risks.

As highlighted in Note 29 to the financial statements, the Group meets its day to day working capital requirements through operating cash flows, with borrowings in place to fund acquisitions and capital expenditure. The Group also has £23,606,000 of undrawn committed facilities. The current economic conditions create uncertainty particularly over a) the exchange rate currency between Sterling and the US dollar and the consequences for the net cash dollar surplus and b) the exchange rate between Sterling and the Euro and thus the consequences on seafarer payroll costs.

During the year the Group successfully completed the renewal of the two £20,000,000 revolving credit facilities which were due to expire during 2010. The Group also obtained an additional £20,000,000 revolving credit facility from Yorkshire Bank, which is available for three years, and repaid the £12,500,000 facility provided by Lloyds TSB to fund the Singapore submarine rescue contract. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current banking facilities.

The Group and Company present their financial statements under International Financial Reporting Standards (IFRS), adopted by the European Union (adopted IFRS).

The Company is a limited liability company incorporated and domiciled in England & Wales.

The Company's shares are listed on the London Stock Exchange.

The Company and consolidated financial statements were approved for issue by the Board of Directors on 15 March 2010.

As permitted by section 408 of the Companies Act 2006, a separate income statement and related notes for the holding company have not been presented in these financial statements. The profit after taxation in the holding company was £35,292,000 (2008 £6,190,000).

The Group and Company financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated

Notes to the financial statements

Statement of compliance

The consolidated financial statements and those of the Company have been prepared in accordance with IFRS adopted by the EU as at 31 December 2009 and are applied in accordance with the provisions of the Companies Act 2006.

1. Significant accounting policies

A summary of the principal accounting policies, which have been applied consistently throughout the year and the preceding year, is set out below.

During the year the Group has adopted the following new and amended IFRS and IFRIC interpretations:

IFRS 8 Operating segments
Improvements in IFRS

Amendments to existing standards:

IAS 1 Presentation of financial statements. A revised presentation

IFRS 2 Share based payment: vesting conditions and cancellations

IFRS 7 Improving disclosures about Financial Instruments

IAS 23 Borrowing costs

Interpretations:

IFRIC 14 – IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction.

The adoption of these standards and interpretations had no impact on the Group other than those set out below.

IAS 1 – Presentation of financial statements. A revised presentation

The Group's financial statements now include a statement of comprehensive income and statement of movements in equity as primary statements. These have replaced the statement of recognised gains and losses and the reconciliation of equity which was previously included in the notes to the accounts. There have also been minor changes to the description of some items.

IFRS 2 – Share based payment: vesting conditions and cancellations

The principal effect of this interpretation is that when an award to an employee under a share option scheme lapses due to cancellation of the scheme then the full cost of the award will be expensed in the period in which the option lapses. It has also been clarified that an individual ceasing to pay contributions is classed as a cancellation. Under the previous interpretation the lapsing of the award would have resulted in the fair value of the option charged to date being reversed in the income statement. This interpretation is required to be applied fully retrospectively. Details of the adjustments arising in relation to prior periods are set out in Note 26.

IFRIC 14 – IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction

This interpretation clarifies the way in which the actuarial asset ceiling on a defined benefit scheme is calculated and explains how a minimum funding requirement may give rise to an additional liability. The principal effect on the Group has been the incorporation of the obligations of the Group under deficit recovery plans into the valuation of the Shore Staff, Dockworkers and Everard Group schemes at 31 December 2007 and subsequent periods. Further details are given in Note 26.

IFRS 8 – Operating segments

The Group determines and presents operating segments based on the information that is provided internally to the board which has been identified as the Group's chief operating decision maker. This is in accordance with the adoption of the requirements of IFRS 8. The new accounting policy in respect of segmental operating disclosures is presented as follows:

An operating segment is a component of the Group that engages in activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the board to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

Segmental results that are reported to the board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, borrowings and income tax assets and liabilities.

Segmental capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets including assets acquired as a result of a business combination, other than goodwill.

The Group has not made any further changes to the segmental structure which was created on transition to IFRS although further disclosures have been provided under the new requirements, details of which are set out in Note 2.

Significant accounting judgements and estimates

Financial and business risks
The Group's activities expose it to a variety of financial and business risks. Where possible the Group seeks to minimise these risks through its risk management policies as set out on page 18 of the Corporate Governance Statement.

Pensions
The Group and its subsidiaries participate in a number of pension schemes, including defined benefit schemes. The nature of these defined benefit arrangements, the volatility of the scheme valuations/deficits from time to time, changes in the market conditions for bond yields and equities, and sensitivity to changes in actuarial assumptions (e.g. as to life expectancy) mean that it is impossible to predict future contribution liabilities with any degree of certainty. Details of the Group pension schemes and the assumptions underlying their valuations are set out in Note 24.

Impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy on page 44. An analysis of the Group's goodwill and the assumptions used to test for impairment together with the sensitivity of the impairment review to changes in the key assumptions is set out in Note 12.

Impairment of other assets
The Group reviews the carrying value of all assets for indications of impairment at each balance sheet date. If indicators of impairment exist the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. The recoverable amount represents the higher of the asset's fair value less costs to sell and its value in use, which is determined by measuring the discounted cash flows arising from the asset (including ultimate realisation on disposal). Following the performance of a review in 2008 in relation to mt Rudderman which was due to be redelivered to its owners in March 2009, the directors concluded that the carrying value exceeded the recoverable amount and an impairment of this asset had occurred. The vessel was redelivered in July 2009.

Intangible assets
The measurement of intangible assets other than goodwill on business combinations requires the performance of a review of the acquired business to assess whether such assets exist and can be identified separately and reliably measured. Details of the assets identified in the acquisitions made during the year are set out in Note 17.

Income taxes
The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax risk issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made. The Group has entered the UK tonnage tax regime under which tax on its ship owning and operating activities is based on the net tonnage of vessels operated. Income and profits outside this regime are taxed under normal tax rules. This means that it is necessary to make estimates of the allocation of some income and expenses between tonnage and non tonnage tax activities. These estimates are subject to agreement with the relevant tax authorities and may be revised in future periods. Further details are provided in Notes 8 and 9.

Construction contracts
During the year the Group's Defence division completed the delivery of two submarine rescue systems which were accounted for as construction contracts. The contracts generated total revenue of £29,180,000. Provision has been made for all expected costs arising under these contracts. The Group has entered into one significant construction contract during the period which is expected to generate revenue in excess of £2,000,000. As set out in the accounting policy on page 46 revenue and costs have been taken into account in accordance with the stage of completion of the contracts after consideration of the expected profit and possibility of future losses arising. Although the directors consider the possibility of losses to be remote provision for any such losses would be recognised in the income statement at the time when the loss became reasonably foreseeable. Details of the amounts included in the financial statements in relation to these contracts are set out in Note 3.

Notes to the financial statements

Residual values and estimated remaining lives
Assets other than vessels are depreciated to a zero residual value over their useful economic lives. Residual values for vessels are set initially at 20% of purchase cost or fair value at acquisition, which is regarded as an approximation of current residual values. Changes in the residual values and estimated lives of assets would result in adjustments to the current and future rate of depreciation and amortisation through the income statement or the creation of impairment provisions. Residual values and estimated remaining lives are reviewed annually by the directors taking into account the condition of vessels, future trading expectations and observable market transactions. See Note 14 for details of movements on tangible fixed assets in the year.

Investments
The Group holds a number of investments in unquoted entities. These interests are accounted for as investments as the Group does not consider that it exercises significant influence over the policies and control of these entities. As the fair value of these shareholdings cannot be readily ascertained or reliably measured these investments are held at initial cost subject to annual impairment review.

The Group holds investments in subsidiaries operating in certain jurisdictions where foreign investors are prohibited from owning a majority of the equity share capital of locally domiciled entities. These investments have been structured so that in the opinion of the directors the Group is able to assert a dominant influence to the extent that it is able to consolidate 100% of the operations and is not required to recognise a minority interest in these entities.

Basis of preparation of group accounts
The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the purchase method of accounting.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Entities in which the Group holds an interest on a long term basis and are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements joint ventures are accounted for using the equity method of accounting.

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

Minority interests represent the proportion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using parent entity extension method, whereby the difference between the consideration and the book value of the share of net assets acquired is recognised as goodwill.

Foreign currency

(i) *Group*

The group financial statements are presented in Sterling which is the Company's functional and presentational currency.

The net investments in overseas subsidiary undertakings are translated from their functional currency into Sterling at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets are taken directly to the translation reserve.

Exchange differences arising on monetary items forming part of the Group's net investment in overseas subsidiary undertakings which are denominated in the functional currency of the subsidiary undertaking are taken directly to the translation reserve.

Exchange differences on other foreign currency borrowings to the extent that they are used to provide an effective hedge against group equity investments in foreign currency are taken directly to the translation reserve.

Exchange differences on the net investment in overseas subsidiary undertakings are recognised in the translation reserve until such time as the subsidiary is disposed of at which time they are included in the calculation of the profit or loss on disposal.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated into Sterling at the period end exchange rate. The income and expenses arising in foreign operations are translated at the average exchange rate for the reporting period.

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

Tax charges and credits attributable to exchange differences included in the translation reserve are also dealt with in the translation reserve.

In accordance with the provisions of IFRS 1 – First time adoption of IFRS, the Group elected not to recognise the cumulative foreign currency translation differences arising in prior periods in a separate translation reserve. Therefore the cumulative foreign currency translation differences at 1 January 2004 are deemed to be zero.

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

All exchange differences on assets and liabilities denominated in foreign currencies are taken to the income statement.

The Company's investments in subsidiaries, associates and joint ventures
In its separate financial statements the Company recognises its investments in subsidiaries, associates and joint ventures at cost. Income is recognised from these investments only if it arises from distributions received from post acquisition profits. Distributions received in excess of post acquisition profits are deducted from the cost of the investment.

Financial assets
The Group recognises three classes of financial assets:

- Loans and receivables
- Available for sale financial assets
- Derivatives

(a) *Loans and receivables*
These comprise non-derivative financial assets such as trade receivables with fixed or determinable payments that are not quoted in an active market and where there is no intention to trade the receivable. Such assets are carried at amortised cost using the effective interest method if the time value of money may have a significant impact on their value. Gains and losses are recognised in the income statement when the loans or receivables are derecognised or impaired as well as through the amortisation process.

If there is evidence of an impairment loss on assets carried at amortised cost, the amount of the loss is measured as the difference between the carrying amount of the asset and the estimated future cash flows (after excluding amounts already provided against), discounted at the original effective interest rate. Impairment losses are recognised in the income statement.

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

A provision is made against a trade receivable only when there is objective evidence that the Group may not be able to recover all of the amount due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of a provision for doubtful debts account. Impaired debts are derecognised when they are assessed as uncollectable.

(b) *Available for sale financial assets*
These are non-derivatives that are either designated or not classed as another category. These are included as non-current assets unless intended to be disposed of within twelve months of the balance sheet date. After initial recognition available for sale financial assets are measured at fair value with gains and losses being recognised as a separate component of equity until the investment is derecognised or deemed to be impaired at which point the cumulative gain or loss previously reported in equity is included in the income statement in the period in which it arises.

Notes to the financial statements

Where investments are held in unlisted equity shares where there is no active market the investment is held at cost within non-current assets and is subject to annual impairment.

If an available for sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any previously recognised impairment loss is transferred from equity to profit or loss. Reversal of impairment provisions are not recognised in profit or loss.

(c) Derivatives

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

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired as part of a business combination are recorded at cost which represents the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets having finite lives are amortised over their useful economic life and are assessed for impairment whenever there is an indication that they are impaired. The amortisation period is reviewed at the end of each accounting period. The amortisation of intangible assets is recognised in the income statement.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits arising from that specific asset.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and business units represents the excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is stated at cost less provision for impairment. The carrying value of goodwill arising on each acquisition is reviewed annually for impairment but more regularly if events or changes in circumstances indicate that it might be impaired.

For the purposes of determining impairment of purchased goodwill carried in the balance sheet, all goodwill is allocated against the appropriate combination of business units deemed to obtain advantage from the benefits acquired with the goodwill. These are designated as cash generating units (CGU). Impairment is then assessed by comparing the recoverable amount of the relevant CGU with the carrying value of the CGU's assets and liabilities and related goodwill. Recoverable amount is measured as the higher of the CGU's fair value less cost to sell and the value in use. Where relevant in order to assess the value of goodwill the Group combines a number of CGU's. Where the recoverable amount of the CGU is less than its carrying amount including goodwill, an impairment loss is recognised in the income statement.

Goodwill arising on acquisitions in the year to 31 December 1997 and earlier periods which was written off to reserves in accordance with the accounting standard then in force, has not been reinstated in the balance sheet and will continue to be accounted for in reserves even if the business to which it relates is subsequently disposed of.

For goodwill arising on acquisitions prior to 1 January 2004 amortisation ceased at transition to IFRS and it is carried at its previous carrying amount subject to provision for impairment. When an impairment loss is recognised it cannot be reversed in a subsequent accounting period, even if the circumstances which led to the impairment cease to exist.

Warranty costs

Provision is made for warranties offered with products where it is probable that an obligation to transfer economic benefits to the customer in the future will arise. This provision is based on management's assessment of the previous history of claims and probability of future obligations arising on a product by product basis. No provisions for warranty costs are included in the balance sheet at 31 December 2009.

Separately disclosed items

The Group presents separately on the face of the income statement material items of income and expense which, because of their nature, infrequency of occurrence or the events giving rise to them, merit separate presentation to allow shareholders to understand better the financial performance of the year in comparison with previous periods and to assess better trends in financial performance.

Property, plant and equipment
Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Refit costs relating to vessels are capitalised when incurred and amortised over 30 months, which is deemed to be the useful economic life of the asset. Other subsequent expenditure is capitalised only when it increases the future economic benefits associated with the asset to which it relates.

Depreciation is provided to write-down the cost of property, plant and equipment less accumulated depreciation to their residual value in equal annual instalments over their remaining estimated useful lives.

Ships	4% to 10%
Freehold property	2.5%
Leasehold improvements	2.5% or over the period of the lease
Plant and equipment	5% to 20%

No depreciation is charged on assets under construction.

Residual values for vessels are set initially at 20% of purchase cost or fair value at acquisition, which the directors believe to be an approximation of current residual values. Residual values and estimated remaining lives are reviewed annually by the directors and adjusted if appropriate to reflect the relevant market conditions and expectations, obsolescence and normal wear and tear.

The cost of property, plant and equipment includes expenditure incurred during construction, delivery and modification. Where a substantial period of time is required to bring the asset into use attributable finance costs are capitalised and included in the cost of the relevant asset. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of assets
At each reporting date the Group assesses whether there are any indications that an asset has been impaired. If any indication exists the Group makes an estimate of the recoverable amount of the asset concerned. The recoverable amount is determined as the higher of its fair value less costs to sell and its value in use. These calculations are determined for an individual asset unless that asset does not generate cash inflows independently from other assets in which case its value is determined as part of that group of assets. Where the carrying amount of the asset exceeds its recoverable amount the asset is considered to be impaired and is written down to its recoverable amount. To assess the value in use the estimated future cash flows relating to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset. Impairment losses on continuing and discontinued operations are recognised in the income statement.

If an event occurs after the recognition of an impairment that leads to a decrease in the amount of the impairment loss previously recognised the impairment loss is reversed. The reversal is recognised in the income statement to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Research and development costs
Expenditure undertaken by the Group on research activities is recognised in the income statement as incurred.

Expenditure on development costs which relates to the application of research to the development of new products or processes is capitalised provided that specific projects are identifiable, technically feasible and the Group has sufficient resources to complete development. The useful life of projects meeting the criteria for capitalisation would be determined on a project by project basis. Other development costs are recognised in the income statement as incurred. The Group currently has no development costs which meet the criteria for capitalisation.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables stores and finished goods for sale – purchase cost on a first in first out basis;

Work in progress and finished goods – cost of direct materials and labour plus attributable overheads allocated on a systematic basis based on a normal level of activity;

Net realisable value is based on estimated selling price less the estimated costs of completion and sale or disposal.

Notes to the financial statements

Construction contracts

(i) General

Where the outcome of a construction contract can be estimated reliably, revenue and costs relating to the construction contract are recognised in accordance with the stage of completion of the contract, in the period in which the work is performed. The stage of completion is assessed by reference to physical progress, attributable man hours and costs incurred measured against the expected outcome based on the most appropriate method for the specific type of contract. Revenue from the contract is recognised under the percentage of completion method whereby recognition is determined by reference to the stage of completion of the contract.

Contract costs incurred that relate to future activity are deferred and recognised as inventory.

When a loss is expected to be incurred on a construction contract it is recognised as an expense immediately in the income statement.

When the outcome of a construction contract cannot be estimated reliably no profit is recognised. Revenue is recognised to the extent that it is probable that costs incurred will be recovered.

(ii) Bid costs

All bid costs incurred relating to contracts for the design, manufacture or operation of assets or the provision of services to third parties are expensed to the income statement as incurred, except for those costs incurred after the point at which the contract award is virtually certain. Directly attributable costs incurred subsequent to this point are included within contract costs and amortised over the life of the initial period of the contract to which they relate.

Taxation

Tonnage tax payable is provided by reference to net tonnage of qualifying vessels at the current rate.

Corporation tax is provided on taxable profits from activities not qualifying for the tonnage tax regime and is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is also recognised in equity.

Current tax is the expected corporation tax payable or receivable in respect of the taxable profit for the year using tax rates enacted or substantively enacted at the balance sheet date, less any adjustments to tax payable or receivable in respect of previous years.

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes, that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

No provision is made where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination that at the time of the transaction affect neither accounting nor taxable profit.

No provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax arising on actuarial gains and losses relating to defined benefit pension funds is recorded in equity. Where the cash contributions made to the schemes exceed the service costs recognised in the income statement the deferred tax arising is recorded in equity.

Derivatives and other financial instruments
The Group operates in international markets and is exposed to foreign exchange risk arising from various currency exposures, primarily relating to the US Dollar and Norwegian Kroner. The Group is also exposed to interest rate risk arising from long term borrowings. The Group uses derivative financial instruments to manage or hedge risk, in the form of foreign currency contracts to manage foreign exchange risk and interest rate swaps to reduce exposure to interest rate movements.

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

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

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

Cash flow hedges
These can include forward foreign currency contracts which the Group will enter into only if they meet the following criteria:

- The instrument must be related to a firm foreign currency risk of a firm commitment;
- It must involve the same currency as the hedged item; and
- It must reduce the risk of foreign currency exchange movements on the Group's operations.

These may also include interest rate swaps which must have the following characteristics:

- The instrument must be related to a recognised asset or a liability; and
- It must change the character of the interest rate by converting a variable rate to a fixed rate.

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

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

When the term of the hedging instrument expires or it is sold, or where the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss included in equity is retained in equity until either the related forecast transaction occurs in which case it is recognised in accordance with the policy stated above, or if the hedged transaction is not expected to take place, it is recognised immediately in the income statement.

Fair value hedges
Where a derivative is designated as a hedge of the variability in the fair value of an asset or liability of the Group, it is designated as a fair value hedge.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement at the same time as the related movements in the hedged asset or liability.

Derivatives that do not qualify for hedge accounting.

Changes in the fair value of any derivatives which do not qualify for hedge accounting under any of the criteria outlined above are recognised immediately in the income statement.

Calculation of fair values
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using assumptions based on market conditions at the balance sheet date or discounted cash flow techniques.

Notes to the financial statements

Interest-bearing loans and other borrowings
All interest-bearing loans and other borrowings are initially recorded at fair value, which represents the fair value of the consideration received net of any issue costs associated with other borrowings. Finance charges, including any premiums payable on settlement or redemption of debt instruments including preference shares and the direct costs of issue, are accounted for on an amortised cost basis to the income statement. Charges are calculated using the effective interest method, and are recognised in the income statement over the term of such instruments at a constant rate on the carrying amount.

Accounting for leases

(i) Operating leases
Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Lease payments under operating leases are charged on a straight line basis over the lease term.

(ii) Finance leases
A lease arrangement under which substantially all the risks and rewards incidental to ownership of the leased item rest with the lessee are capitalised at the inception of the lease at the lower of the fair value of the related item or the present value of the minimum lease payments.

Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed to the income statement.

Capitalised leased assets are depreciated over the shorter of the lease term and the estimated useful life of the asset.

Pension Plans

(i) Defined contribution scheme
Under this type of pension plan the Group pays a pre-determined contribution to a separate privately administered pension plan. Other than this contribution the Group has no further legal or constructive obligation to make further contributions to the scheme.

Obligations for contributions to the scheme are recognised as an expense in the income statement in the period in which they arise.

(ii) Defined benefit scheme
A defined benefit scheme is a pension plan under which the amount of pension benefit that an employee receives on retirement is defined by reference to factors including age, years of service and compensation.

The schemes are funded by payments determined by periodic actuarial calculations agreed between the Group and the trustees to trustee-administered funds.

The cost of providing benefits is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (current service cost) and to current and prior periods (to determine the present value of the defined benefit obligation). Current service costs are recognised in the income statement in the current year. Past service costs are recognised in the income statement on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (which eliminates all obligations for benefits already accrued) or a curtailment (which reduces future obligations as a result of a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the gain or loss recognised in the income statement during the period in which the settlement or curtailment occurs.

The interest element of the defined benefit cost represents the change in the present value of scheme obligations resulting from the passage of time. The expected return on plan assets is based on the long-term market returns on scheme assets assessed at the start of the period adjusted for the effect of contributions received and benefits paid during the year.

A liability is recognised in the balance sheet in respect of the Group's net obligations to the schemes which is calculated separately for each scheme.

The liability represents the present value of the defined benefit obligations at the balance sheet date, less the fair value of the scheme assets.

The defined benefit obligations represent the estimated amount of future benefits that employees have earned in return for their services in current and prior periods, discounted at a rate representing the yield on a high quality corporate bond at the balance sheet date, denominated in the same currency as the obligations and having the same terms to maturity as the related pension liability, applied to the estimated future cash outflows arising from these obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan.

In respect of recognising any obligations the Group or Company holds for funding the plan, the Group holds as a minimum liability the expected cost of deficit recovery contributions as detailed in the agreed schedule of contributions.

Actuarial gains and losses on experience adjustments and changes in actuarial assumptions that arise subsequent to 1 January 2004 are recognised in the period in which they arise directly in the statement of comprehensive income.

Equity-settled share based payments
The Company operates executive share option schemes and a savings related share option scheme under which options have been granted to employees of the Company and its subsidiary undertakings.

For options granted since 7 November 2002 the fair value of employee services rendered in exchange for the grant of options is determined by the fair value of the option at the date of grant. The total amount, which is expensed over the specified period until the options can be exercised (the vesting period),is recognised cumulatively as an expense in the income statement with a corresponding credit to equity.

The fair value of the option is determined by the use of mathematical modelling techniques, including the Black-Scholes option pricing model and the Binomial model.

Non-market vesting conditions (such as profitability and growth targets) are excluded from the fair value calculation but included in assumptions about the number of options that are expected to become exercisable.

The Company re-assesses its estimate of the number of options that are expected to become exercisable at each balance sheet date. Any adjustments to the original estimates are recognised in the income statement (and equity) over the remaining vesting period with any element of any adjustments relating to prior periods recognised in the current period. No expense is recognised for awards that do not ultimately vest except for awards where vesting is conditional upon a market condition, (such as the performance of the group relative to a Group or index composed of third party entities). These are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

In addition to failure by the employee to exercise an option in accordance with the exercise period allowed by the scheme, an award made to an employee under a share option scheme is deemed to lapse when either the scheme is cancelled by the Company, or when an employee, who continues to qualify for membership of a scheme, ceases to pay contributions to that scheme. In these circumstances the full remaining unexpired cost of the award will be expensed in the period in which the option lapses.

When awards are made to employees of a subsidiary, the award is treated as a capital contribution to the subsidiary with a corresponding increase in the cost of investment being reflected in the Company balance sheet.

Where the exercise of options is satisfied by the issue of shares by the Company the nominal value of any shares issued from the exercise of options is credited to share capital with the balance of the proceeds received, net of transaction costs, credited to share premium.

Short term employee benefits
The Group recognises a liability and an expense for short term employee benefits, including bonuses, only when contractually or constructively obliged.

Treasury shares
Shares issued by the Company which are held by the Company or its subsidiary entities (including the Employee Share Ownership Trust (ESOP)), are designated as treasury shares. The cost of these shares is deducted from equity. No gains or losses are recognised on the purchase, sale, cancellation or issue of treasury shares. Consideration paid or received is recognised directly in equity.

Notes to the financial statements

ESOP Trust
Company shares are held in an Employee Share Ownership Plan (ESOP). The finance costs and administration costs relating to the ESOP are charged to the income statement. Dividend income arising on own shares is excluded in arriving at profit before taxation and deducted from aggregate dividends paid. The shares are ignored for the purposes of calculating the Group's earnings per share.

Segmental reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segment's results are reviewed regularly by the board to make decisions about resources to be allocated to the segment and assess performance where discrete financial information is available.

- Offshore Oil Services – manufacture and rental of equipment for the offshore oil and gas industry, trading under the Scan Tech, Fisher Offshore, Buchan and Reanco names and the design and manufacture of specialist downhole tools and equipment for extracting oil under the Pumptools and Remote Marine Systems brands.
- Specialist Technical Services – provision of vessel management and equipment services to the marine sector including fendering and ship to ship transfer services under the Fender Care name. Decommissioning and remote operations and monitoring services, predominantly to the Nuclear industry under the James Fisher Nuclear brand and control, load measurement and structural monitoring equipment under the Strainstall brand.
- Defence – provision of marine services to the Ministry of Defence (MoD) and other navies including the UK submarine rescue service, maintenance, asset management and consultancy services provided by James Fisher Marine Services, a 25% shareholding in Foreland Shipping which provides military strategic sealift capability via its operation of six Ro Ro ferries for the MoD and a 50% shareholding in First Response Marine which provides submarine rescue services to the Government of Singapore.
- Marine Oil Services – delivery of refined petroleum products in North West Europe;

Transfer pricing between business segments is set on an arms' length basis similar to transactions with third parties.

The Group's geographical segments are determined by the location of the Group's assets and operations.

Revenue
Revenue, after excluding trade discounts and value added tax, represents the provision of goods and services by the Group and its subsidiaries in the normal course of business and is recognised when the significant risks and rewards of ownership have passed to the buyer. The transfer of risks and rewards is assumed to pass to the customer on delivery of the goods or completion of the provision of the relevant services.

Where services rendered relate to long term contracts and are not completed at the balance sheet date, revenue is recognised in proportion to the stage of completion of the transaction measured by reference to the proportion of total expected costs incurred. Revenue is not recognised if there are significant uncertainties regarding recovery of the consideration due.

Details of the revenue recognition on construction contracts are included under construction contracts on page 46.

Rentals receivable under operating leases are credited to revenue on a straight line basis over the lease term. There are no rental commitments in respect of long term leasing arrangements.

Non-current assets held for sale
On classification as held for sale, non-current assets are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in profit or loss, as are any gains and losses on subsequent remeasurement.

Cash and cash equivalents
Cash and short-term deposits included in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less from the original acquisition date.

Cash and cash equivalents included in the cash flow statement comprise cash and short-term deposits, net of bank overdrafts.

Net debt

Net debt comprises interest bearing loans and borrowings less cash and cash equivalents.

Intra Group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

New standards and interpretations not applied

The International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) have also issued the following standards and interpretations which have been endorsed by the EU at 31 December 2009 with an effective date of implementation after the date of these financial statements:

International Accounting Standards (IAS/IFRSs)		Effective Date
IFRS 3 (revised)	Business Combinations	1 January 2010
IAS 27	Consolidated and Separate Financial Statements	1 January 2010
IFRIC 16	Hedges of a net investment in a foreign operation	1 January 2010
IFRIC 17	Distribution of Non cash assets to owners	1 January 2010
IFRIC 18	Transfers of assets from customers	1 January 2010

Under IFRS 3 (revised) – Business Combinations, the Group will be required to expense to the income statement all direct costs relating to acquisitions. These costs are currently capitalised and included in the calculation of goodwill. Contingent consideration will be recognised in full at its fair value and any future adjustments to fair value will be made in the income statement rather than as at present by adjusting the carrying value of goodwill. Contingent consideration which is assessed as having the characteristics associated with employment benefits would be expensed to the income statement rather than included in the calculation of goodwill. IFRS 3 (revised) is not required to be applied retrospectively.

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

2 Segmental information

Operating segments

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

Marine Oil Services – Engaged in the sea transportation of clean petroleum products.

Offshore Oil Services – Engaged in the design and assembly, rental and sale of specialist equipment and the provision of related specialist labour to the offshore sector.

Specialist Technical Services – Includes the hire and sale of large scale pneumatic fenders, the design and supply of systems for monitoring strains and stress in structures and equipment, ship to ship transfer services, non destructive testing, and the provision of services to the nuclear decommissioning industry.

Defence – Provides a range of specialist services for the defence sector, focusing on the design, construction and operation of submarine rescue vehicles and the operation of surface ships.

The board assess the performance of the segments based on operating profit before central common costs but after the Group's share of the post tax results of associate and joint ventures. The board believes that such information is the most relevant in evaluating the results of certain segments relative to other entities which operate within these industries.

Inter segmental sales are made using prices determined on an arms length basis.

No individual customer accounted for more than 10% of external revenue in the periods included in the financial statements.

Notes to the financial statements

Business segments

The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments for the years ended 31 December 2009 and 2008. Further information on the activities of these segments is included in the accounting policy on page 50 and in the Chairman's statement on pages 4 to 7.

Year ended 31 December 2009

	Continuing Operations				
	Offshore Oil Services £000	Specialist Technical Services £000	Defence £000	Marine Oil Services £000	Total £000
Revenue					
Segmental revenue	48,163	107,261	27,164	71,123	253,711
Inter segment sales	(4)	(3,833)	(280)	-	(4,117)
Group revenue	48,159	103,428	26,884	71,123	249,594
Result	12,516	15,983	3,657	(1,593)	30,563
Common costs					(2,663)
Profit from operations including results of associates and joint ventures					27,900
Finance income					228
Finance costs					(3,386)
					(3,158)
Profit before tonnage and income tax					24,742
Tonnage and income tax					(6,318)
Profit attributable to equity holders					18,424
Share of post tax results of associates and joint ventures	-	1,713	2,470	-	4,183
Assets & Liabilities					
Segment assets	98,133	90,386	14,809	77,318	280,646
Investment in joint ventures	-	2,883	6,095	-	8,978
Assets classified as held for sale	1,375	-	-	-	1,375
Unallocated assets +					5,182
Total assets					296,181
Segment liabilities	(7,414)	(18,475)	(2,352)	(14,098)	(42,339)
Unallocated liabilities					(146,764)
Total liabilities					(189,103)
Other segment information					
Capital expenditure:					
Property, plant & equipment	13,085	4,240	1,298	710	19,333
Unallocated					159
					19,492
Intangible fixed assets	-	254	-	-	254
Depreciation	3,514	1,421	216	4,761	9,912
Unallocated					204
Amortisation of intangible assets	3	30	-	-	33
					10,149

+ Unallocated assets comprise deferred tax and centrally held corporate assets

Year ended 31 December 2008

	Continuing Operations				
	Offshore Oil Services £000	Specialist Technical Services £000	Defence £000	Marine Oil Services £000	Total £000
Revenue					
Segmental revenue	48,294	79,893	29,415	80,819	238,421
Inter segment sales	(8)	(4,629)	(146)	(60)	(4,843)
Group revenue	48,286	75,264	29,269	80,759	233,578
Result	12,702	9,598	4,484	5,408	32,192
Common costs					(2,728)
Profit from operations including results of associates and joint ventures					29,464
Finance income					412
Finance costs					(6,309)
					(5,897)
Profit before tonnage and income tax					23,567
Tonnage and income tax					(5,277)
Profit attributable to equity holders					18,290
Share of post tax results of associates and joint ventures	-	514	2,033	-	2,547
Assets & Liabilities					
Segment assets	85,343	71,850	25,536	87,217	269,946
Investment in joint ventures	-	1,896	2,651	-	4,547
Unallocated assets +					4,730
Total assets					279,223
Segment liabilities	(9,217)	(15,830)	(6,036)	(19,567)	(50,650)
Unallocated liabilities					(133,523)
Total liabilities					(184,173)
Other segment information					
Capital expenditure:					
Property, plant & equipment	14,111	3,145	242	2,385	19,883
Unallocated					117
					20,000
Intangible fixed assets	8	3	-	-	11
Depreciation	2,762	1,305	79	5,078	9,224
Unallocated					196
Amortisation of intangible assets	3	8	-	-	11
					9,431

+ Unallocated assets comprise deferred tax and centrally held corporate assets

Notes to the financial statements

Geographical segments

The following table represents revenue, expenditure and certain asset information regarding the Group's geographical segments for the years ended 2009 and 2008.

Geographical revenue is determined by the location in which the product or service is provided. The geographical allocation of segmental assets and liabilities is determined by the location of the attributable business unit.

	UK & Ireland		Norway		Rest of the World		Total	
	2009 £000	2008 £000	2009 £000	2008 £000	2009 £000	2008 £000	2009 £000	2008 £000
Revenue								
Segmental revenue	137,983	148,368	22,235	20,910	93,493	69,143	253,711	238,421
Inter-segment sales	(4,117)	(4,843)	-	-	-	-	(4,117)	(4,843)
Group revenue	133,866	143,525	22,235	20,910	93,493	69,143	249,594	233,578
Segment assets	62,012	72,458	15,568	13,299	17,172	10,732	94,752	96,489
Investment in associates and joint ventures	4,231	2,651	-	-	4,747	1,896	8,978	4,547
Financial assets	1,370	1,370	-	-	-	-	1,370	1,370
Other non current assets	135,936	132,537	43,732	34,490	4,856	5,060	184,524	172,087
Assets classified as held for sale	1,375	-	-	-	-	-	1,375	-
Unallocated assets							5,182	4,730
							296,181	279,223
Segment liabilities	(33,453)	(43,277)	(4,969)	(4,889)	(3,917)	(2,484)	(42,339)	(50,650)
Unallocated liabilities							(146,764)	(133,523)
							(189,103)	(184,173)
Capital expenditure:								
Property, plant and equipment	9,531	8,980	9,244	8,246	717	2,774	19,492	20,000

3 Revenue

Revenue disclosed in the income statement is analysed as follows:

	2009 £000	2008 £000
Sale of goods and services	217,709	191,013
Rental income	25,404	24,226
Contract revenue recognised in the period	6,481	18,339
Total Revenue	249,594	233,578

Contract work in progress

The following amounts are included in respect of the Singapore and Korea Submarine Rescue contracts:

	2009 £000	2008 £000
Amounts included in the balance sheet:		
Amount due from customers included in receivables	612	13,569
Work in progress	-	1,087
Net advances received included in creditors	-	(235)
Net investment in contract work in progress	612	14,421

4 Assets held for sale

During 2009 following the insolvency of Oceanteam Power and Umbilical Limited (Oceanteam), the Group enforced a parent company guarantee given in respect of a debt owed by Oceanteam to a subsidiary company. In settlement of the debt the Group was granted title to a remotely operated vehicle (ROV) formerly owned by Oceanteam's parent. At 31 December 2009 the Group had negotiated the sale of the ROV to a third party for £1,750,000 and had received a deposit of £375,000 which would be kept by the Group in the event of the purchaser failing to complete the acquisition. The ROV, which is included in the Offshore Oil segment, has been valued at £1,375,000 being the remaining amount due from the prospective sale of the asset which also represents the director's best estimate of the minimum amount recoverable. The sale of the ROV was completed in February 2010 when the outstanding proceeds were received. No gain or loss has been recognised on the sale of the ROV.

5 Profit from operations

This is stated after charging/(crediting):

	2009 £000	2008 £000
Profit on sale of property, plant and equipment:		
ships	14	(685)
others	388	(499)
	402	(1,184)
Depreciation of property, plant and equipment:		
ships	3,208	3,304
refit costs	1,549	1,738
others	5,359	4,378
Total depreciation charge	10,116	9,420
Amortisation of intangible assets	33	11
Impairment of tangible fixed assets	–	107
Research & Development costs	3,059	1,844
Net foreign currency losses/(gains)	1,336	(2,366)
Cost of inventories recognised as an expense	66,423	74,774
Operating lease rentals:		
property	1,841	1,426
bareboat charter	13,150	11,535
others	410	381
	15,401	13,342

Separately disclosed items

The Group has not included any separately disclosed items in the income statement for the year ended 31 December 2009 and has reclassified those disclosed in 2008 into profit from operations. All items reported in 2008 related to the Marine Oil segment and have been reclassified to that segment in the disclosures relating to segmental information in Note 2. The Board believes that this presentation creates greater clarity and provides more reliable and relevant information to the users of the financial statements.

Auditor's remuneration comprises the following:

	2009 £000	2008 £000
Audit of the financial statements	196	190
Fees payable to the company's auditor and its associates for other services:		
Local statutory audits of subsidiaries	179	170
Taxation services	130	85
Corporate finance services	165	41
	474	296
	670	486

Audit fees relate entirely to the Group's current auditors, KPMG Audit Plc. KPMG also act as tax advisers to the Group.

Fees of £82,000 in relation to corporate finance services have been capitalised in the period.

Notes to the financial statements

6 Staff costs and directors' emoluments

(a) Staff costs including executive directors

	Group 2009 £000	Group Restated Note 26 2008 £000
Wages & salaries	38,533	34,604
Social security costs	4,296	3,777
Pension costs – defined contribution plans	1,460	1,038
Pension costs – defined benefit plans (see Note 24)	1,125	205
Share based compensation	438	662
	45,852	40,286

The monthly average number of persons including executive directors employed by the Group was:

	Group 2009 No.	Group 2008 No.
Technical and administrative	1,142	1,009
Seafarers	290	360
	1,432	1,369

(b) Directors' emoluments

	2009 £000	2008 £000
Directors' emoluments	1,335	1,559
Aggregate gains made by directors on the exercise of options	-	-
Amounts receivable under long term incentive plans	-	-
Pension contributions to defined contribution schemes	48	23
Number of directors accruing benefits under:		
Defined benefit schemes	1	1
Defined contribution schemes	2	2

Details of the remuneration of the highest paid director and accrued entitlements of the director who is a member of the defined benefit scheme are provided in the Directors Remuneration Report on pages 22 to 28.

7 Finance income/(costs)

	2009 £000	2008 £000
Bank interest receivable	228	412
Interest payable on:		
Bank loans and overdrafts	(3,812)	(6,704)
Preference dividend	(4)	(3)
Finance charges payable under finance leases	(13)	(17)
Other interest	(18)	(13)
	(3,847)	(6,737)
Interest on bank loans capitalised*	461	428
	(3,386)	(6,309)
* Interest on bank loans capitalised relates to:		
Buildings	461	214
Other tangible fixed assets	-	82
Construction contracts	-	132
	461	428

Interest has been capitalised at the rate applying to the specific funds borrowed in respect of the project or where no specific funds were obtained at a rate consistent with the Group's general borrowing costs. In 2009 rates varied between 4.1% and 2.8%.

8 Taxation

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

The tax charge is made up as follows:

	2009 £000	2008 £000
Current tax:		
UK corporation tax	(3,902)	(3,100)
Tax overprovided/(underprovided) in previous years	194	(41)
Foreign tax	(2,387)	(1,632)
Total current tax	(6,095)	(4,773)
Deferred tax:		
Origination and reversal of timing differences	(198)	(475)
Total taxation on continuing operations	(6,293)	(5,248)

The total tax charge in the income statement is allocated as follows:

	2009 £000	2008 £000
Taxation expense reported in group income statement	6,293	5,248
Share of joint ventures' current tax	94	78
Total tax expense	6,387	5,326

Income tax on comprehensive income

	Group	
	2009 £000	2008 £000
Current tax:		
Current tax on foreign exchange profits on internal loans	(224)	(758)
Current tax on defined benefit pension schemes	208	-
Deferred tax:		
Deferred tax relating to the actuarial gains and losses on defined benefit pension schemes	471	3
	455	(755)

Reconciliation of effective tax rate

The tax on the Group's profit on continuing activities differs from the theoretical amount that would arise using the rate applicable under UK corporation tax rules as follows:

	2009 £000	Restated Note 26 2008 £000
Profit before tax from continuing operations	24,742	23,567
Tax arising on interests in joint ventures (Note 15)	94	78
	24,836	23,645
At UK statutory tax rate of 28% (2008: 28.5%)	6,954	6,739
Difference due to application of tonnage tax to all vessel disposals and operating activities	1,134	(832)
Expenses not deductible for tax purposes	40	46
Chargeable gains	6	-
(Over)/under provision in previous years		
Current tax	(194)	41
Deferred tax	(168)	18
Share based payments	(185)	335
Lower taxes on overseas income	(1,140)	(773)
Research and development relief	-	(140)
Other	(60)	(108)
	6,387	5,326

The effective income tax rate on profit from continuing operations is 25.7% (2008: 22.4%).

The UK tax rate of 28.5% in 2008 reflects the change in the UK corporation tax rate from 30% to 28% which became effective on 1 April 2008.

Notes to the financial statements

Unrecognised tax losses

At 31 December 2009 the Group has unrecognised tax losses of £2,047,000 (2008: £1,507,000). No deferred tax asset has been recognised in respect of these losses due to the uncertainty relating to their future recovery.

The Group elected to enter tonnage tax with effect from 2000. This election was renewed in 2009. The shipping activities of FT Everard & Sons Limited entered the regime on acquisition in 2006. The election had the effect of eliminating future potential tax liabilities on shipping profits of qualifying ships in the United Kingdom. The regime includes provisions whereby a proportion of capital allowances previously claimed by the Group can be subject to tax in the event of a significant number of assets being sold and not replaced. This contingent liability diminishes to nil over the seven year period following entry into tonnage tax. The contingent liability relating to the ships operated by the Group on entry onto tonnage tax in 2000 has expired in accordance with this seven year provision. However, there is a contingent liability relating to the FT Everard fleet which entered tonnage tax in 2006. The contingent liability at 31 December 2009 was £667,000 (2008: £983,000). This assumes that any such ships unsold at 31 December are sold at the lower of net book value at 31 December 2009 and market value on entry into tonnage tax and that after 2009 no reliefs are available to reduce the balancing charge giving rise to the liability other than the seven year tapering relief provided in the Finance Act 2000. No provision has been made on the basis that no liability is expected to arise.

Group

Deferred tax at 31 December relates to the following:

	Group Balance sheet		Group Income statement	
	2009 £000	2008 £000	2009 £000	2008 £000
Deferred tax assets				
Retirement benefits	2,112	1,528	112	(48)
Share based payments	331	87	244	(279)
	2,443	1,615		
Deferred tax liabilities				
Accelerated capital allowances for tax purposes	(2,213)	(1,561)	(636)	(165)
Roll over gains	(1,377)	(1,459)	82	17
	(3,590)	(3,020)		
Deferred income tax charge			(198)	(475)
Net deferred income tax liability	(1,147)	(1,405)		

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

	2009 £000	2008 £000
Balance at 1 January	(1,405)	(843)
Charged to equity in statement of comprehensive income	471	3
Charged to equity	-	(77)
Charged to income statement	(198)	(475)
Exchange adjustments	(21)	(6)
Acquired with subsidiaries	6	(7)
Balance at 31 December	(1,147)	(1,405)

At 31 December 2009 the Group has no recognised deferred income tax liability (2008: £nil) in respect of taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries. At 31 December 2009 the unrecognised gross temporary differences in respect of reserves of overseas subsidiaries is £10,886,000 (2008: £6,443,000). No deferred income tax liability has been recognised in respect of this temporary timing difference due to the foreign profits exemption, the availability of double taxation relief and the ability to control the remittance of earnings.

There are no income tax consequences attaching to the payment of dividends by the Group to its shareholders.

Company

Deferred tax at 31 December relates to the following:

	Company Balance sheet 2009 £000	Company Balance sheet 2008 £000
Deferred tax assets		
Retirement benefits	2,112	1,528
Short term timing differences	89	-
Share based payments	330	87
	2,531	1,615
Deferred tax liabilities		
Accelerated capital allowances for tax purposes	-	(15)
	-	(15)
Net deferred income tax asset	2,531	1,600

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

	2009 £000	Restated Note 26 2008 £000
Balance at 1 January	1,600	863
Charged to equity in statement of comprehensive income	471	1,057
Credited/(charged) to income statement	460	(320)
Balance at 31 December	2,531	1,600

At 31 December 2009 the Company has no recognised deferred income tax liability (2008: £nil) in respect of taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries. At 31 December 2008 the unrecognised gross temporary differences in respect of reserves of overseas subsidiaries is £10,886,000 (2008: £6,433,000). No deferred income tax liability has been recognised in respect of this temporary timing difference due to the foreign profits exemption, availability of double taxation relief and the ability to control the remittance of earnings.

10 Earnings per share

Basic earnings per share are 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 ordinary shares purchased by the Employee Share Ownership Trust and held as treasury shares.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

At 31 December 2009 724 thousand options (2008: 562 thousand) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been 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.

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

	2009 £000	Restated Note 26 2008 £000
Profit on continuing activities attributable to equity holders	18,424	18,264

Weighted average number of shares	2009 Number of shares	2008 Number of shares
For basic earnings per ordinary share*	49,604,476	49,472,598
Exercise of share options and LTIPs	184,300	248,810
For diluted earnings per ordinary share	49,788,776	49,721,408

* Excludes 169,068 (2008:229,305) shares owned by the James Fisher and Sons Public Limited Company Employee Share Ownership Trust.

Notes to the financial statements

	2009		Restated Note 26 2008	
	£000	pence	£000	pence
Basic earnings per share on profit from operations	18,424	37.14	18,264	36.92
Diluted earnings per share on profit from operations	18,424	37.00	18,264	36.73

Adjusted Earnings per share

The basic earnings per share on continuing activities before profit on ship disposals is shown to highlight the underlying earnings trend and is calculated using the number of shares outlined in the table above. No tax is attributable to the adjustments included in the table below.

	2009		Restated Note 26 2008	
	£000	pence	£000	pence
Basic earnings per share on profit from operations	18,424	37.14	18,264	36.92
Adjustments:				
Loss/(profit) on ship disposals	14	0.03	(685)	(1.39)
Basic adjusted earnings per share on profit from operations	18,438	37.17	17,579	35.53
Diluted earnings per share on profit from operations	18,424	37.00	18,264	36.73
Adjustments:				
Loss/(profit) on ship disposals	14	0.03	(685)	(1.38)
Diluted adjusted earnings per share on profit from operations	18,438	37.03	17,579	35.35

11 Dividends paid and proposed

Declared and paid during the year equity dividends on ordinary shares:

	2009 £000	2008 £000
Final dividend for 2008 8.65p (2007 7.52p)	4,305	3,739
Interim dividend for 2009 4.80p (2008 4.36p)	2,390	2,168
Less dividends on own shares held by ESOP	(23)	(28)
	6,672	5,879
Proposed for approval at Annual General Meeting (not recognised as a liability at 31 December)		
Equity dividends on ordinary shares:		
Final dividend for 2009 8.80p (2008 8.65p)	4,370	4,284

12 Goodwill

Group

Cost and net book value:

	2009 £000	2008 £000
At 1 January	69,993	67,190
Exchange differences	257	456
Disposal of business of subsidiary	(793)	-
Acquisition of subsidiaries	3,684	2,347
At 31 December	73,141	69,993

Impairment of goodwill
Goodwill acquired through business combinations has been allocated for impairment testing purposes to the following cash generating units:

Offshore Oil Services
Scan Tech Norway – represents the Norwegian based part of the Offshore Oil Services division including Scan Tech Norway, Air Supply, Reanco, Lofteteknikk and the business of Monyana Eurotech.

Fisher Offshore – comprises the UK based part of the Offshore Oil Services division including the business of Monyana Engineering Services and Buchan Technical services together with Pumptools whose business is the design and manufacture of specialist downhole tools and systems for the extraction of oil.

Specialist Technical Services
Nuclear – represents the business of James Fisher Nuclear including Remote Marine Systems, Harsh Environment Services, the nuclear business of Rumic, NDT plus Faber acquired in August 2009.

Fendercare – The Fender Care fendering and marine services business.

Strainstall – The load measurement, safety monitoring and control business of Strainstall Group.

Marine Oil Services
Cattedown – The port facility business of FT Everard & Sons.

Defence
Defence – comprises Mimic, Ocean fleets and the remaining parts of Rumic included in the Defence division.

These represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The carrying amount of goodwill allocated to each cash generating unit by segment is:

	2009 £000	2008 £000
Offshore Oil Services		
Scan Tech Norway	14,453	14,924
Offshore	16,072	16,072
Specialist Technical Services		
Nuclear	8,190	4,511
Fendercare	7,630	7,625
Strainstall	11,167	11,232
Marine Oil Services		
Cattedown	10,259	10,259
Defence	5,370	5,370
	73,141	69,993

Notes to the financial statements

The recoverable amount of these units has been assessed based on value in use calculations using cash projections based on financial budgets approved by the board for the next financial year together with projections derived from those budgets for the following four years. A terminal value of cash flows beyond that date has been calculated at a growth rate in line with managements long term expectations for the relevant market.

Key assumptions used in the value in use calculations:
Gross margin
Discount rate
Costs and payroll inflation
Growth rates used to extrapolate cash flows beyond the budget period

Growth estimates are based on the levels achieved in the current and historic periods adjusted for management expectations of the impact of management actions and the future development of the relevant market. Growth rates for turnover vary between 1% for Cattedown which operates in a relatively mature market to 7% for Fendercare, which operates in more developing markets. These growth rates are considered to be reasonable in the light of the recent trading history of these businesses. Direct costs are expected to increase in line with turnover in initial periods before stabilising at a long term inflationary level of 2%. Administrative costs are anticipated to increase at 3%.

Payroll inflation reflects the fact that the Group provides specialist services in a competitive market. Payroll costs are therefore influenced by the need to retain skilled staff. As a result the initial growth rates for payroll costs range between 2% in mature business to up to 5% for specific posts in businesses located in the Middle East and Aberdeen where skilled staff are in short supply.

Discount rates reflect managements estimate of the return required from the business to reflect the cost of funds plus an appropriate risk premium. This has been determined with reference to the CGU's weighted average cost of capital (WACC), and adjusting it for risks specific to each CGU's cash flows. The range of pre-tax discount rates used is 9.48% to 10.3% (2008: range of 8.76% to 10.4%). A tax rate of 28% has been assumed.

Based on the value in use calculations performed no impairment of any of the cash generating units is required.

A summary of the key assumptions applied to each CGU is set out in the table below.

	Growth in Gross profit			Growth in direct costs	
	max %	long term %	Growth in payroll range* %	max %	long term %
Offshore Oil Services					
Scan Tech Norway	2	2	0-3	2	2
Offshore	2	2	1-5	2	2
Specialist Technical Services					
Nuclear	2	2	0-2	2	2
Fendercare	7	2	0-4	7	2
Strainstall	2	2	2-5	2	2
Marine Oil Services					
Cattedown	1	1	–	1	1

* The growth in payroll relates to forecasts for 2010 only. Thereafter the forecast growth follows the growth in direct costs.

Sensitivity to impairment
In order to assess the likelihood of impairment, the impairment calculations have been re-performed assuming a reduced long term growth rate of nil% after 2010. There continued to be no requirement for an impairment provision at this level.

Impairment testing has also been performed by increasing the pre tax discount rate by 1%. No requirement for an impairment provision was identified.

13 Other Intangible assets

Group

	Intellectual property £000	Patents & Licences £000	Other intangibles £000	Total £000
Cost				
At 1 January 2008	61	21	–	82
Additions	8	3	–	11
Acquisition of subsidiary undertaking	–	–	–	–
At 31 December 2008	69	24	–	93
Acquisition of subsidiary undertaking	–	–	254	254
At 31 December 2009	69	24	254	347
Amortisation				
At 1 January 2008	5	1	–	6
Charge for the period	7	4	–	11
At 31 December 2008	12	5	–	17
Charge for the period	8	4	21	33
At 31 December 2009	20	9	21	50
Net book value at 31 December 2009	49	15	233	297
Net book value at 31 December 2008	57	19	–	76
Net book value at 1 January 2008	56	20	–	76

The Company has no intangible assets.

Intangible assets include intellectual property rights and patents and licences acquired by subsidiary companies relating to technology used in the subsidiary's principal operating activities, the fair value of customer relationships acquired and development costs relating to new products or processes.

The Group has recognised an intangible asset in respect of the fair value of the customer relationships arising from the acquisition of MB Faber Limited. This is being amortised over five years. Further details of the acquisition are set out in Note 17.

Intangible assets which are amortised evenly over their remaining useful life of between three and twenty years, are included in cost of sales in the income statement.

Based on an assessment of value in use there are no indications that any impairment of these assets has arisen during the period.

Notes to the financial statements

14 Property, plant and equipment

	Analysis of ships Ships £000	Refit £000	Total ships £000	Assets under construction £000	Freehold & leasehold property £000	Plant & equipment £000	Total £000
Group							
Cost:							
At 1 January 2008	78,257	5,914	84,171	859	12,920	26,712	124,662
Additions	718	1,808	2,526	2,445	7,294	5,357	17,622
Reclassifications	(229)	194	(35)	(1,557)	990	2,888	2,286
Acquisition of subsidiary undertaking	-	-	-	-	-	92	92
Disposals	(4,200)	(803)	(5,003)	-	(7)	(1,813)	(6,823)
Disposal of subsidiary undertaking	-	-	-	-	-	-	-
Exchange differences	397	193	590	-	365	958	1,913
At 31 December 2008	74,943	7,306	82,249	1,747	21,562	34,194	139,752
Additions	489	572	1,061	358	7,461	10,415	19,295
Reclassifications	365	(365)	-	(612)	21	591	-
Acquisition of subsidiary undertaking	-	-	-	-	-	197	197
Disposals	(254)	-	(254)	-	(465)	(1,647)	(2,366)
Disposal of subsidiary undertaking	-	-	-	-	-	(55)	(55)
Exchange differences	(166)	(35)	(201)	-	682	685	1,166
At 31 December 2009	75,377	7,478	82,855	1,493	29,261	44,380	157,989
Group							
Depreciation and impairment:							
At 1 January 2008	19,703	2,340	22,043	-	896	9,412	32,351
Provided during the year	3,304	1,738	5,042	-	381	3,997	9,420
Disposals	(3,117)	(506)	(3,623)	-	-	(874)	(4,497)
Exchange differences	-	-	-	-	20	440	460
At 31 December 2008	19,890	3,572	23,462	-	1,297	12,975	37,734
Provided during the year	3,208	1,549	4,757	-	415	4,944	10,116
Reclassifications	(30)	30	-	-	-	-	-
Disposal of subsidiary undertaking	-	-	-	-	-	(21)	(21)
Disposals	(254)	-	(254)	-	(37)	(1,142)	(1,433)
Exchange differences	(11)	(7)	(18)	-	25	500	507
At 31 December 2009	22,803	5,144	27,947	-	1,700	17,256	46,903
Net book value at 31 December 2009	52,574	2,334	54,908	1,493	27,561	27,124	111,086
Net book value at 31 December 2008	55,053	3,734	58,787	1,747	20,265	21,219	102,018
Net book value at 1 January 2008	58,554	3,574	62,128	859	12,024	17,300	92,311

Reclassifications

Reclassifications in 2008 include £2,286,000 of assets held by Fisher Offshore which were previously classified as inventory but are now held for hire by the business. Other reclassifications relate to items previously classified as assets under construction.

Property, plant and equipment held under leasing arrangements

Details of the value of property, plant and equipment which is secured against borrowing facilities are included in Note 27 on page 83.

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 31 December 2009 was £312,000 (2008 £345,000). Included in ships are assets with a cost of £5,766,000 (2008 £5,864,000) and accumulated depreciation of £2,619,000 (2008 £2,213,000) which relate to assets held under operating leases. Included in property, plant and equipment is aggregate interest capitalised of £3,119,000 (2008 £2,659,000).

Company

Cost:

	Total Ships £000	Freehold & leasehold property £000	Assets under construction £000	Plant & equipment £000	Total £000
At 1 January 2008	9,015	1,871	-	1,092	11,978
Additions	9	19	60	37	125
Disposals	(250)	-	-	(175)	(425)
Inter group transfers	-	-	-	(2)	(2)
At 31 December 2008	8,774	1,890	60	952	11,676
Additions	(10)	9	-	150	149
Reclassifications	-	-	(60)	60	-
Disposals	-	-	-	(188)	(188)
Inter group transfers	-	-	-	3	3
At 31 December 2009	8,764	1,899	-	977	11,640
Company					
Depreciation:					
At 1 January 2008	2,966	366	-	836	4,168
Provided during the year	384	94	-	101	579
Disposals	(229)	-	-	(173)	(402)
Inter group transfers	-	-	-	(2)	(2)
At 31 December 2008	3,121	460	-	762	4,343
Provided during the year	366	92	-	112	570
Disposals	-	-	-	(186)	(186)
Inter group transfers	-	-	-	(2)	(2)
At 31 December 2009	3,487	552	-	686	4,725
Net book value at 31 December 2009	5,277	1,347	-	291	6,915
Net book value at 31 December 2008	5,653	1,430	60	190	7,333
Net book value at 1 January 2008	6,049	1,505	-	256	7,810

Included in property, plant and equipment is aggregate interest capitalised of £187,000 (2008 £187,000).

15 Investment in joint ventures

The Group has a 25% equity interest in the ordinary shares of Foreland Holdings Limited, a shipowning and operating company and a 40% equity interest in Fender Care Nigeria Limited, Silvertide Inc, Asteria Navigation Inc and FCN Limited. In 2008 the Group increased its equity interest from 40% to 50% in Fender Care Benelux BV which operates in Northern Europe. The Group also has a 50% equity interest in Fender Care Omega Limited (India) and a 25% equity interest in Fender Care Malaysia SDN BHD (Malaysia). In 2009 the Group acquired a 50% equity interest in Fendercare Barents AS which operates in Northern Europe. These joint ventures, which are referred to as the FCM businesses, are marine services companies operating ship to ship transfers principally in the West Africa region but also in Northern Europe and Asia.

On 16 March 2009 the Group subscribed S$1,000,000 (£464,000) for a 50% equity interest in the ordinary shares of First Response Marine Pte Ltd (FRM). The remaining shares in FRM are owned by Singapore Technologies Marine Pte Ltd. FRM provides submarine rescue services to the Singapore government under a 20 year service contract which commenced in March 2009.

FRM was established by its shareholders to facilitate the operation of a leasing arrangement with the Government of Singapore in respect of the submarine rescue service provided to the Government by the shareholders. FRM has subcontracted the provision of the service to its shareholders such that the risks relating to the operation of the service contract are borne directly by the subcontractors. FRM is not directly controlled by either shareholder and is able to operate as a separate commercial entity without requiring additional direct support from its shareholders. The Group has therefore accounted for the investment in FRM as an associate.

Notes to the financial statements

The Group's share of the assets, liabilities and trading results of these associates and joint venture entities at 31 December 2009 which are accounted for under the equity accounting method, are as follows:

	2009				2008		
	FRM £000	Foreland £000	FCM £000	Total £000	Foreland £000	FCM £000	Total £000
Current assets	4,497	5,948	3,760	14,205	5,886	1,391	7,277
Non-current assets	20,631	39,013	2,070	61,714	43,340	1,330	44,670
Current liabilities	(3,782)	(4,760)	(2,947)	(11,489)	(4,420)	(825)	(5,245)
Non-current liabilities	(21,080)	(35,970)	-	(57,050)	(42,155)	-	(42,155)
Loans to associate	1,598	-	-	1,598	-	-	-
	1,864	4,231	2,883	8,978	2,651	1,896	4,547
Revenue	3,283	9,375	5,685	18,343	9,004	3,395	12,399
Cost of sales	(2,664)	(4,949)	(2,960)	(10,573)	(4,693)	(2,083)	(6,776)
Administrative expenses	(45)	(143)	(982)	(1,170)	(263)	(735)	(998)
Profit from operations	574	4,283	1,743	6,600	4,048	577	4,625
Finance costs							
Finance income	-	15	2	17	168	1	169
Finance costs	(243)	(2,097)	-	(2,340)	(2,169)	-	(2,169)
Profit before tax	331	2,201	1,745	4,277	2,047	578	2,625
Taxation	(57)	(5)	(32)	(94)	(14)	(64)	(78)
Net profit attributable to equity holders	274	2,196	1,713	4,183	2,033	514	2,547

Movement on investment in joint ventures

	FRM	Foreland	FCM	Total	Foreland	FCM	Total
At 1 January	-	2,651	1,896	4,547	3,271	946	4,217
Acquisitions	464	-	28	492	-	9	9
Loans to associate	1,610	-	-	1,610	-	-	-
Profit for the period	274	2,196	1,713	4,183	2,033	514	2,547
Dividends received	(199)	(1,600)	(487)	(2,286)	(1,200)	-	(1,200)
Share of fair value (losses)/gains on cash flow hedges	(254)	984	-	730	(1,453)	-	(1,453)
Exchange adjustments	(31)	-	(267)	(298)	-	427	427
At 31 December	1,864	4,231	2,883	8,978	2,651	1,896	4,547

There are capital commitments of £2,375,000 in FRM in relation to vessel related equipment. There are no other capital commitments or contingent liabilities in respect of the Group's interests in joint ventures.

16 Financial assets

Group

Available for sale assets

	2009 £000	2008 £000
At 1 January and 31 December 2009	1,370	1,370
Company		
At 1 January and 31 December 2009	1,368	1,368

Available for sale financial assets represents the following items:

1. A 17.17% (2008: 19.99%) equity interest in ordinary shares in SEML De Co-operation Transmanche, an unlisted company incorporated in France, whose main activity is a port and ferry operator. The holding was diluted in the period as the Company did not take up its rights in a share issue made during the period.

2. A 20% equity interest in ordinary shares in Cumbria Nuclear Solutions Limited, a company established to facilitate the tendering and acquisition of contracts relating to the Group's Nuclear decommissioning business. The remaining shares are held equally by four other parties representing other decommissioning businesses offering services complementary to those offered by companies within the Group. The company has not traded during the period.

3. An investment of £593 in 800 ordinary shares in The Baltic Exchange representing 0.16% of the issued share capital.

The investments listed above are in unquoted entities whereby the fair value of the shareholding cannot be readily ascertained or measured reliably. The investments are therefore held at initial cost subject to annual impairment review. No impairment was required at 31 December 2009.

Investments
Company

	Subsidiary undertakings shares £000	Subsidiary undertakings loans £000	Total £000
Cost			
At 1 January 2008	77,642	71,609	149,251
Reclassification	(2,678)	-	(2,678)
Restated at 1 January 2008	74,964	71,609	146,573
Exchange adjustments	–	1,070	1,070
Additions/increases	188	39,992	40,180
Transfer to subsidiaries	(10,109)	10,109	-
Repayments	–	(32,295)	(32,295)
At 31 December 2008	65,043	90,485	155,528
Exchange adjustments	–	1,283	1,283
Additions/increases	15,490	62,609	78,099
Repayments	–	(55,821)	(55,821)
At 31 December 2009	80,533	98,556	179,089
Amount provided			
At 1 January 2008	445	8,006	8,451
Released	–	(68)	(68)
At 31 December 2008	445	7,938	8,383
Released	–	(7,459)	(7,459)
At 31 December 2009	445	479	924
Net book value at 31 December 2009	80,088	98,077	178,165
Net book value at 31 December 2008	64,598	82,547	147,145

The reclassification in 2008 which relates to the accounting for the deferred payments in respect of the contingent consideration payable on the acquisition of FT Everard & Sons which also affects amounts due to group undertakings as referred to in Note 23.

During the year the trade and assets of a subsidiary undertaking were transferred to another subsidiary undertaking at their book value. The cost of the Company's investment in the transferor subsidiary undertaking reflected the underlying fair value of its net assets and goodwill at the time of acquisition. As a result of this transfer, the value of the Company's investment in that subsidiary undertaking fell below the amount at which it was stated in the Company's accounting records. The Companies Act 2006 requires that the investment be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. However, the directors consider that, as there has been no overall loss to the Company, it would fail to give a true and fair view to charge that diminution to the Company's profit and loss account for the year and it should instead be re-allocated to the investment in the transferee subsidiary where the identifiable net assets have been transferred, so as to recognise in the Company's individual balance sheet the effective cost to the Company of those net assets. This departure has no impact on the holding company's profit for the financial year. The Group accounts are not affected by this transfer.

A list of subsidiary undertakings is included on page 98.

17 Business combinations

Year ended 31 December 2009

On 18 August 2009 the Group acquired the entire issued share capital of MB Faber Limited (Faber), for a cash consideration of £4,300,000. Further contingent consideration of up to £1,250,000 is payable depending on the performance of Faber in the twelve month period ending 31 December 2009. Faber is involved in the provision of specialist design and engineering services to the nuclear and aerospace industries.

The provisional fair values of the assets and liabilities acquired are set out on page 68. The business of Faber has been integrated into the Nuclear cluster and is expected to benefit from synergies derived from common marketing and distribution bases. Included in goodwill are certain intangible assets including the anticipated impact on these businesses of distributing their products to existing Group customers, that cannot be individually separated and reliably measured due to their nature.

The Group has identified an intangible asset in respect of customer relationships which has been valued at £254,000. This relates to the major customers of Faber in the nuclear and aerospace industries. Cash flow forecasts have been calculated over five years being the expected period over which the Group will benefit from the relationships which have been inherited with the acquisition. The calculations are based on local management forecasts and have been discounted at a rate of 20% reflecting the risk factors associated with these cash flows.

Notes to the financial statements

	Book value £000	Accounting policy adjustments £000	Fair value adjustments £000	Total £000
Intangible assets	396	(120)	(276)	-
Customer relationships	-	-	254	254
Property, plant & equipment	174	-	-	174
Inventories	893	-	(577)	316
Trade and other receivable	1,448	-	(34)	1,414
Cash and short term deposits	540	-	-	540
Trade and other payables	(2,194)	-	371	(1,823)
Interest-bearing loans and borrowings	(4)	-	-	(4)
Deferred tax	77	-	(71)	6
Fair value of net assets acquired	1,330	(120)	(333)	877
Goodwill arising on acquisitions				3,679
				4,556
Consideration:				
Cash				4,300
Direct costs associated with acquisition				256
Contingent consideration				-
				4,556

Under the terms of the acquisition of Faber contingent consideration was payable by the Group of up to £1,250,000 in respect of the achievement of profit targets in respect of the twelve months ended 31 December 2009. On the basis of the information included in these financial statements the vendors have been informed that these targets have not been met and no provision has been made for contingent consideration payable in the goodwill calculations set out above.

In September 2009 the Group acquired the business and assets of Blastgreen Limited, a business specialising in industrial blast cleaning for a consideration of £27,000. Goodwill of £5,000 arose on the acquisition which has been integrated into the Group's Fendercare business.

In January 2009 in accordance with the terms of the acquisition agreement between Strainstall Group and The Railway Engineering Company Limited (TRE), the vendors of TRE received a payment of £388,000 in respect of their achievement of the earnout provisions for 2008 included in the purchase agreement. This amount was settled in full by the issue of loan notes by the Company. These loan notes were settled in May 2009.

Year ended 31 December 2008
On 7 February 2008 the Company acquired the entire issued share capital of JCM Scotload Limited (Scotload), for a cash consideration of £2,985,000. Scotload designs and manufactures a range of load measurement instruments for the offshore and related industries.

On 22 August 2008 the Group acquired the entire issued share capital of Impact Industrial Support Services Limited (Impact), a company specialising in marine and industrial blast cleaning and painting for a cash consideration of £510,000.

The provisional fair values of the assets and liabilities acquired (which are equal to the net book value of assets acquired), are set out below. The businesses of Scotload and Impact have been integrated into the Strainstall and Fendercare Groups respectively and are expected to benefit from synergies derived from common marketing and distribution bases. Included in goodwill are certain intangible assets, including the anticipated impact on these businesses of distributing their products to existing group customers, that cannot be individually separated and reliably measured due to their nature.

	JCM Scotload £000	Impact £000	Total £000
Intangible assets	–	–	–
Property, plant & equipment	13	79	92
Inventories	137	11	148
Trade and other receivable	401	202	603
Cash and short term deposits	1,027	86	1,113
Trade and other payables	(395)	(116)	(511)
Interest-bearing loans and borrowings	–	(22)	(22)
Deferred tax	(1)	(6)	(7)
Fair value of net assets acquired	1,182	234	1,416
Goodwill arising on acquisitions	1,937	334	2,271
	3,119	568	3,687
Consideration:			
Cash	2,985	510	3,495
Direct costs associated with acquisition	134	58	192
Contingent consideration	–	–	–
	3,119	568	3,687

In accordance with the acquisition agreement in respect of the Group's acquisition of 70% of Soil Dynamics (Malaysia) SDN BHD (Soil Dynamics) on 24 January 2008 the Group made a payment of £200,000.

On 31 March 2008 the Group acquired the outstanding minority interest of 30% in Soil Dynamics for a cash consideration of £225,000. Goodwill of £72,000 arose on the purchase of the minority interest.

On 16 January the Group made the final payment of contingent consideration in respect of £750,000 due to the vendors of FT Everard and Sons following the delivery into service of mt Superiority.

On 11 March 2008 the Group made a payment of £800,000 to the vendors of Inspection Holdings Limited (NDT) in accordance with their achievement of the earnout provisions for 2007 included in the purchase agreement.

On 27 March the Group made a payment of £500,000 to the vendors of Strainstall Group in accordance with their achievement of the earnout provisions for 2007 included in the purchase agreement. This amount was settled in part by the issue of £212,000 of loan notes. These loan notes must be redeemed no later than 31 March 2010. During the year a total of £500,000 were redeemed.

In March 2008 in accordance with the terms of the acquisition agreement between Strainstall Group and The Railway Engineering Company Limited (TRE), the vendors of TRE received a payment of £362,000 in respect of their achievement of the earnout provisions for 2007 included in the purchase agreement. This amount was settled in full by the issue of loan notes by the Company. These loan notes were settled in March 2008.

No adjustments have been made to the provisional figures previously included in the Group Financial Statements for 2008.

Disposals

On 20 April 2009 the Group completed the disposal of the business and assets excluding cash and freehold property of Reanco Team AS (Reanco) for an initial consideration of NOK 11.5m less working capital adjustments. The Reanco business, which was involved in the fabrication of offshore rig living quarters, formed part of the Offshore Oil Services division but is not considered to be part of the core activities of the division. The disposal resulted in a profit on sale of £160,000. This includes £195,000 in respect of exchange differences on the historical translation of assets and goodwill disposed of previously reported in the translation reserve. As the effective date of the disposal agreed with the acquirers was 31 December 2008 no trading results for Reanco for 2009 are included in the Group's results for the year.

Notes to the financial statements

Details of the disposal are set out in the table below:

	£000	£000
Cash proceeds received		1,140
Net assets disposed of		
Intangible assets – goodwill	793	
Property, plant & equipment	35	
Inventories	70	
Trade and other receivable	445	
Cash and short term deposits	-	
Trade and other payables	(268)	
		(1,075)
Disposal costs		(100)
Foreign exchange gains recycled		195
Profit on disposal		160

Contributions to group results

The overall contribution of the businesses acquired during the period to the Group's profit after tax was £152,000 with £3,372,000 being contributed to Group revenue.

Had the business combinations taken place at the start of the financial year the contribution to Group profit from continuing operations for the year would have been (£77,000) and the revenue from continuing operations would have been £8,419,000.

Had the business combinations arising in 2008 taken place at the start of the financial year the contribution to Group profit after tax from continuing operations for the year would have been £432,000, and the revenue from continuing operations would have been £2,615,000

18 Inventories

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Work in progress	4,524	3,846	-	-
Work in progress relating to sub rescue contracts	-	1,087	-	-
Raw material and consumable stores	5,912	5,268	-	-
Finished goods	18,005	11,764	-	-
	28,441	21,965	-	-

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Inventories stated at net realisable value	99	8	-	-
Amount charged to the income statement in the period in respect of inventory write-downs	394	431	-	-
Reversal of inventory write-downs	(474)	-	-	-

19 Trade and other receivables

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Trade receivables	37,914	34,239	162	45
Amounts owed by group undertakings	-	-	1,566	1,315
Amounts owed by joint venture undertakings	2,833	365	30	32
Other non-trade receivables	509	4,767	511	562
Amount due under Singapore sub rescue contract	612	13,569	-	-
Prepayments and accrued income	8,892	9,455	438	353
	50,760	62,395	2,707	2,307

Trade and other receivables expected to be recovered in more than one year comprise:

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Trade receivables	–	–	–	–
Amounts recoverable on contracts	–	–	–	–
Other receivables	15	35	–	–
Prepayments and accrued income	–	–	–	–
	15	35	–	–

Further information on the credit risks relating to trade and other receivables is given in Note 29.

20 Cash and cash equivalents

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Short-term deposits	–	–	–	–
Cash at bank and in hand	20,563	16,859	376	169
	20,563	16,859	376	169

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is equal to the book value.

Further analysis of the movements on cash and cash equivalents is given in Note 28.

21 Share capital

Group & company

Allotted, called up and fully paid

In thousands of shares

	25p Ordinary shares		£1 Cumulative preference shares	
	2009	2008	2009	2008
In issue at 1 January	49,753	49,710	100	100
Exercise of share options	70	43	–	–
In issue 31 December	49,823	49,753	100	100
	2009 £000	2008 £000	2009 £000	2008 £000
Issued share capital	12,456	12,438	100	100

Rights attached to shares

The shareholders have the following rights to receive dividends:

£1 cumulative preference shares receive 3.5% per annum on the par value, 25p ordinary shares as declared from time to time by the directors.

Shares all carry equal voting rights of one vote per share held.

Neither type of share is redeemable. In the event of a winding up order the amount receivable in respect of the cumulative preference shares is limited to their nominal value. The ordinary shareholders are entitled to an unlimited share of the surplus after distribution to the cumulative preference shareholders.

	2009 £000	2008 £000
Treasury shares		
169,068 (2008: 229,305) ordinary shares of 25p	768	1,036

The Company has established an employee share ownership trust, the James Fisher and Sons Public Limited Company Employee Share Ownership Trust, in connection with the Savings Related Share Option Scheme, Executive Share Option Scheme and Long Term Incentive Plan for employees including directors. Options over these shares have been granted to directors and senior employees. These shares are classified as Treasury shares in

Notes to the financial statements

the accounts of the Group and Company. The market value of these shares at 31 December 2009 was £752,353 (2008: £804,861). The trust has not waived its right to receive dividends.

During the year 69,654 ordinary shares with an aggregate nominal value of £17,413 were issued under the Company's Executive Share Option Scheme and Savings Related Share Option Scheme at option prices of 143p, 211p, 327p, and 352p per share, giving rise to a total consideration of £161,387

During 2008 42,993 ordinary shares with an aggregate nominal value of £10,748 were issued under the Company's Executive Share Option Scheme and Savings Related Share Option Scheme at option prices of 143p, 352p and 384p per share, giving rise to a total consideration of £104,913.

22 Other reserve movements

Other reserves comprise the following:

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of operations whose financial statements are denominated in foreign currencies as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

23 Trade and other payables

Non current liabilities

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Contingent consideration	-	-	-	-
Accruals and deferred income	934	1,248	-	-
	934	1,248	-	-

Current liabilities

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Trade payables	23,928	25,253	1,472	1,347
Amounts owed to group undertakings	-	-	5,696	8,859
Taxation and social security	710	497	282	283
Other payables	1,018	1,199	227	77
Accruals and deferred income	13,979	18,081	513	772
Contingent consideration	5	410	-	-
	39,640	45,440	8,190	11,338

24 Retirement benefit obligations

The Retirement benefit obligations included in the Group and Company balance sheets relate to three defined benefit schemes operated by the Group, being The James Fisher and Sons Public Limited Company Pension Fund for Shore Staff (Shore Staff); The James Fisher and Sons Public Limited Company Pension Fund for Permanent Dockworkers (Dockworkers) and The Everard Group Pension Fund (Everard), together with the Group's obligations to the Merchant Navy Officers Pension Fund (MNOPF), an industry wide scheme which is also accounted for as a defined benefit scheme. The Company has obligations under the Shore Staff and Dockworkers schemes and under the MNOPF scheme, the balance of which relates to its subsidiary, FT Everard & Sons.

On 30 June 2009 the Group completed the merger of the Dockworkers and Everard Group schemes into the Shore Staff Scheme. This merger is expected to result in savings in the administrative expenses of the pension schemes and enable the combined investments of the previous schemes to be managed on a more efficient and effective basis.

As a result of the implementation of IFRIC 14 – The limit on a defined benefit asset, minimum funding requirements and their interaction, the deficits reported in previous periods have been restated. Further details are given in Note 26.

As required by IAS 19 the valuations of the schemes have been updated to 31 December 2009 by qualified actuaries using agreed assumptions consistent with those used in 2008 except where stated in the table of assumptions included below.

The Group's assets and obligations in respect of its pension schemes at 31 December 2009 were as follows:

	Group Restated Note 26		Company Restated Note 26	
	2009 £000	2008 £000	2009 £000	2008 £000
Shore staff pension scheme	(14,209)	(4,914)	(14,209)	(4,914)
Dockworkers pension scheme	-	(2,094)	-	(2,094)
Everard Group pension scheme	-	(2,307)	-	-
MNOPF pension scheme	(8,152)	(9,333)	(4,201)	(4,810)
	(22,361)	(18,648)	(18,410)	(11,818)

Details of the schemes operated by the Group are as follows:

James Fisher and Sons Public Limited Company Pension Fund for Shore Staff
This scheme is the Group's principal pension scheme of the defined benefit type with assets held in a separate trustee administered account. This scheme was closed to new members in October 2001 when the Company changed to a defined contribution scheme for all new members. The pension cost is assessed in accordance with the advice of professionally qualified actuaries, JLT Actuaries and Consultants Limited. These financial statements incorporate the latest full actuarial valuation of the Shore Staff Scheme carried out as at 1 August 2007, rolled forward to 31 December 2009.

The Company is currently contributing 14.4% (2008: 14.5%) of pensionable pay.

The Company reviews the position of the pension schemes at three yearly intervals. The latest review was carried out in 2007. The Company agreed with the trustees of the scheme to continue the existing contributions to the deficit recovery plan of £55,000 per month (2008: £55,000). Contributions will continue at this level in 2009.

In 2005 the Company decided to close the Shore Staff scheme to future accrual from 2010. After this date members contributing to the scheme can transfer to a stakeholder scheme option. During the remaining period the scheme remains open to existing members the rate of growth of pensionable salary reduced to 1.5%.

James Fisher and Sons Public Limited Company Pension and Life assurance scheme for Permanent Dockworkers
The Group also operates a defined benefit scheme for dockworkers. This scheme has no active members. The only contributions made by the Company are in respect of the deficit recovery plan. As referred to above, on 30 June 2009 this scheme merged with the Shore Staff scheme.

As a result of the review carried out in 2008 the Company agreed with the Trustees of the scheme to continue the existing contributions to the deficit recovery plan of £20,833 per month (2008: £20,833). Since 30 June 2009 these contributions have been made to the Shore Staff scheme.

The Everard Group Pension Fund
FT Everard & Sons operated a defined benefit scheme which was closed to new entrants from 1 April 2004 and closed to future accrual from 1 March 2005. Under a deficit reduction plan agreed with the schemes trustees, FT Everard & Sons Limited is making annual additional contributions of £286,000 for a period of thirteen years commencing 1 June 2008.

After taking this into consideration the directors decided to account for the scheme as a defined benefit scheme and the disclosures given in this note relate to the whole of the scheme's assets and obligations.

As noted above on 30 June 2009 the scheme was merged with the Shore Staff scheme. Contributions under the deficit recovery plan are now made to the Shore Staff scheme.

Merchant Navy Officers Pension Fund
In 2005 the High Court established that former as well as existing employers will be liable to make payments in respect of the funding deficit of the MNOPF. The Company was informed by the Trustees as to the level of annual payments it will be required to make into the fund over a period of ten years commencing October 2005 representing its share of the deficit disclosed in the initial actuarial valuation carried out as at 31 March 2003 of £194,000,000, as revised by the latest valuation as at 31 March 2006 in which an additional £151,000,000 deficit was recognised. Following the acquisition of Everard in December 2006 the Group took on additional liabilities in respect of the share of the MNOPF attributable to FT Everard & Sons and its subsidiaries. These liabilities are separate from those of the Company and are included in FT Everard & Sons and its subsidiaries.

As stated in Note 30 the Trustees have also indicated that they may make calls for further contributions in the future, if new deficits arise or if other employers liable for contributions are not able to pay their share. In February 2007 the Group was notified that the Trustees are expecting a shortfall in receipts from members of approximately 10% of the amount requested. As a result the outstanding deficit has been reallocated with the result being that the Company is liable for an additional £80,000 per annum payable in eight annual instalments from 31 March 2007. An adjustment of £537,000 was included in the statement of recognised income and expense in December 2006 representing the fair value of this liability.

Notes to the financial statements

As a result of the last actuarial valuation of the scheme which was carried out at 31 March 2006, in August 2007 following the approval of this valuation of the scheme, the Trustees issued calls for further contributions. As a result of these additional claims the total amount paid by the Group in 2009 to the MNOPF was £1,873,000 (2008 £1,885,000). Following further correspondence with the MNOPF additional small claims were settled in full in 2008. The Group is not aware of any further outstanding claims in respect of the MNOPF.

The Trustees of the scheme are in the process of conducting a triennial valuation of the scheme's deficit. It is not possible to estimate reliably the amount of the obligation, although it may significantly increase our commitment possibly by an amount similar to the current liability.

The Group has an annual commitment to make five further annual payments of £1,873,000 to the scheme, payable in two instalments on 31 March and 30 September each year.

Since the Company has no control over the calls for contributions made from the MNOPF, it has determined that the fund should be accounted for as a defined benefit scheme and its liability recognised accordingly. The share of the Group and Company in the MNOPF as advised by the Trustees is Group 3.1% (2008: 3.1%) and Company 1.6% (2008: 1.6%). Disclosures relating to this scheme are based on these allocations.

Information supplied by the Trustees of the MNOPF has been reviewed by the Company's actuaries. The principal assumption in the review is the discount rate on the scheme's liabilities which is 5.95% (2008 6.7%). The disclosures below relate to the Group's share of the assets and liabilities within the MNOPF. As no current contributing members within the MNOPF are employed by the Group or any of its subsidiaries, the Group is not liable for future accrual; it is only liable for contributions to correct any deficit.

Actuarial assumptions

The last actuarial valuations performed have been updated to 31 December 2009 by the Company's actuary, HSBC Actuaries and Consultants Limited. The scheme's assets are stated at their market values on the respective balance sheet dates. The overall expected rates of return on assets reflect the risk free rate of return plus an appropriate risk premium based on the nature of the relevant asset category. The principal assumptions used in updating the latest valuations for each of the schemes were:

		2009 %pa	2008 %pa
Inflation (long term rate after adjustment for short term fluctuations)		3.3	2.6
Rate of general long term increase in salaries – Shore staff		1.5	1.5
Rate of increase of pensions in payment – Dockworkers		N/A	3.0
Rate of increase of pensions in payment – Shore staff		3.0-3.3	1.5-2.6
Rate of increase of pensions in payment – Everard		N/A	1.5-3.0
Discount rate for scheme liabilities		5.95	6.7
Expected rates of return on assets			
Equities		8.4	8.2
Fixed interest bonds		4.9	3.7
Gilts/Corporate bonds		4.9/5.9	3.7/6.7
Other assets		4.9	4.9
Post retirement mortality: shore staff scheme			
Current pensioner at 65	male	20.7	20.7
Current pensioner at 65	female	23.7	23.7
Future pensioner at 65	male	22.5	22.5
Future pensioner at 65	female	25.8	25.8
Dockworkers scheme			
Current pensioner at 65	male	N/A	20.7
Current pensioner at 65	female	N/A	23.7
Future pensioner at 65	male	N/A	22.5
Future pensioner at 65	female	N/A	25.8
Everard scheme			
Current pensioner at 65	male	N/A	20.7
Current pensioner at 65	female	N/A	23.7
Future pensioner at 65	male	N/A	22.5
Future pensioner at 65	female	N/A	25.8

The post-retirement mortality assumptions allow for expected increase in longevity. The "current" disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with "future" being that relating to an employee retiring in 2024, the average year of retirement.

Investments

The schemes' assets do not include any of the Group's own financial instruments, nor any property occupied by, or used by the Group.

The expected rate of return on individual categories of scheme assets are determined by reference to gilt yields. The expectation is that the return from equities and corporate bonds will exceed the return from gilts by 3.5% (2008: 4.5%) and 1% (2008: 3%) per annum respectively.

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

Group
As at 31 December 2009

	Shore Staff £000	MNOPF £000	Total £000
Equities	19,253	–	19,253
Gilts/Corporate bonds	21,359	–	21,359
Property	158	–	158
Cash/net current assets	284	–	284
Fair value of scheme assets	41,054	–	41,054
Present value of scheme liabilities	(55,263)	(8,152)	(63,415)
Net pension liabilities recognised in the balance sheet	(14,209)	(8,152)	(22,361)

Group
As at 31 December 2008 (Restated)

	Shore Staff £000	Dockworkers £000	Everard £000	MNOPF £000	Total £000
Equities	14,134	3,201	8,633	–	25,968
Gilts/Corporate bonds	8,025	1,849	2,151	–	12,025
Property	–	63	74	–	137
Cash/net current assets	103	23	392	–	518
Fair value of scheme assets	22,262	5,136	11,250	–	38,648
Present value of scheme liabilities	(27,176)	(7,230)	(13,557)	(9,333)	(57,296)
Net pension liabilities recognised in the balance sheet	(4,914)	(2,094)	(2,307)	(9,333)	(18,648)

Company
As at 31 December 2009

	Shore Staff £000	MNOPF £000	Total £000
Equities	19,253	–	19,253
Gilts/Corporate bonds	21,359	–	21,359
Property	158	–	158
Cash/net current assets	284	–	284
Fair value of scheme assets	41,054	–	41,054
Present value of scheme liabilities	(55,263)	(4,201)	(59,464)
Net pension liabilities recognised in the balance sheet	(14,209)	(4,201)	(18,410)

Company
As at 31 December 2008 (Restated)

	Shore Staff £000	Dockworkers £000	MNOPF £000	Total £000
Equities	14,134	3,201	–	17,335
Gilts/Corporate bonds	8,025	1,849	–	9,874
Property	–	63	–	63
Cash/net current assets	103	23	–	126
Fair value of scheme assets	22,262	5,136	–	27,398
Present value of scheme liabilities	(27,176)	(7,230)	(4,810)	(39,216)
Net pension liabilities recognised in the balance sheet	(4,914)	(2,094)	(4,810)	(11,818)

Notes to the financial statements

Expenses recognised in the income statement (included in administrative expenses):

Group
Year ended 31 December 2009

	Shore Staff £000	Dockworkers £000	Everard £000	MNOPF £000	Total £000
Current service cost	162	–	–	–	162
Interest cost on benefit obligation	2,335	232	423	557	3,547
Expected return on plan assets	(2,025)	(184)	(375)	–	(2,584)
	472	48	48	557	1,125
Actual return on plan assets	3,563	(15)	(227)	N/A	

Group
Year ended 31 December 2008

	Shore Staff £000	Dockworkers £000	Everard £000	MNOPF £000	Total £000
Current service cost	132	–	–	–	132
Interest cost on benefit obligation	1,531	444	750	564	3,289
Expected return on plan assets	(1,796)	(388)	(1,032)	–	(3,216)
	(133)	56	(282)	564	205
Actual return on plan assets	(4,395)	(1,790)	(2,970)	N/A	

Company
Year ended 31 December 2009

	Shore Staff £000	Dockworkers £000	MNOPF £000	Total £000
Current service cost	162	–	–	162
Interest cost on benefit obligation	2,335	232	287	2,854
Expected return on plan assets	(2,025)	(184)	–	(2,209)
	472	48	287	807
Actual return on plan assets	3,563	(15)	N/A	

Company
Year ended 31 December 2008

	Shore Staff £000	Dockworkers £000	MNOPF £000	Total £000
Current service cost	132	–	–	132
Interest cost on benefit obligation	1,531	444	290	2,265
Expected return on plan assets	(1,796)	(388)	–	(2,184)
	(133)	56	290	213
Actual return on plan assets	(4,395)	(1,790)	N/A	

Movements in the benefit liability during the year:

Group
Year ended 31 December 2009

	Shore Staff £000	Dockworkers £000	Everard £000	MNOPF £000	Total £000
As at 1 January 2009 (restated)	4,914	2,094	2,307	9,333	18,648
Expense recognised in the income statement	472	48	48	557	1,125
Contributions paid to scheme	(1,110)	(125)	(143)	(1,873)	(3,251)
Actuarial loss/(gain)	5,356	(181)	529	135	5,839
Transfer on merger with Shore Staff scheme	4,577	(1,836)	(2,741)	–	–
	14,209	–	–	8,152	22,361

Group
Year ended 31 December 2008

	Shore Staff £000	Dockworkers £000	Everard £000	MNOPF £000	Total £000
As at 1 January 2008 (restated)	4,179	2,303	2,213	10,988	19,683
Expense recognised in the income statement	(133)	56	(282)	564	205
Contributions paid to scheme	(873)	(250)	(286)	(1,885)	(3,294)
Actuarial loss/(gain)	1,741	(15)	662	(334)	2,054
	4,914	2,094	2,307	9,333	18,648

Company
Year ended 31 December 2009

	Shore Staff £000	Dockworkers £000	MNOPF £000	Total £000
As at 1 January 2009 (restated)	4,914	2,094	4,810	11,818
Expense recognised in the income statement	472	48	287	807
Contributions paid to scheme	(1,110)	(125)	(965)	(2,200)
Actuarial loss/(gain)	5,356	(181)	69	5,244
Transfer on merger with Shore Staff scheme	4,577	(1,836)	–	2,741
	14,209	–	4,201	18,410

Company
Year ended 31 December 2008

	Shore Staff £000	Dockworkers £000	MNOPF £000	Total £000
As at 1 January 2008 (restated)	4,179	2,303	5,662	12,144
Expense recognised in the income statement	(133)	56	290	213
Contributions paid to scheme	(873)	(250)	(977)	(2,100)
Actuarial loss/(gain)	1,741	(15)	(165)	1,561
	4,914	2,094	4,810	11,818

The actuarial loss/(gain) is recognised in the statement of comprehensive income.

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

Group
Year ended 31 December 2009

	Shore Staff £000	Dockworkers £000	Everard £000	MNOPF £000	Total £000
As at 1 January 2009 (restated)	27,176	7,230	13,557	9,333	57,296
Current service cost	162	–	–	–	162
Interest cost	2,335	232	423	557	3,547
Contributions by scheme participants	63	–	–	–	63
Actuarial losses/(gains) on scheme liabilities	6,894	(380)	(73)	135	6,576
Net benefits paid out	(1,918)	(102)	(336)	(1,873)	(4,229)
Transfer on merger with Shore Staff scheme	20,551	(6,980)	(13,571)	–	–
	55,263	–	–	8,152	63,415

Group
Year ended 31 December 2008 (Restated)

	Shore Staff £000	Dockworkers £000	Everard £000	MNOPF £000	Total £000
As at 1 January 2008 (restated)	27,592	8,311	13,610	10,988	60,501
Current service cost	132	–	–	–	132
Interest cost	1,531	444	750	564	3,289
Contributions by scheme participants	76	–	–	–	76
Actuarial losses on scheme liabilities	(753)	(1,466)	(493)	(334)	(3,046)
Net benefits paid out	(1,402)	(59)	(310)	(1,885)	(3,656)
	27,176	7,230	13,557	9,333	57,296

Notes to the financial statements

Company
Year ended 31 December 2009

	Shore Staff £000	Dockworkers £000	MNOPF £000	Total £000
As at 1 January 2008 (restated)	27,176	7,230	4,810	39,216
Current service cost	162	-	-	162
Interest cost	2,335	232	287	2,854
Contributions by scheme participants	63	-	-	63
Actuarial losses/(gains) on scheme liabilities	6,894	(380)	69	6,583
Net benefits paid out	(1,918)	(102)	(965)	(2,985)
Transfer on merger with Shore Staff scheme	20,551	(6,980)	-	13,571
	55,263	-	4,201	59,464

Company
Year ended 31 December 2008 (Restated)

	Shore Staff £000	Dockworkers £000	MNOPF £000	Total £000
As at 1 January 2008 (restated)	27,592	8,311	5,662	41,565
Current service cost	132	-	-	132
Interest cost	1,531	444	290	2,265
Contributions by scheme participants	76	-	-	76
Actuarial gain on scheme liabilities	(753)	(1,466)	(165)	(2,384)
Net benefits paid out	(1,402)	(59)	(977)	(2,438)
	27,176	7,230	4,810	39,216

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

Group
Year ended 31 December 2009

	Shore Staff £000	Dockworkers £000	Everard £000	Total £000
As at 1 January 2009	22,262	5,136	11,250	38,648
Expected return on scheme assets	2,025	184	375	2,584
Actuarial gains/(losses) on scheme liabilities	1,538	(199)	(602)	737
Contributions by employer	1,110	125	143	1,378
Contributions by scheme participants	63	-	-	63
Net benefits paid out	(1,918)	(102)	(336)	(2,356)
Transfer on merger with Shore Staff scheme	15,974	(5,144)	(10,830)	-
	41,054	-	-	41,054

Group
Year ended 31 December 2008

	Shore Staff £000	Dockworkers £000	Everard £000	Total £000
As at 1 January 2008	27,651	6,764	14,636	49,051
Expected return on scheme assets	1,796	388	1,032	3,216
Actuarial losses on scheme liabilities	(6,731)	(2,207)	(4,068)	(13,006)
Contributions by employer	873	250	286	1,409
Contributions by scheme participants	76	-	-	76
Net benefits paid out	(1,403)	(59)	(636)	(2,098)
	22,262	5,136	11,250	38,648

Company
Year ended 31 December 2009

	Shore Staff £000	Dockworkers £000	Total £000
As at 1 January 2009	22,262	5,136	27,398
Expected return on scheme assets	2,025	184	2,209
Actuarial gains/(losses) on scheme liabilities	1,538	(199)	1,339
Contributions by employer	1,110	125	1,235
Contributions by scheme participants	63	-	63
Net benefits paid out	(1,918)	(102)	(2,020)
Transferred to Shore Staff scheme on merger	15,974	(5,144)	10,830
	41,054	-	41,054

Company
Year ended 31 December 2008

	Shore Staff £000	Dockworkers £000	Total £000
As at 1 January 2008	27,651	6,764	34,415
Expected return on scheme assets	1,796	388	2,184
Actuarial losses on scheme liabilities	(6,731)	(2,207)	(8,938)
Contributions by employer	873	250	1,123
Contributions by scheme participants	76	–	76
Net benefits paid out	(1,403)	(59)	(1,462)
	22,262	5,136	27,398

History of experience gains and losses:

Shore Staff

	2009 £000	Restated 2008 £000	Restated 2007 £000	Restated 2006 £000	2005 £000
Fair value of scheme assets	41,054	22,262	27,651	27,300	23,600
Defined benefit obligation	(55,263)	(27,176)	(31,830)	(32,018)	(31,700)
Deficit in scheme	(14,209)	(4,914)	(4,179)	(4,718)	(8,100)
Experience gains/(losses) on scheme assets	3,563	(6,731)	(1,059)	700	2,500
Experience losses on scheme liabilities	(72)	(5,949)	(82)	–	–

Dockworkers

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Fair value of scheme assets	–	5,136	6,764	6,590	5,900
Defined benefit obligation	–	(7,230)	(9,067)	(9,110)	(8,300)
Deficit in scheme	–	(2,094)	(2,303)	(2,520)	(2,400)
Experience (losses)/gains on scheme assets	(2,178)	(2,178)	(388)	160	500
Experience (losses)/gains on scheme liabilities	(361)	(361)	42	–	–

Everard

	2009 £000	2008 £000	2007 £000
Fair value of scheme assets	–	11,250	14,636
Defined benefit obligation	–	(13,557)	(16,849)
Deficit in scheme	–	(2,307)	(2,213)
Experience losses on scheme assets	(602)	(4,002)	(288)
Experience (losses)/gains on scheme liabilities	(4)	(4,176)	141

MNOPF
Group

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Fair value of scheme assets	–	–	–	–	–
Defined benefit obligation	(8,152)	(9,333)	(10,988)	(7,201)	(3,036)
Deficit in scheme	(8,152)	(9,333)	(10,988)	(7,201)	(3,036)

MNOPF
Company

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Fair value of scheme assets	–	–	–	–	–
Defined benefit obligation	(4,201)	(4,810)	(5,662)	(3,739)	(3,036)
Deficit in scheme	(4,201)	(4,810)	(5,662)	(3,739)	(3,036)

The cumulative amount of actuarial gains and losses relating to all schemes recognised since 1 January 2004 in the Group and Company statement of comprehensive income is (£20,775,000) (2008 restated: (£14,936,000)). The directors are unable to determine how much of the pension scheme deficit recognised on transition to IFRS and taken directly to equity of £12,800,000 in the Group and Company is attributable to actuarial gains and losses since inception of those pension schemes. Consequently the directors are unable to determine the amount of actuarial gains and losses that would have been recognised in the Group and Company statements of comprehensive income before January 2004.

Notes to the financial statements

Defined Contribution schemes operated by the Company

The Company also operates defined contribution arrangements for employees who are not members of the Shore Staff fund. The pension charge for the year for these arrangements is equal to the contributions paid and was £479,000 (2008 £211,000).

Defined Contribution schemes operated by or on behalf of other Group entities

Other defined contribution schemes exist in the Group. The total charge for the year for these schemes amounted to £986,000 (2008 £827,000).

25 Share based payments

As noted in the Directors' Remuneration Report, the Company operates an Executive Share Option Scheme and a Long Term Incentive Plan (LTIP) in respect of directors and certain employees. The Company also operates Save as You Earn (SAYE) schemes for eligible employees which are HM Revenue and Customs approved schemes. Details of the operations of these schemes are set out below.

Executive share option scheme 1995 ("1995 ESOS")

Share options up to a maximum limit of four times base salary may be awarded to board directors and senior executives. The exercise price is determined at the date of grant and may be no lower than the market price on the date of grant. The options vest if the increase in the Company's diluted earnings per ordinary share over a continuous period of three years exceeds inflation and is at least 9%. A failure to meet this target increase during the performance period causes the options to lapse. The contractual life of each option granted is ten years. There are no cash settlement alternatives. The last award made under this scheme was on 10 March 2003.

Executive share option scheme 2005 ("2005 ESOS")

Share options up to a maximum limit 100% of base salary may be awarded to board directors and senior executives. The exercise price is equal to the market value at the date of grant. The options vest depending on the Company's total shareholder return relative to the constituents of the FTSE Small Cap index (excluding investment Trusts). If performance over a three year period is in the upper quartile, 100% of the options will vest. If performance at the bottom of the median, (second) quartile 40% will vest. The amount vesting will decrease on a straight line basis between the median and upper quartile. If performance is below the median quartile no shares will vest. A failure to meet these conditions during the performance period causes the options to lapse. The contractual life of each option granted is ten years. There are no cash settlement alternatives.

Following the passing of a resolution at the 2007 Annual General Meeting, the comparator Group for awards made under the ESOS in 2005 and 2006 was extended from the original selected comparator Group to comprise all the constituents of the FTSE Small Cap index. In accordance with the requirements of IFRS 2 – Share based payment, this has been treated as a modification to the original grant of options and the fair value of the options granted under these awards have therefore been recalculated. Details of the change in fair value of these grants are shown below.

All-employee Savings Related Share Option Schemes ("SAYE")

All employees, subject to the discretion of the remuneration committee, may apply for share options under an employee save as you earn plan which may from time to time be offered by the Company. In order to comply with HM Revenue and Customs' requirements an individual's participation is limited so that the aggregate price payable for shares under option at any time does not exceed the statutory limit. Options granted under the plans will normally be exercisable if the employee remains in employment and any other conditions set by the remuneration committee have been satisfied. Options are normally exercisable at the end of the related savings contract but early exercise is permitted in certain limited circumstances. The performance period will not normally be less than three and a half years or greater than seven and a half years.

Awards were made under the all-employee Savings related Share Option Scheme in September 2008.

Long Term Incentive Plan ("LTIP")

Share options up to a maximum of 100% of annual salary may be awarded to main board directors and senior executives. The exercise price of the option is £nil. In respect of awards granted up to 31 December 2008, the options vest if the increase in the Company's diluted earnings per ordinary share over the performance period is at least equal to the rate of inflation plus 9%. A failure to meet this target increase during the performance period causes the options to lapse. The contractual life of each option granted is three years. There are no cash settlement alternatives.

For options granted since 31 December 2008 the options vest in full if the increase in diluted earnings per ordinary share over the performance period is at least equal to the rate of inflation plus 18%. If the increase is between 9% and 18% above the rate of inflation the amount of shares vesting reduces on a pro rata basis until at growth of 9% one third of the options granted will vest. Failure to reach the 9% plus the rate of inflation threshold results in all options lapsing. There are no cash settlement alternatives.

The expense recognised for share based payments relating to equity settled share based payments transactions is £438,000 (2008 restated: £662,000).

The Company has granted conditional awards in the form of options over shares or conditional rights to have shares transferred to certain employees under the LTIP scheme (approved at the Annual General Meeting) over 477,764 (2008: 241,488) ordinary shares of 25p each.

The following table illustrates the number and weighted average exercise prices "WAEP" of and movements in share options during the year. In order to avoid distortion of the WAEP options having an exercise price of £nil have been shown separately.

Group

					"Nil" Options	
	2009 No	WAEP	2008 No	WAEP	2009 No	2008 No
Outstanding at 1 January	975,527	£4.42	854,088	£3.96	241,488	303,923
Granted during the year	257,090	£3.54	212,410	£6.08	303,018	102,935
Forfeited during the year	(24,809)	£5.52	(50,275)	£5.20	–	–
Exercised	(69,654)	£2.32+	(40,696)	£2.50$	(66,742)	(165,370)
Outstanding at 31 December*	1,138,154	£4.32	975,527	£4.42	477,764	241,488
Exercisable at 31 December	434,893	£3.12	330,188	£2.53	–	–

* Included in this balance at 31 December 2008 were 34,257 share options that have not been recognised in accordance with IFRS 2 as the options were granted on or before 7 November 2002. All the remaining options were exercised in the year ended 31 December 2009. These options had not been subsequently modified and therefore did not need to be accounted for in accordance with IFRS 2.

\+ The weighted average share price at the date of exercise for the options exercised was £3.84

$ The weighted average share price at the date of exercise for the options exercised was £6.27

For the share options outstanding at 31 December 2009, the weighted average remaining contractual life is 6 years and 5 months (2008: 7 years and 3 months).

The weighted average fair value of options granted during the year was £2.54 (2008: £2.76). The range of exercise prices for options outstanding at the end of the year was £1.42 – £6.73 (2008: £1.42 – £6.73).

Company

					"Nil" Options	
	2009 No	WAEP	2008 No	WAEP	2009 No	2008 No
Outstanding at 1 January	676,198	£4.08	584,588	£3.60	173,180	265,843
Granted during the year	217,620	£3.54	121,288	£6.17	162,111	55,303
Forfeited during the year	(9,487)	£5.62	(6,632)	£6.89	–	–
Exercised	(41,925)	£2.21+	(23,046)	£2.23$	(55,294)	(147,966)
Outstanding at 31 December*	842,406	£4.02	676,198	£4.08	279,997	173,180
Exercisable at 31 December	388,892	£3.02	291,389	£2.44	–	–

* Included in this balance at 31 December 2008 were 23,086 share options that have not been recognised in accordance with IFRS 2 as the options were granted on or before 7 November 2002. All the remaining options were exercised in the year ended 31 December 2009. These options had not been subsequently modified and therefore did not need to be accounted for in accordance with IFRS 2.

\+ The weighted average share price at the date of exercise for the options exercised was £3.78.

$ The weighted average share price at the date of exercise for the options exercised was £6.45.

For the share options outstanding at 31 December 2009, the weighted average remaining contractual life is 7 years and 1 month (2008: 8 years and 6 months).

The weighted average fair value of options granted during the year was £2.27 (2008 £2.77). The range of exercise prices for options outstanding at the end of the year was £1.42 – £6.73 (2008 £1.42 – £6.73).

The fair value of equity settled share based payments has been estimated as at date of grant using statistical models which will most appropriately determine the fair value of each type of scheme. The Black Scholes Model has been used for the SAYE, SMS and the LTIP schemes, the Binomial model for the 1995 ESOS and the Monte Carlo model for the 2005 ESOS.

Notes to the financial statements

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

	2009	2008
LTIP		
Dividend yield (%)	2.00%	1.80%
Expected life of option (years)	3	3
Share price at date of grant	£3.95	£6.00
2005 ESOS		
Dividend yield (%)	2.00%	1.80%
Expected life of option (years)	6.5	6.5
Share price at date of grant	£3.95	£6.00
Expected share price volatility (%)	40%	30%

	2009	2008
SAYE		
26 September 2008		
Dividend yield (%)	n/a	2.00%
Expected life of option (years)	n/a	3.26-7.26
Share price at date of grant	n/a	£5.21
Expected share price volatility (%)	n/a	19-29%
Risk free interest rate (%)	n/a	4.40%

The expected share price volatility which is based on historic volatility, is the range within which the continuously compounded annual rate of return on the Company's shares is expected to fall approximately two thirds of the time.

26 Adjustments arising from changes in accounting policy

As explained in Note 1, the results of earlier years have been restated to reflect the requirements of the revisions to IFRS 2 – Share based payment, in respect of the lapse of employee awards and IFRIC 14 – The limit on a defined benefit asset, minimum funding requirements and their interaction.

In respect of IFRS 2 no adjustments arose in the years prior to 2008. The adjustment to profit in respect of 2008 was £11,000 which is included in administrative expenses in the income statement.

The application of IFRIC 14 resulted in changes to the deficits reported in prior periods in respect of the Shore Staff, Dockworkers and Everard Group schemes due to the impact of liabilities arising from deficit recovery plans agreed with the trustees of the schemes. The deficit at 31 December 2009 is based on the valuation determined under IAS 19 as the liability exceeds the liability under the minimum funding plan.

Group

	Pension Deficit £000	Pension Asset £000	Deferred Tax £000	Income Statement £000	Equity £000
Period ended					
31 December 2007					
As originally reported	11,904	(528)	2,226	–	94,033
Adjustment	7,779	528	(1,383)	–	(6,924)
Restated	19,683	–	843	–	87,109
31 December 2008					
As originally reported	16,082	–	1,781	18,301	97,240
Adjustment	2,566	–	(376)	(11)	(2,190)
Restated	18,648	–	1,405	18,290	95,050

Company

	Pension Deficit £000	Pension Asset £000	Deferred Tax £000	Income Statement £000	Equity £000
Period ended					
31 December 2007					
As originally reported	6,578	(528)	611	–	53,517
Adjustment	5,566	528	1,052	–	(5,042)
Restated	12,144	–	1,663	–	48,475
31 December 2008					
As originally reported	9,875	–	1,224	6,201	44,636
Adjustment	1,943	–	376	(11)	(1,567)
Restated	11,818	–	1,600	6,190	43,069

The adjustments in respect of share based payments are included in the income statement and equity. The adjustments relating to the pension scheme deficit are actuarial losses and have been included in reserves as have the related deferred tax adjustments. No tax arose on the adjustments relating to share based payments.

The cash flow statement has been adjusted to reduce the profit before tax from continuing operations by the additional share based payment charge and to increase the share based payment adjustment. This results in no net overall adjustment to net cash from operating activities.

Basic and diluted earnings per share in 2008 decreased by 0.02p as a result of the restatement.

27 Loans and borrowings

Non current liabilities

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Bank loans	109,401	89,155	98,543	81,253
Finance leases	89	160	-	-
	109,490	89,315	98,543	81,253

Current liabilities

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Overdrafts	-	-	-	-
Bank loans	10,421	18,881	7,321	15,182
Finance leases	74	68	-	-
	10,495	18,949	7,321	15,182

The terms and conditions of outstanding loans were as follows:

	Note	currency~	Interest rate*	Year of maturity	Group 2009 £000	Group 2008 £000	Company 2009 £000	Company 2008 £000
Unsecured bank loan	1		LIBOR +2.5%	2013	16,500	16,000	16,500	16,000
Unsecured bank loan				2012	7,071	8,357	7,071	8,357
Unsecured bank loan	2			2011	12,500	10,500	12,500	10,500
Unsecured bank loan	3		LIBOR +2.75%	2013	19,215	19,215	19,215	19,215
Secured bank loan				2010	2,000	4,000	2,000	4,000
Unsecured bank loan	4			2012	11,250	15,000	11,250	15,000
Unsecured bank loan	5			2009	-	7,750	-	7,750
Secured bank loan	6	euro	EURIBOR +1%	2017	-	4,635	-	4,635
Secured bank loan	6			2017	-	1,221	-	1,221
Secured bank loan	6	usd	FED +1%	2017	5,165	-	5,165	-
Secured bank loan				2010	500	1,500	-	-
Secured bank loan			LIBOR +0.625%	2011	552	1,104	-	-
Secured bank loan		nok	NIBOR +1%	2039	9,811	5,559	-	-
Unsecured bank loan		nok	NIBOR +1%	2013	1,113	1,324	-	-
Secured bank loan		nok	NIBOR +1%	2014	230	251	-	-
Unsecured bank loan	7		LIBOR +1.2%	2011	15,000	10,000	15,000	10,000
Unsecured bank loan	8		LIBOR +1.3%	2012	5,800	-	5,800	-
Unsecured bank loan	8	usd	FED +1.3%	2012	3,282	-	3,282	-
Unsecured bank loan	9		LIBOR +2.5%	2012	8,500	-	8,500	-
US Dollar Letter of credit facilities		usd	FED +1%	+	1,752	1,863	-	-
Facility fees					(419)	(243)	(419)	(243)
					119,822	108,036	105,864	96,435
Less current instalments due on bank loans					(10,421)	(18,881)	(7,321)	(15,182)
					109,401	89,155	98,543	81,253

~ GBP unless stated
* Interest calculated at LIBOR +1% unless stated
1. May be repaid or redrawn at 31 January 2013
2. May be repaid or redrawn at 30 November 2011
3. May be repaid or redrawn at 31 January 2013
4. May be repaid or redrawn at 30 November 2008 or converted into a term loan repayable over four years
5. Provided to finance the construction of a submarine rescue system by James Fisher Marine Services Limited for the Singapore Government. This loan was repaid in August 2009
6. In August 2009 the Euro and Sterling loans relating to the mt Supremity were converted into a loan denominated in US Dollars
7. May be repaid or redrawn at 12 August 2011
8. May be repaid or redrawn at 11 August 2012
9. May be repaid or redrawn at 23 August 2012

\+ All letters of credit have a maturity of less than six months

Secured bank loans are secured over property, plant and equipment with a carrying value of £56,069,000 (2008: £52,865,000).

Notes to the financial statements

28 Reconciliation of net debt

Group

	1 January 2008 £000	Acquisitions £000	Cash flow £000	Other non cash £000	Exchange movement £000	31 December 2008 £000
Cash in hand and at bank	13,221	-	1,645	-	1,993	16,859
Short term deposits	-	-	-	-	-	-
Cash and cash equivalents	13,221	-	1,645	-	1,993	16,859
Debt due after 1 year	(83,500)	-	-	(4,679)	(1,076)	(89,255)
Debt due within 1 year	(7,376)	(22)	(16,031)	4,624	(76)	(18,881)
	(90,876)	(22)	(16,031)	(55)	(1,152)	(108,136)
Finance leases	(293)	-	65	-	-	(228)
Net debt	(77,948)	(22)	(14,321)	(55)	841	(91,505)

	1 January 2009 £000	Acquisitions £000	Cash flow £000	Other non cash £000	Exchange movement £000	31 December 2009 £000
Cash in hand and at bank	16,859	-	4,524	-	(820)	20,563
Short term deposits	-	-	-	-	-	-
Cash and cash equivalents	16,859	-	4,524	-	(820)	20,563
Debt due after 1 year	(89,255)	-	-	(20,390)	144	(109,501)
Debt due within 1 year	(18,881)	-	(12,123)	20,566	17	(10,421)
	(108,136)	-	(12,123)	176	161	(119,922)
Finance leases	(228)	(4)	69	-	-	(163)
Net debt	(91,505)	(4)	(7,530)	176	(659)	(99,522)

Company

	1 January 2008 £000	Cash Flow £000	Other Non Cash £000	Exchange Movement £000	31 December 2008 £000
Cash in hand and at bank	1,237	(1,068)	-	-	169
Short term deposits	-	-	-	-	-
Cash and cash equivalents	1,237	(1,068)	-	-	169
Debt due after 1 year	(78,554)	-	(1,723)	(1,076)	(81,353)
Debt due within 1 year	(4,307)	(12,522)	1,723	(76)	(15,182)
	(82,861)	(12,522)	-	(1,152)	(96,535)
Net debt	(81,624)	(13,590)	-	(1,152)	(96,366)

	1 January 2009 £000	Cash Flow £000	Other Non Cash £000	Exchange Movement £000	31 December 2009 £000
Cash in hand and at bank	169	207	-	-	376
Short term deposits	-	-	-	-	-
Cash and cash equivalents	169	207	-	-	376
Debt due after 1 year	(81,353)	-	(17,434)	144	(98,643)
Debt due within 1 year	(15,182)	(9,590)	17,434	17	(7,321)
	(96,535)	(9,590)	-	161	(105,964)
Net debt	(96,366)	(9,383)	-	161	(105,588)

29 Financial instruments

Capital management

The primary objective of the Group's capital management policy is to maintain a strong credit rating and covenant ratios in order to be able to support the continued growth of its trading businesses and so maximise shareholder value.

The Group is required to maintain covenant ratios in respect of net debt to earnings before interest and depreciation and amortisation (EBITDA), net interest costs to earnings before interest (EBIT) and EBIT and operating lease costs to net interest and operating lease costs. The Group has met its covenant ratios for the year ended 31 December 2009. The directors have prepared forecasts of the cash flows for the subsequent eighteen month period which indicate that the Group will meet its covenant requirements for this period.

The Group has also entered into a borrowing covenant which restricts the total amount that it is able to borrow under revolving credit facilities to a maximum of £141,700,000 during the period that the facility is available.

The Group manages it capital structure through maintaining close relationships with is bankers who provide the majority of funds used for acquisitions. Capital is monitored by measuring the gearing ratio which is a measure derived from net debt divided by capital. Net debt comprises interest bearing loans and borrowings less cash and cash equivalents. Capital represents net equity attributable to the equity holders of the parent.

	2009 £000	Restated Note 26 2008 £000
Interest bearing loans and borrowings	119,985	108,264
Less cash and cash equivalents	(20,563)	(16,859)
Net debt	99,422	91,405
Equity attributable to the equity holders of the parent	107,078	95,050
Gearing ratio	92.9%	96.2%

The reasons for the increase in gearing over the previous year are discussed in the Chairman's Statement on pages 4 to 7.

The Group has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign exchange risk

Details of the Group's financial instrument risk management objectives, strategies and policies are set out on page 9 of the Review of Operations. Further information on these risks is presented below and is included in other disclosures throughout these consolidated financial statements.

Notes to the financial statements

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

These arise principally from the Group's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Available for sale financial assets	1,370	1,370	1,368	1,368
Receivables	45,352	51,729	1,110	1,648
Cash and Cash equivalents	20,563	16,859	376	169
Interest rate swaps used for hedging:				
Assets	160	–	101	–
Forward exchange contracts used for hedging:				
Assets	10	–	10	–
	67,455	69,958	2,965	3,185

There are no significant concentrations of credit risk within the Group. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the industry and country in which each customer operates. The Group has a number of large customers including Government agencies in the UK and overseas, major oil companies and other multinational corporations. The ten largest customers of the Group accounted for approximately 35% of Group revenue (2008: 46%). No single customer accounted for more than 7% (2008: 8%) of revenue.

New customers are subject to creditworthiness checks and credit limits are subject to approval by senior management. Goods are sold subject to retention of title clauses so that in the event of non-payment the Group may have a secured claim.

Trade receivables are non interest-bearing and are generally on 3 to 30 days terms. At 31 December the value of trade debtors outstanding was:

	Group				Company			
	2009		2008		2009		2008	
	Gross £000	allowance £000	Gross £000	allowance £000	Gross £000	allowance £000	Gross £000	allowance £000
Not past due	28,182	–	25,464	–	121	–	42	–
Past due	10,592	860	10,059	1,284	41	–	3	–
	38,774	860	35,523	1,284	162	–	45	–

The Group establishes an allowance for unrecoverable amounts movements on which are as follows:

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Balance at 1 January 2009	1,284	1,140	–	–
Exchange differences	11	29	–	–
Additional provisions	457	833	–	–
Recoveries	(685)	(9)	–	–
Write offs	(207)	(709)	–	–
	860	1,284	–	–

The principal write off in 2008 related to £503,000 provided in Fisher Offshore against a debt due from a customer in Mexico. The debt was provided against in 2007.

No other receivables are considered to be past due.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its cash resources to ensure that it will have sufficient liquidity to meet its liabilities as they fall due but in a manner designed to maximise the benefit of those resources whilst ensuring the security of investment resources.

The Group forecasts the profile of its cash requirements on a monthly basis and ensures that sufficient facilities are available to meet peak requirements which occur at predictable times in the year.

The Group manages the maturity profile of its borrowings by maintaining a regular dialogue with its lenders and ensuring that it commences the renegotiation of facilities sufficiently early to allow a comprehensive review of its requirements before completion.

Details of the Group's loans and borrowings are set out in Note 27 to the financial statements. The Group's revolving credit facilities extend over several accounting periods and fall due for renewal in different accounting periods ensuring that the Group negotiations with individual lenders follow an orderly process which does not expose the Group to the possibility of a significant reduction in available facilities in a single period.

At 31 December 2009, the Group has available £23,606,000 of undrawn committed bank facilities (2008: £35,430,000).

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

31 December 2009
Group

	Carrying amount £000	Contractural cash flows £000	Within 1 year £000	1 - 2 years £000	2 - 5 years £000	More than 5 years £000
Non-Derivative financial liabilities						
Secured bank loans	18,258	(26,529)	(4,148)	(1,058)	(3,903)	(17,420)
Unsecured bank loans	101,564	(108,517)	(9,827)	(34,909)	(63,781)	-
Finance lease liabilities	163	(176)	(81)	(95)	-	-
Trade and other payables	40,222	(40,222)	(40,222)	-	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging*	44	(44)	(44)	-	-	-
Forward exchange contracts used for hedging						
Outflow	26	(1,804)	(1,804)	-	-	-
Inflow	(10)	470	470	-	-	-
	160,267	(176,822)	(55,656)	(36,062)	(67,684)	(17,420)

* These derivative financial instruments are accounted for at fair value and it is not deemed appropriate to allocate the cash flows across the maturity categories

31 December 2008
Group

	Carrying amount £000	Contractural cash flows £000	Within 1 year £000	1 - 2 years £000	2 - 5 years £000	More than 5 years £000
Non-Derivative financial liabilities						
Secured bank loans	18,019	(23,773)	(4,813)	(4,116)	(3,330)	(11,514)
Unsecured bank loans	90,017	(99,265)	(7,558)	(51,425)	(40,219)	(63)
Finance lease liabilities	228	(253)	(80)	(78)	(95)	-
Trade and other payables	49,799	(49,799)	(49,799)	-	-	-
Derivative financial liabilities						
Forward exchange contracts used for hedging						
Outflow	-	-	-	-	-	-
Inflow	4,603	14,532	14,532	-	-	-
	162,666	(158,558)	(47,718)	(55,619)	(43,644)	(11,577)

31 December 2009
Company

	Carrying amount £000	Contractural cash flows £000	Within 1 year £000	1 - 2 years £000	2 - 5 years £000	More than 5 years £000
Non-Derivative financial liabilities						
Secured bank loans	7,165	(7,494)	(2,552)	(531)	(1,555)	(2,856)
Unsecured bank loans	98,699	(105,518)	(7,752)	(34,618)	(63,148)	-
Trade and other payables	8,049	(8,049)	(8,049)	-	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging*	103	(103)	(103)	-	-	-
Forward exchange contracts used for hedging						
Outflow	26	(1,804)	(1,804)	-	-	-
Inflow	(10)	470	470	-	-	-
	114,032	(122,498)	(19,790)	(35,149)	(64,703)	(2,856)

* These derivative financial instruments are accounted for at fair value and it is not deemed appropriate to allocate the cash flows across the maturity categories

Notes to the financial statements

31 December 2008
Company

	Carrying amount £000	Contractual cash flows £000	Within 1 year £000	1 - 2 years £000	2 - 5 years £000	More than 5 years £000
Non-Derivative financial liabilities						
Secured bank loans	9,856	(11,301)	(2,814)	(2,740)	(1,961)	(3,786)
Unsecured bank loans	86,579	(95,252)	(5,223)	(50,982)	(39,047)	-
Trade and other payables	11,338	(11,338)	(11,338)	-	-	-
Derivative financial liabilities						
Forward exchange contracts used for hedging						
Outflow	-	-	-	-	-	-
Inflow	4,589	14,457	14,457	-	-	-
	112,362	(103,434)	(4,918)	(53,722)	(41,008)	(3,786)

Foreign exchange risk

The Group incurs foreign currency risks on sales, purchases and borrowings denominated in currencies other than Sterling. The Group's principal transactional exposures are to the US Dollar and Euro. The principal exposures arising from its net investment overseas (structural currency exposure) is to the Norwegian Kroner. As explained in the Review of Operations on page 9, the Group's objectives in managing its structural currency exposures are to maintain a low cost of borrowings and to retain some potential for currency appreciation whilst partly hedging against currency depreciation.

Gains and losses arising from the Group's net investments overseas are recognised in the statement of comprehensive income.

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

	31 December 2009				31 December 2008			
	USD 000	euro 000	nok 000	SGD 000	USD 000	euro 000	nok 000	SGD 000
Trade receivables	15,772	1,980	44,651	2,403	14,126	2,951	52,016	775
Cash at bank and in hand	11,410	976	50,931	581	6,336	1,883	27,555	587
Unsecured bank loans	(5,300)	-	(10,380)	-	-	-	(15,880)	-
Secured bank loans	(8,341)	-	(93,673)	-	-	(4,793)	(56,049)	-
Letters of credit	(2,829)	-	-	-	(2,678)	-	-	-
Trade payables	(4,494)	(1,544)	(31,021)	(1,928)	(7,415)	(2,530)	(34,993)	(153)
Gross balance sheet exposure	6,218	1,412	(39,492)	1,056	10,369	(2,489)	(27,351)	1,209
Forecast sales	5,595	405	28,442	-	16,568	710	39,850	43,930
Forecast purchases	(973)	(668)	(3,855)	-	(6,738)	(619)	(14,535)	-
Gross exposure	10,840	1,149	(14,905)	1,056	20,199	(2,398)	(2,036)	45,139
Forward exchange contracts	-	1,483	-	-	-	-	-	(40,000)
Net exposure	10,840	2,632	(14,905)	1,056	20,199	(2,398)	(2,036)	5,139

Secured bank loans denominated in NOK are secured against tangible fixed assets also denominated in NOK.

The Group uses forward exchange contracts to hedge its transactional exposures. Most forward exchange contracts have maturities of less than one year after the balance sheet date. Forward exchange contracts which qualify as effective cash flow hedges are included at their fair value in the hedging reserve and in current assets or short term liabilities until the earlier of their maturity or the date the transaction to which they relate is recognised at which point they are transferred to the income statement.

Changes in the level of exchange rates will have an impact on consolidated earnings. The following table shows the impact on earnings of a 5% strengthening in the exchange rate in the Group's key currencies against Sterling. The obverse movements would be of the same magnitude. These amounts have been calculated by applying changes in exchange rates to the Group's estimated foreign currency revenues and costs and its net investment in entities which do not use Sterling as their base currency and include the impact of forward exchange contracts.

	2009		2008	
	Equity £000	Profit or loss £000	Equity £000	Profit or loss £000
US Dollar	(107)	(1,451)	(65)	(1,581)
Norweigan Kroner	(369)	(288)	(202)	(230)
Euro	(174)	286	(5)	(180)
UAE Dirham	(203)	(109)	(266)	(121)
Singapore Dollar	(158)	(203)	571	(183)
Malaysian Ringgit	(24)	(9)	(28)	(16)
	(1,035)	(1,774)	5	(2,311)

Interest rate risk

The Group uses derivative financial instruments to hedge exposure to fluctuations in interest rates. The interest rate profile of the Group's financial assets and liabilities are set out in the table below. The Group has used interest rate swaps to convert interest rates on certain borrowings from floating rates to fixed rates.

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Fixed rate instruments				
Financial liabilities	(100)	(100)	(100)	(100)
Variable rate instruments				
Financial assets	20,563	16,859	376	169
Financial liabilities	(119,822)	(108,036)	(105,864)	(96,435)
	(99,259)	(91,177)	(105,488)	(96,266)

The Group uses derivative financial instruments to hedge exposure to fluctuations in interest rates. The interest rate profile of the Group's financial assets and liabilities are set out in the table below. The Group uses interest rate swaps to convert interest rates on certain borrowings from floating rates to fixed rates. Details of the interest rate swaps entered into during 2009 are shown in the table below. There were no outstanding interest rate swaps in the year ended 31 December 2008. Where hedging criteria are met the Group classifies interest rate swaps as cash flow hedges and states them at fair value. Over the longer term permanent changes in interest rates would have an impact on consolidated earnings. At 31 December 2009 a general increase of one percentage point would have had the following impact:

	2009		2008	
	Equity £000	Profit or loss £000	Equity £000	Profit or loss £000
Variable rate instruments	–	(993)	–	(912)
Interest rate swap	–	386	–	-
Cash flow sensitivity	–	(607)	–	(912)

Notes to the financial statements

Fair values

Set out below is a comparison by category of the carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements.

	Note	2009 Carrying value £000	2009 Fair value £000	2008 Carrying value £000	2008 Fair value £000
Group					
Assets carried at fair value					
Forward exchange contracts – cash flow hedges		10	10	–	–
Interest rate swaps – cash flow hedges		160	160	–	–
		170	170	–	–
Assets carried at amortised cost					
Receivables	19	45,352	45,352	51,729	51,729
Cash and cash equivalents	20	20,563	20,563	16,859	16,859
Other investments	16	1,370	1,370	1,370	1,370
		67,285	67,285	69,958	69,958
Liabilities carried at fair value					
Forward exchange contracts – cash flow hedges		(26)	(26)	(4,603)	(4,603)
Interest rate swaps – cash flow hedges		(204)	(204)	–	–
		(230)	(230)	(4,603)	(4,603)
Liabilities carried at amortised cost					
Secured bank loans	27	(18,258)	(19,314)	(18,019)	(17,894)
Unsecured bank loans	27	(101,564)	(98,724)	(90,017)	(89,341)
Trade and other payables	23	(40,222)	(40,222)	(49,799)	(49,799)
Finance leases	27	(163)	(165)	(228)	(238)
Preference shares	21	(100)	(100)	(100)	(100)
		(160,307)	(158,525)	(158,163)	(157,372)
Company					
Assets carried at fair value					
Forward exchange contracts – cash flow hedges		10	10	–	–
Interest rate swaps – cash flow hedges		101	101	–	–
		111	111	–	–
Assets carried at amortised cost					
Receivables	19	1,110	1,110	1,648	1,648
Cash and cash equivalents	20	376	376	169	169
Other investments	16	1,368	1,368	1,368	1,368
		2,854	2,854	3,185	3,185
Liabilities carried at fair value					
Forward exchange contracts – cash flow hedges		(26)	(26)	(4,589)	(4,589)
Interest rate swaps – cash flow hedges		(204)	(204)	–	–
		(230)	(230)	(4,589)	(4,589)
Liabilities carried at amortised cost					
Secured bank loans	27	(7,165)	(6,563)	(9,856)	(9,435)
Unsecured bank loans	27	(98,699)	(96,008)	(86,579)	(85,686)
Trade and other payables	23	(8,049)	(8,049)	(11,338)	(11,338)
Preference shares	21	(100)	(100)	(100)	(100)
		(114,013)	(110,720)	(107,873)	(106,559)

Fair value has been determined by reference to the market value at the balance sheet date or by discounting the relevant cash flows using current interest rates for similar instruments.

The fair value of the financial assets has been assessed by the directors with reference to the current prospects of the investments and risks associated with those prospects.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. The fair value hierarchy has the following levels:

(a) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of financial instruments carried at fair value by the level of fair value hierarchy:

Group

	Level 1		Level 2		Level 3		Total	
	2009 £000	2008 £000	2009 £000	2008 £000	2009 £000	2008 £000	2009 £000	2008 £000
Derivative financial assets								
Forward exchange contracts – cash flow hedges	–	–	10	–	–	–	10	–
Interest rate swaps – cash flow hedges	–	–	160	–	–	–	160	–
	–	–	170	–	–	–	170	–
Derivative financial liabilities								
Forward exchange contracts – cash flow hedges	–	–	(26)	(4,603)	–	–	(26)	(4,603)
Interest rate swaps – cash flow hedges	–	–	(204)	–	–	–	(204)	–
	–	–	(230)	(4,603)	–	–	(230)	(4,603)
	–	–	(60)	(4,603)	–	–	(60)	(4,603)

Company

	Level 1		Level 2		Level 3		Total	
	2009 £000	2008 £000	2009 £000	2008 £000	2009 £000	2008 £000	2009 £000	2008 £000
Derivative financial assets								
Forward exchange contracts – cash flow hedges	–	–	10	–	–	–	10	–
Interest rate swaps – cash flow hedges	–	–	101	–	–	–	101	–
	–	–	111	–	–	–	111	–
Derivative financial liabilities								
Forward exchange contracts – cash flow hedges	–	–	(26)	(4,589)	–	–	(26)	(4,589)
Interest rate swaps – cash flow hedges	–	–	(204)	–	–	–	(204)	–
	–	–	(230)	(4,589)	–	–	(230)	(4,589)
	–	–	(119)	(4,589)	–	–	(119)	(4,589)

There have been no transfers between categories during the period.

The fair value of interest rate swap contracts and forward exchange contracts are calculated by management based on external valuations received from the Group's bankers and is based on forward exchange rates and anticipated future interest yields respectively.

Notes to the financial statements

Hedges – Group and Company

Fair value hedges

At 31 December 2009 and 31 December 2008 the Group did not have any outstanding fair value hedges.

Cash flow hedges

At 31 December 2009 the Group and Company held forward currency contracts designated to hedge future commitments in Euros. The terms of the contracts are as follows:

The Group held forward contracts to hedge expected future income in relation to the future income receivable of a subsidiary.

Sell	Maturity	Exchange rate	Fair value £'000
€258,777	30 April 2010	1.1041	5
€258,777	30 July 2010	1.1053	5
			10

The Group also held forward contracts to hedge expected future payments in relation to future liabilities by a subsidiary.

Buy	Maturity	Exchange rate	Fair value £'000
€70,000	26 February 2010	1.1066	(1)
€1,500,784	15 March 2010	1.1087	(20)
€285,000	30 April 2010	1.1064	(4)
€145,000	30 April 2010	1.1227	(1)
			(26)

At 31 December 2008 the Group held forward currency contracts designated to hedge future income receivable from the Singapore Government in respect of the Singapore submarine rescue contract . The terms of the contracts are as follows:

	Maturity	Exchange rate	Fair value £'000
Forward contract to hedge expected future income			
Sell			
SG$20,000,000	30 June 2009	2.8500	2,503
SG$10,000,000	30 June 2009	2.7105	1,073
SG$10,000,000	30 June 2009	2.6665	1,013
			4,589

The Group also held forward contracts to hedge expected future income in relation to future income receivable by a subsidiary.

Sell			
US$ 113,400	31 March 2009	1.7594	12
US$ 18,900	30 April 2009	1.7569	2
			4,603

The foreign exchange contracts have been negotiated to match the expected profile of receipts. At 31 December 2009 these hedges were assessed to be highly effective and an unrealised loss of £40,000 (2008: £4,603,000) relating to the hedging instruments is included in equity.

Interest rate swaps

The Group and Company entered into interest rate swap contracts in respect of Sterling denominated debt to swap a variable rate liability for a fixed rate liability. A subsidiary company, ScanTech Eiendom AS, has entered into an interest rate swap in respect of the loan secured against the new build property included in its balance sheet. These instruments have been allocated against the Group and Company debt in the tables shown above. Details of the contracts and their fair values at 31 December are set out below:

At 31 December 2008 there were no outstanding interest rate swaps.

Details of the interest rate swaps entered into in 2009 are as follows:

Amount	Maturity	Fixed rate %	Fair value £'000
£6,750,000	30 January 2012	2.4000	(87)
£6,750,000	30 January 2012	2.3600	(82)
£1,250,000	30 January 2014	2.9100	(2)
£4,000,000	30 January 2014	2.9250	(8)
£5,250,000	30 January 2014	2.9900	(25)
£3,000,000	30 January 2019	3.4900	77
£3,000,000	30 January 2019	3.7100	24
£30,000,000			(103)
80,000,000 NOK	30 June 2014	3.8600	59

Net investment in foreign operations

The Company funded the acquisition of the goodwill arising on acquisition of Scan Tech Holdings AS and Air Supply AS by means of an interest-bearing loan to its Norwegian Holding company of NOK 160,000,000 (2008 NOK 160,000,000). The net investment arising on these acquisitions is treated as being an asset of the Company and is denominated in Sterling. This acts as a hedge against movements in the net investment in these businesses.

Derivative financial instruments not qualifying as hedges

The Group does not have any derivative financial instruments which do not qualify for hedge accounting at 31 December 2009.

30 Commitments and contingencies

Obligations under finance leases and hire purchase contracts

Group

The Group uses finance leases in respect of certain items of plant and equipment. The minimum future lease payments due under finance leases and hire purchase contracts are as follows:

	Group	
	2009 £000	2008 £000
Future minimum payments due:		
Within one year	81	80
Within two to five years	95	173
After five years	–	–
	176	253
Less finance charges allocated to future periods	(13)	(25)
	163	228
Present value of minimum lease payments is analysed as follows:		
Within one year	74	68
Within two to five years	89	160
After five years	–	–
	163	228

Company

The Company does not have any outstanding finance lease commitments.

Notes to the financial statements

Operating leases

The future minimum rentals payable under non-cancellable operating leases at 31 December are as follows:

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Within one year	14,344	16,333	270	154
After one year but not more than five years	43,085	50,656	392	366
After five years	13,087	22,764	114	139
	70,516	89,753	776	659

The Group has entered into leases on certain properties, vessels, plant and motor vehicles. These leases have a life of between one and ten years and are renewable at the option of the lessee. As noted in the contingent liabilities section below, certain of the lease liabilities in relation to bareboat charters are guaranteed by a member of the Group other than the entity holding the charter.

Capital commitments

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

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
	6,333	7,308	–	–

Capital commitments includes £4,047,000 (2008: £4,962,000) in respect of buildings in Stavanger. The commitment in 2008 included £900,000 in respect of the purchase of the UKSRS.

Contingent liabilities

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

(b) A Group VAT registration is operated by the Company and 24 group undertakings in respect of which the Company is jointly and severally liable for all amounts due to HM Revenue & Customs under the arrangement.

(c) The Group has issued a guarantee and indemnity to HSBC plc in respect of the loan facility of Foreland Shipping Limited, the total guarantee at 31 December 2009 was £2,268,000 (2008 £2,420,000). Further details of this joint venture are included in Note 15.

(d) A guarantee has been issued by the Group to HSBC plc in respect of the obligations of a subsidiary, James Fisher Everard Limited, in relation to bareboat charters relating to the m.t. Chartsman and m.t. Steersman. The total guarantee at 31 December 2009 was £712,000 (2008 £800,000)

(e) A guarantee has been issued by the Group to charter parties in respect of obligations of a subsidiary, James Fisher Everard Limited, in respect of charters relating to eight vessels. The charters expire between 2012 and 2016.

(f) Subsidiaries of the Group have issued performance and payment guarantees to third parties with a total value of £2,277,000 (2008: £1,913,000).

(g) As referred to in Note 24, the Trustees of the Merchant Navy Officers Pension Fund (MNOPF) have indicated that under the terms of the High Court ruling in 2005 which established the liability of past employers to fund the deficit on the Post 1978 section of the MNOPF, they may make calls for further contributions in the future if additional actuarial deficits arise or if other employers liable for contributions are not able to pay their share. In August 2007 the Group was notified that the Trustees of an additional liability of £156m arising from the full actuarial valuation carried out at 31 March 2006. This amount has been allocated to the current paying members in proportion to their original share of the deficit. The Group remains jointly and severally liable for any future shortfall in recovery of the deficit. The Trustees of the Scheme are in the process of conducting a triennial valuation of the Scheme's deficit. It is not possible to estimate reliably the amount of the obligation, although it may significantly increase our commitment, possibly by an amount similar to the current liability.

(h) In 2008 the Group guaranteed an amount of £4,407,000 in respect of James Fisher Marine Service Limited and its activity in relation to the provision of a submarine rescue service vessel to the Korean Navy. This guarantee expired in 2009.

(i) 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. Further details of this associate are included in Note 15.

(j) In the normal course of business, the Company and certain subsidiaries have given parental and subsidiary guarantees in support of loan and banking arrangements.

31 Related party transactions

Compensation of key management to the Group

	2009 £000	2008 £000
Short-term employee benefits	1,335	1,559
Post-employment benefits	310	111
Termination payments	–	–
Share based payments	361	523
	2,006	2,193

Key management personnel comprise the board of directors of the Company. Details of the directors' interests in the Executive Share Option Schemes, Long Term Incentive Plan and the Savings Related Share Option Schemes are included in the Directors' Remuneration Report on pages 22 to 28.

Transactions with related parties

Company

The Company has entered into transactions with its subsidiary undertakings primarily in respect of the provision of accounting services, finance and the provision of share options to employees of subsidiaries.

The amount outstanding from subsidiary undertakings to the Company at 31 December 2009 were £98,871,000 (2008: £92,246,000). Amounts owed to subsidiary undertakings by the Company at 31 December 2009 totalled £5,703,000 (2008: £8,869,000).

The Company has had no expense in respect of bad or doubtful debts of subsidiary undertakings in the year (2008 £nil).

Foreland Shipping Limited

The Group provides payroll management services to Foreland Shipping Limited, a wholly owned subsidiary of Foreland Holdings a company in which the Group has a 25% equity interest. No profit is made on the provision of these services which are excluded from the Group's revenue.

FCM businesses

As set out in Note 15 the Group has interests of between 25% and 50% in several joint ventures providing ship to ship transfer services in West Africa, Northern Europe and Asia through its wholly owned subsidiary, Fender Care Marine Services Limited.

Everard Insurance Brokers

Everard and its subsidiaries purchased insurance services from Everard Insurance Brokers Limited, (EIB). EIB is a wholly owned subsidiary of Alchymist Trading Company Limited, (Alchymist) a company controlled by Mr W D Everard and Mr F M Everard and members of their family. Everard also provides accommodation and management services to Alchymist and EIB. Following the acquisition of Everard the Group continued to receive insurance services from EIB in respect of claims prior to the date of acquisition, and to provide accommodation and management services, including the provision of payroll management services. No amounts are due to or from Alchymist.

First Response Marine

In March 2009 the Group subscribed SG$1m (£464,000) through its James Fisher Marine Services subsidiary (JFMS) to acquire a 50% interest in First Response Marine Pte Ltd (FRM). FRM provides submarine rescue services to the Singapore Government under a 20 year service contract which commenced in March 2009. Included in the contract is the provision of a submarine rescue vessel acquired by FRM from JFMS which was invoiced in 2009 at a cost of £18,141,000. Revenue of £13,569,000 was recognised under construction contract accounting in the year ended 31 December 2008. FRM subcontracts part of the provision of the submarine rescue service to JFMS and its subsidiary James Fisher Singapore Pte Ltd. JFMS has also provided a loan to FRM of SG$3,624,000 (£1,598,000) to support its day to day operations. The loan which is included in the Group balance sheet as part of the investment in associates, is interest bearing and is repayable at the end of the project. Interest charged in the period amounted to £50,000.

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

		Services to related parties £000	Sales to related parties £000	Purchases from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
Foreland Shipping Limited	2009	401	–	–	30	–
	2008	413	–	–	32	–
FCM businesses	2009	–	1,578	–	597	–
	2008	–	868	–	333	–
Everard Insurance Brokers	2009	110	–	16	29	–
	2008	96	–	19	9	–
First Response Marine	2009	1,292	19,715	–	2,206	–

Notes to the financial statements

No provision for bad debts has been made in respect of these balances (2008 £nil). No bad debts arose during the period relating to these transactions (2008 £nil).

Following the acquisition of FT Everard and Sons Limited Mr F M Everard was appointed as a non executive director of the Company. Mr F M Everard is chairman of Cattedown Wharves Limited, a wholly owned subsidiary, for which he receives annual remuneration of £18,250. (2008: £27,500)

All transactions with related parties are priced on an arms length basis on terms equivalent to those provided to wholly external parties.

The Company is responsible for the provision of services to Foreland Shipping Limited but does not engage in any other transactions with parties who are not wholly owned subsidiaries.

32 Post balance sheet events

In February 2010 the Group announced the acquisition of the business and assets of Australian Commercial Marine Pty Ltd (ACM) for a cash consideration of approximately £3m. ACM which provides marine equipment to the commercial shipping, port and offshore industries in Western Australia, will be integrated into the Group's Fendercare business.

Further disclosures relating to the acquisition as required by IFRS 3 – Business Combinations, have not been included in this report as there has been insufficient time to obtain and review the relevant financial information from the company and calculate the accounting treatment and disclosures for this business combination.

Group Financial Record
For the five years ended 31 December

	2005 £000	2006 £000	2007 £000	2008 £000	2009 £000
Goodwill and other intangible assets	36,168	55,874	67,266	70,069	73,438
Property, plant and equipment	67,081	103,620	92,311	102,018	111,086
Financial assets	3,955	4,945	5,587	5,917	10,348
Other assets	37,745	53,805	71,515	101,219	99,934
Assets classified as held for sale	7,959	1,518	1,172	-	1,375
Total Assets employed	152,908	219,762	237,851	279,223	296,181
Financed by					
Called up share capital	12,345	12,377	12,428	12,438	12,456
Other Reserves	60,984	68,233	74,553	82,612	94,622
Equity shareholders' interest	73,329	80,610	86,981	95,050	107,078
Minority interests	-	71	128	-	-
Cumulative preference shares	100	100	100	100	100
Financial liabilities	49,058	83,593	91,069	108,264	119,985
Other liabilities	30,421	55,388	59,573	75,809	69,018
Total funds invested	152,908	219,762	237,851	279,223	296,181
Revenue, profit and reserves					
Revenue	91,411	118,085	182,046	233,578	249,594
Profit before tax on continuing operations	11,446	14,147	19,100	23,567	24,742
Taxation (including tonnage tax)	(754)	(2,411)	(2,959)	(5,277)	(6,318)
Profit after taxation	10,692	11,736	16,141	18,290	18,424
Discontinued operations	(12,889)	2,041	(6)	-	-
Minority interests	-	3	(57)	(26)	-
Transferred (from)/to reserves	(2,197)	13,780	16,078	18,264	18,424

	pence	pence	pence	pence	pence
Continuing operations					
Basic earnings per ordinary share	21.91	23.93	32.67	36.92	37.14
Diluted earnings per ordinary shares	21.72	23.71	32.40	36.73	37.00

The periods 2006 to 2008 have been restated for the application of IFRIC 14 and IFRIC 11 as explained in Note 26.

Subsidiary Undertakings

Details of the companies in which the Group and the Company (unless indicated) holds 20% or more of the nominal value of any class of share capital are as set out below. Except in relation to joint ventures and associated undertakings, all such companies are wholly owned by the Group.

Name of company (Incorporated in Great Britain unless otherwise stated)	Principal activities	Place of business
Buchan Technical Services Limited	Engineering	Aberdeen
Cattedown Wharves Limited	Wharfage & Warehousing*	Plymouth
Everard (Guernsey) Limited (Incorporated in Guernsey)	Crewing Agents*	Guernsey
Everard Marine (Cyprus) Limited (Incorporated in Cyprus)	*Crewing Agents**	*Cyprus*
Fender Care Americas Inc.	*Marine Services**	*America*
Fender Care Limited	Marine Services*	Seething
Fender Care (Changshu) Ltd	*Marine Services**	*China*
Fender Care do Brasil LTDA (90%)	*Marine Services**	*Brazil*
Fender Care Marine Limited	Marine Services*	Seething
Fender Care Marine (Asia Pacific) Pte Ltd	*Marine Services**	*Singapore*
Fender Care Marine Products (Asia Pacific) Pte Ltd	*Marine Services**	*Singapore*
Fender Care Marine Services Group Limited	Marine Services*	Seething
Fender Care Marine Solutions Limited	Marine Services*	Seething
Fender Care Naval Solutions Limited	Marine Services*	Plymouth
Fender Care Norway AS	*Marine Services**	*Norway*
F.T. Everard & Sons Limited	Investment	Barrow
F.T. Everard Shipping Limited	Ship Owning*	Barrow
Gjerde Lofteteknikk AS (Incorporated in Norway)	*Engineering**	*Norway*
Glen Salvesen Limited	Crewing Agents*	Barrow
Harsh Environment Systems Limited	Engineering*	Barrow
Hatch Holdings Limited	Investment*	Chester
Hippo Marine Limited	Marine Services*	Seething
Impact Industrial Support Services Limited	Marine Services*	Plymouth
Integrated Mooring Solutions Limited	Marine Services*	Seething
Inspection Holdings Limited	Investment*	Chester
James Fisher (Aberdeen) Limited	Investment	Barrow
James Fisher Air Supply Norway Ltd	Engineering*	Barrow
James Fisher and Sons (Seafloor Dynamex) Limited	Underwater Excavation Engineers	Aberdeen
James Fisher Australia Pty Ltd	*Engineering**	*Australia*
James Fisher (Crewing Services) Limited	Crewing Agents	Barrow
James Fisher (Cyprus) Limited (Incorporated in Cyprus)	*Crewing Agents*	*Cyprus*
James Fisher Everard Limited	Ship Operators*	London
James Fisher Fender Care Limited	Investment	Barrow
James Fisher (Guernsey) Limited	*Crewing Agents*	*Guernsey*
James Fisher Inspection And Measurement Services Limited	Engineering*	Manchester
James Fisher Marine Services Limited	Marine Services	Barrow
James Fisher Mimic Limited	Marine Services	Barrow
James Fisher Norway AS (Incorporated In Norway)	*Investment*	*Norway*
JF Faber Limited	Engineering*	Leyland
JF Nuclear Limited	Engineering*	Malton
James Fisher Nuclear Limited	Investment	Barrow
James Fisher Offshore Limited	Engineering	Aberdeen
James Fisher (Ro-Ro) Limited	Investment	Barrow
James Fisher Rumic Limited	Marine Services	Barrow
James Fisher Scan Tech AS (Incorporated in Norway)	*Engineering**	*Norway*
James Fisher (Shipping Services) Limited	Ship Operators	Barrow
James Fisher Singapore Pte. Ltd	*Provision of subsea services and support**	*Singapore*
James Fisher Tankships Holdings Limited	Investment	London
JCM Scotload Limited	Marine Services*	Aberdeen
Killingøy Eiendom	Property Company*	Norway
Load Test SDN BHD	*Engineering**	*Malaysia*
Meldrum Testing Services Limited	Engineering*	Aberdeen
Monyana Engineering Services Limited	Engineering*	Aberdeen
NDT (Inspection And Testing) Limited	Engineering*	Chester
Plym Shipping And Agencies Limited	Marine Services*	Barrow
Prolec Limited	Engineering*	Poole
Pump Tools Limited	Engineering*	Aberdeen
Raygen Limited	Investment*	Chester
Remac Limited	Engineering*	Egremont
RMSpumptools Limited	Engineering*	Malton
Scan Tech Air Supply UK Limited	Engineering	Aberdeen
Scan Tech Eiendom AS (Incorporated in Norway)	*Engineering**	*Norway*
Soil Dynamics (Malaysia) SDN BHD	*Engineering**	*Malaysia*
Strainstall AMTS Limited	Engineering*	Cowes
Strainstall AS (Incorporated in Norway)	*Engineering**	*Norway*
Strainstall Engineering Services Limited	Engineering*	Cowes
Strainstall Group Limited	Engineering	Cowes
Strainstall Middle East Limited	*Engineering**	*Dubai*
Strainstall UK Limited	Engineering*	Cowes
Strainstall Singapore Pte.Ltd	*Engineering**	*Singapore*
Strata Oil Tools Limited	Engineering*	Aberdeen
The Marine Equipment Supply Company Limited	Marine Services *	Seething
The Railway Engineering Company Limited	Engineering*	Westbury
Turners Marine Trading Limited	Marine Services *	Seething

*held by a subsidiary undertaking
Overseas trading

Joint Ventures and Associated Undertakings

*held by a subsidiary undertaking

Name of company	Principal activities	Place of business
Active Load Limited (20%)	Engineering*	Reading
Asteria Navigation Inc (40%)	Marine Services*	West Africa
Cumbria Nuclear Solutions Limited (20%)	Engineering*	Egremont
FCN Limited (40%)	Marine Services*	West Africa
Fendercare Nigeria Limited (40%)	Marine Services*	West Africa
Fender Care Barents AS (50%)	Marine Services*	Norway
Fender Care Benelux BV (50%)	Marine Services*	Europe
Fender Care (Malaysia) SDN BHD (25%)	Marine Services*	Malaysia
Fender Care Marine Omega Limited (50%)	Marine Services*	India
Fender Care Middle East LLC (49%)	Marine Services*	Dubai
Fender Care Viking SDN BHD (50%)	Marine Services*	Malaysia
First Response Marine Pte. Ltd (50%)	Marine Services*	Singapore
Foreland Holdings Limited (25%)	Ship owning*	London
Pars Fender Care (50%)	Marine Services*	Arabian Gulf
Silvertide Inc (40%)	Marine Services*	West Africa
Strainstall/Allison Inc (50%)	Engineering*	USA
Strainstall Middle East LLC (49%)	Engineering*	Dubai

Fleet List
As at 15 March 2010

	Built	D.W.T	Type
James Fisher & Sons Public Limited Company – Owned			
m.t. Thames Fisher	1997	4,765	Clean products tanker
James Fisher Everard Limited – Owned			
m.t. Asperity	1997	3,778	Clean products tanker
m.t. Forth Fisher	1997	4,972	Clean products tanker
m.t. Galway Fisher	1997	4,967	Clean products tanker
m.t. Solent Fisher	1997	4,970	Clean products tanker
m.t. Mersey Fisher	1998	4,765	Clean products tanker
m.t. Milford Fisher	1998	4,973	Clean products tanker
Long Term Bareboat Charter			
m.t. Chartsman	1993	6,397	Clean products tanker
m.t. Steersman	1994	6,403	Clean products tanker
m.t. Pembroke Fisher	1997	14,204	Clean products tanker
m.t. Cumbrian Fisher	2004	12,921	Clean products tanker
m.t. Clyde Fisher	2005	12,984	Clean products tanker
m.t. Shannon Fisher	2006	5,420	Clean products tanker
m.t. Solway Fisher	2006	5,422	Clean products tanker
m.t. Speciality	2006	4,426	Clean products tanker
m.t. Seniority	2006	4,430	Clean products tanker
m.t. Stability	2004	3,517	Clean products tanker
m.t. Summity	2005	3,503	Clean products tanker
m.t. Superiority	2007	4,430	Clean products tanker
m.t. Sarnia Liberty	2008	3,017	Clean products tanker
m.t. Sarnia Cherie	2007	3,043	Clean products tanker
James Fisher (Shipping Services) Limited – Owned			
m.t. Humber Fisher	1997	4,765	Clean products tanker
F.T. Everard Shipping Limited – Owned			
m.t. Audacity	1997	3,778	Clean products tanker
m.t. Supremity	2007	4,405	Clean products tanker

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of James Fisher and Sons Public Limited Company will be held at the Abbey House Hotel, Abbey Road, Barrow-in-Furness on Thursday 6 May 2010 at 12 noon to consider and, if thought fit, to pass Resolutions 1 to 8 inclusive as ordinary resolutions and Resolutions 9 to 11 inclusive as special resolutions:

Ordinary Business
Resolution 1
To receive the accounts and the reports of the directors and the auditors thereon for the year ended 31 December 2009.

Resolution 2
To receive and approve the report on directors' remuneration (as set out on pages 22 to 28 of the Annual Report and Accounts) for the year ended 31 December 2009.

Resolution 3
To declare a final dividend for the year ended 31 December 2009 of 8.80p per ordinary share payable on 14 May 2010 to shareholders on the register as at 16 April 2010.

Resolution 4
To re-elect Mr M.J.Shields as a director of the Company, who retires by rotation.

Resolution 5
To re-elect Mr A.R.C.B.Cooke as a director of the Company, who retires by rotation.

Resolution 6
To re-elect Mr F.M.Everard as a director of the Company, who retires by rotation.

Resolution 7
To reappoint KPMG Audit Plc as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and authorise the directors to determine their remuneration.

Special Business
Resolution 8
That the directors of the Company be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, and convert any security into, shares in the Company ("Rights") up to an aggregate nominal amount of £4,151,903 provided that this authority shall expire on the date of the next Annual General Meeting of the Company or, if earlier, on 6 August 2011, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the directors to allot shares and grant Rights be and are hereby revoked.

Resolution 9
Special Resolution
That subject to the passing of Resolution 8, the directors be hereby empowered to allot equity securities (as defined in section 560 of the Act) of the Company for cash either pursuant to the authority conferred by Resolution 8 and/or where the allotment is treated as an allotment of equity securities under section 560(2)(b) of the Act, in either case as if section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to:

(a) the allotment of equity securities in connection with an offer of securities in favour of the holders of ordinary shares on the register of members at such record date as the directors may determine and other persons entitled to participate therein where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held or deemed to be held by them on any such record date, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) to any person or persons of equity securities up to an aggregate nominal amount of £622,785;

and shall expire upon the expiry of the general authority conferred by Resolution 8 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

Notice of Annual General Meeting

Resolution 10
Special Resolution
The Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) on the London Stock Exchange of up to a maximum aggregate of 2,400,000 ordinary shares of 25p each in the capital of the Company at a price per share of not less than 25p and not more that 105 per cent of the average of the middle market quotations for such ordinary share as derived from the London Stock Exchange Official List, for the five business days immediately preceding the day of purchase; unless previously renewed, revoked or varied, such authority will expire at the close of the next Annual General Meeting of the Company, or, if earlier, on 6 August 2011 save that the Company may purchase ordinary shares at any later date where such purchase is pursuant to any contract or contracts made by the Company before the expiry of this authority.

Resolution 11
Special Resolution
That from the date of passing of this resolution and expiring at the conclusion of the next Annual General Meeting of the Company, the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than an Annual General Meeting) on 14 days notice.

By order of the Board
J.J.B. Tyler
Company Secretary
15 March 2010

Registered office:
Fisher House, PO Box 4, Barrow-in-Furness,
Cumbria, LA14 1HR

Registered in England number: 211475

Notes

1. Any member who has not elected to receive the Annual Report and Accounts for 2009 may obtain copies by writing to the Company Secretary, Fisher House, PO Box 4, Barrow in Furness, Cumbria, LA14 1HR. Members who wish to receive the printed Annual Report and Accounts, free of charge, in future years should write to the Company's Registrars, Freepost Plus RLYX-GZTU-KRRG, SAS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 9ZA.

2. Any member entitled to vote at the above meeting may appoint one or more proxies to attend, speak and, on a poll, vote instead of him. A proxy need not be a member of the Company but must attend the meeting in order to represent a member. A proxy could be the Chairman, another director of the Company or another person who has agreed to attend and represent a member. Details of how to appoint the Chairman or another person as a proxy using the proxy form are set out in the notes to the proxy form. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. Completion of the proxy form will not preclude a member from attending and voting in person, in which case that member's proxy appointment will automatically be terminated. Proxy forms, duly executed (including any authority under which it is executed or a copy of the authority certified notarially), must reach the Company's Registrars at 34 Beckenham Road, Beckenham, Kent, BR3 4TU, not less than 48 hours before the meeting. The deadline for receipt of proxy appointments also applies in relation to amended instructions, and any attempt to amend a proxy appointment after the relevant deadline will be disregarded. Where two or more valid proxy appointments are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.

3. The right to appoint a proxy cannot be exercised by persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person"): they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number – RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Voting by corporate representatives.
   A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

6. Copies of the directors' service contracts, the terms and conditions of appointment of the non-executive directors, together with a copy of the Company's articles of association are available for inspection at the registered office of the Company during usual business hours and will also be available at the place of the Annual General Meeting from 11.30 a.m. on the date of the meeting until the close of the meeting.

7. Audit statements. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last AGM in accordance with section 437 of the Act, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

8. Members' questions. The Company must cause to be answered at the meeting any question relating to the business being dealt with at the meeting which is put by a member attending the meeting, except where (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information (b) the answer has already been given on a website in the form of an answer to a question or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

9. A copy of this notice, and other information required by section 311A of the Act, can be found at www.james-fisher.co.uk.

10. A final dividend can only be paid after it has been approved by the shareholders in general meeting and may not exceed the amount recommended by the board. The directors recommend a final dividend of 8.80p per ordinary share for payment to ordinary shareholders who are on the register at the close of business on 16 April 2010. If approved the final dividend will be paid on 14 May 2010.

11. Only persons entered on the register of members of the Company at 6.00 p.m. on 4 May 2010 (or, if the meeting is adjourned, at 6.00 p.m. on the date which is 48 hours prior to the adjourned meeting) shall be entitled to attend and vote at the meeting or adjourned meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote (and the number of votes they may cast) at the meeting or adjourned meeting.

12. As at 15 March 2010 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 49,823,557 ordinary shares, carrying one vote each, and 100,000 preference shares carrying one vote each. Therefore the total voting rights in the Company are 49,923,557.

13. As soon as practicable following the AGM, the results of the voting at the meeting and the number of votes cast for and against and the number of votes withheld in respect of each resolution will be announced via a Regulatory Information Service and also placed on the Company's website at www.james-fisher.co.uk.

Notice of Annual General Meeting

Ordinary Business Explanatory Note
Resolutions 4, 5 and 6. In accordance with the Company's articles of association Mr M.J.Shields, Mr A.R.C.B.Cooke and Mr F.M.Everard will retire by rotation at this year's AGM. The board believes that each of Mr M.J.Shields, Mr A.R.C.B.Cooke and Mr F.M.Everard continues to perform effectively and with commitment to his role. Further information about each of Mr M.J.Shields, Mr A.R.C.B.Cooke and Mr F.M.Everard is given on page 12 of the 2009 Annual Report and Accounts.

Special Business Explanatory Notes
Resolution 8 gives authority to the directors to allot shares in the Company and to grant rights to subscribe for, and convert any security into shares in the Company up to a total nominal amount of £4,151,903 amounting to one third of the nominal value of the issued ordinary share capital as at 15 March 2010. The authority will expire at the conclusion of the Annual General Meeting to be held in 2011, or, if earlier, on 6 August 2011 and replaces an authority granted on 7 May 2009 which expires at the conclusion of the forthcoming Annual General Meeting.

As at the date of this notice the Company is holding 169,068 shares in treasury representing 0.34% of the Company's issued ordinary share capital (excluding treasury shares) as at 15 March 2010 (the latest practicable date before publication of this notice).

Resolution 9, a special resolution, will give the directors authority to allot shares in the capital of the Company pursuant to the authority granted under Resolution 8 for cash without complying with the pre-emption rights in the Companies Act 2006. This authority will permit the directors to allot:

(a) shares up to a nominal amount of £4,151,903 (representing one third of the company's issued share capital) on an offer to existing shareholders on a pre-emptive basis subject to adjustments for fractional entitlements and overseas shareholders; and

(b) shares up to a maximum nominal value of £622,785, representing approximately 5% of the issued ordinary share capital of the Company as at 15 March 2010 (the latest practicable date prior to publication of this notice) otherwise than in connection with an offer to existing shareholders.

The directors have no present intention of exercising this authority.

The directors confirm their intention to follow the provisions of the Pre-emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period. The Principles provide that companies should not issue shares for cash representing more than 7.5% of the Company's issued share capital in any rolling three-year period, other than to existing shareholders, without prior consultation with shareholders.

Resolution 10 gives the Company authority to purchase in the market up to 2,400,000 of its ordinary shares of 25p each (representing approximately 5 per cent of the issued share capital excluding treasury shares). The authority will expire at the conclusion of the Annual General Meeting to be held in 2011, or if earlier on 6 August 2011 and replaces a similar authority granted on 7 May 2009 which expires at the conclusion of the forthcoming Annual General Meeting. The directors have no present intention of using the authority and in reaching their decision to purchase ordinary shares will take into account, amongst other things the Company's cash resources and capital requirements, the effect of any purchase on earnings per share and whether it is in the best interests of shareholders generally.

Resolution 11 will be proposed as a special resolution to approve the holding of general meetings, other than Annual General Meetings, on 14 days notice.

Copies of the current articles of association will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) at the registered office of the Company up to the time of the meeting. Copies will be available at the Abbey House Hotel, Abbey Road, Barrow-in-Furness on the morning of the meeting from 11.30 a.m. until its conclusion.

Registered Office and Advisers

Company Secretary and registered office
J.J.B. Tyler
James Fisher and Sons Public Limited Company
Fisher House, P.O. Box 4
Barrow-in-Furness, Cumbria LA14 1HR

Registered no. 211475

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA

Auditors
KPMG Audit Plc
St James Square
Manchester
M2 6DS

Bankers
HSBC Bank plc
8 Canada Square
London E14 5HQ

Lloyds TSB Bank plc
25 Gresham Street
London EC2Y 7HH

Bank of Scotland plc
1st Floor
5 St Paul's Square
Old Hall Street
Liverpool
L3 9SJ

Royal Bank of Scotland plc
5th Floor
5-10 Great Tower Street
London
EC3P 3HX

Sparebanken 1 SR-Bank
Bjergstad Terrasse
4007 Stavanger
Norway

Barclays Bank PLC
Barclays Commercial Bank
1st Floor
3 Hardman Street
Springfields
Manchester
M3 3HF

Yorkshire Bank
The Chancery
58 Spring Gardens
Manchester
M2 1YB

Merchant bankers
E.C.Hambro Rabben & Partners Ltd
11 Albermarle Street, London W15 4HH

Stockbrokers
Investec Bank (UK) Limited
2 Gresham Street, London EC2V 7QP

Brewin Dolphin
Commercial Union House, 39 Pilgrim Street
Newcastle upon Tyne, Tyne & Wear NE1 6RQ

Financial Calendar

14 April 2010
Ex dividend date for 2009 final dividend

16 April 2010
Record date

6 May 2010
Annual General Meeting

14 May 2010
Payment of 2009 final dividend

August 2010
Announcement of 2010 interim results

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James Fisher and Sons Public Limited Company

Registered Office:
Fisher House, P.O. Box 4,
Barrow-in-Furness, Cumbria LA14 1HR

Registered in England no. 211475

T: 01229 615400 F: 01229 836761

www.james-fisher.co.uk