

## Appendix 4E Preliminary final report

### 1. Details of the reporting period and the previous corresponding period

Name of entity: <b>Mermaid Marine Australia Limited</b>
ABN: 21 083 185 693
Financial year ended: 30 June 2006
Previous financial year ended: 30 June 2005

### 2. Results for announcement to the market

	Percentage change over previous year	\$'000
2.1 Revenues from ordinary activities	Up 35%	66,812
2.2 Profit from ordinary activities after tax attributable to members	Up 290%	9,208
2.3 Net profit attributable to members	Up 290%	9,208
2.4 Dividends: No dividends were declared or paid during the year.		
2.5 Record date for determining entitlements to the dividend: N/A		
2.6 Brief explanation of any of the figures reported in 2.1 to 2.3 necessary to enable the figures to be understood: Refer to note 15.3		

**3. Income Statement for the Financial Year Ended 30 June 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	66,812	49,505
Other income	4,284	(27)
Share of profits / (losses) of associates and jointly controlled entities accounted for using the equity method	122	(97)
Vessel expenses	(42,540)	(28,398)
Supply base expenses	(7,916)	(7,075)
Engineering and labour hire expenses	(2,366)	(4,817)
Administration expenses	(3,089)	(3,007)
Borrowing costs	(3,078)	(2,209)
<b>Profit before income tax expense</b>	<b>12,229</b>	<b>3,875</b>
Income tax expense	(3,021)	(1,516)
<b>Profit for the year</b>	<b>9,208</b>	<b>2,359</b>
<b>Profit attributable to members of the parent entity</b>	<b>9,208</b>	<b>2,359</b>
<b>Basic earnings per share (cents per share)</b>	<b>6.60</b>	<b>1.83</b>
<b>Diluted earnings per share (cents per share)</b>	<b>6.60</b>	<b>1.83</b>

**4. Balance Sheet as at 30 June 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current Assets</b>		
Cash and cash equivalents	6,027	13,983
Trade and other receivables	20,550	9,773
Inventories	1,942	1,281
Other	624	663
<b>Total Current Assets</b>	<b>29,143</b>	<b>25,700</b>
<b>Non-Current Assets</b>		
Investments accounted for using the equity method	219	97
Property, plant and equipment	107,015	65,749
<b>Total Non-Current Assets</b>	<b>107,234</b>	<b>65,846</b>
<b>Total Assets</b>	<b>136,377</b>	<b>91,546</b>
<b>Current Liabilities</b>		
Trade and other payables	14,586	6,289
Borrowings	7,042	3,417
Other financial liabilities	11	-
Current tax payables	1,623	436
Provisions	789	700
<b>Total Current Liabilities</b>	<b>24,051</b>	<b>10,842</b>
<b>Non-Current Liabilities</b>		
Borrowings	49,326	28,377
Deferred tax liabilities	2,322	1,272
Provisions	178	121
<b>Total Non-Current Liabilities</b>	<b>51,826</b>	<b>29,770</b>
<b>Total Liabilities</b>	<b>75,877</b>	<b>40,612</b>
<b>Net Assets</b>	<b>60,500</b>	<b>50,934</b>
<b>Equity</b>		
Issued capital	48,047	47,755
Reserves	259	193
Retained earnings	12,194	2,986
<b>Total Equity</b>	<b>60,500</b>	<b>50,934</b>

## 5. Consolidated Statement of Changes in Equity for the Financial Year Ended 30 June 2006

### Financial year ended 30 June 2006

	Ordinary Shares	Employee equity settled benefits reserve	Hedging	Retained earnings	Total attributable to equity holders of the entity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2005</b>	47,755	193	-	2,986	50,934
Profit for the year	-	-	-	9,208	9,208
Total recognised income and expense for the year	-	-	-	9,208	9,208
Shares issued	292	-	-	-	292
Hedge of firm commitment	-	-	(11)	-	(11)
Recognition of share based payments	-	77	-	-	77
<b>Balance at 30 June 2006</b>	<b>48,047</b>	<b>270</b>	<b>(11)</b>	<b>12,194</b>	<b>60,500</b>

### Financial year ended 30 June 2005

	Ordinary Shares	Employee equity settled benefits reserve	Hedging	Retained earnings	Total attributable to equity holders of the entity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2004</b>	39,658	29	-	627	40,314
Profit for the year	-	-	-	2,359	2,359
Total recognised income and expense for the year	-	-	-	2,359	2,359
Recognition of share based payments	-	164	-	-	164
Issue of shares	8,097	-	-	-	8,097
<b>Balance at 30 June 2005</b>	<b>47,755</b>	<b>193</b>	<b>-</b>	<b>2,986</b>	<b>50,934</b>

## 6. Cash Flow Statement for the Financial Year Ended 30 June 2006

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	64,545	54,395
Payments to suppliers and employees	(49,597)	(45,376)
Dividends received	-	300
Interest received	430	304
Interest and other costs of finance paid	(3,045)	(2,209)
Income tax (paid)/received	(784)	(17)
Net cash provided by operating activities	11,549	7,397
<b>Cash Flows From Investing Activities</b>		
Payment for property, plant and equipment	(17,186)	(3,271)
Proceeds from sale of plant and equipment	103	3,901
Net cash used in investing activities	(17,083)	630
<b>Cash Flows From Financing Activities</b>		
Proceeds from issue of shares	292	8,393
Payment for share issue costs	-	(296)
Proceeds from borrowings	2,641	-
Repayment of borrowings	(5,355)	(8,209)
Net cash provided by financing activities	(2,422)	(112)
<b>Net (Decrease)/Increase In Cash and Cash Equivalents</b>	(7,956)	7,915
<b>Cash and Cash Equivalents At The Beginning Of The Financial Year</b>	13,983	6,068
<b>Cash and Cash Equivalents At The End Of The Financial Year</b>	6,027	13,983

**7. Dividends**

No dividends have been declared or paid for the year ended 30 June 2006.
No dividends were declared or paid during the previous financial year.

**8. Details of dividend reinvestments plans in operation**

The Company has no dividend reinvestment plans in operation.
--

**9. Movements in Retained Earnings**

	<b>2006 \$'000</b>	<b>2005 \$'000</b>
Retained earnings at the beginning of the financial year	2,986	627
Net profit attributable to members	9,208	2,359
Retained earnings at the end of financial year	12,194	2,986

**10. Net Tangible Asset Backing**

	<b>2006</b>	<b>2005</b>
Net tangible asset backing per ordinary security	43 cents	39 cents

**11. (i) Control gained over entities during the year**

Name of entity:	N/A
-----------------	-----

**(ii) Loss of control of entities during the year**

Name of entity:	N/A
-----------------	-----

## 12. Details of associates and joint venture entities

Equity accounted associates and joint venture entities	Percentage of ownership interest held at end of year or date of disposal		Contribution to net profit	
	2006 %	2005 %	2006 \$'000	2005 \$'000
Mermaid Clough Pty Ltd	50	50	122	(97)

## 13. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

Nil

## 14. For Foreign entities details of which set of accounting standards is used in compiling the report (International Accounting Standards)

N/A

## 15. Commentary on the results for the period

### 15.1 Earnings per share (EPS)

	2006	2005
Basic EPS	6.60 cents	1.83 cents
Diluted EPS	6.60 cents	1.83 cents

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2006 \$'000	2005 \$'000
Net Profit	9,208	2,359
Earnings used in calculation of basic and diluted earnings per share	9,208	2,359

Weighted average number of ordinary shares used in calculating basic earnings per share	139,446	129,063
Weighted average number of ordinary shares used in calculating diluted earnings per share	139,566	129,063

## 15.2 Returns to shareholders (including distributions and buy backs)

N/A

## 15.3 Significant features of operating performance

Profit before tax for the year grew significantly to \$12.2M from \$3.8M the previous year. The result was aided by a \$4.4M contribution from the sale of the Company's marine manning business and contributions to earnings during the second half of the year from the addition to the fleet of 5 vessels acquired from the Integrated Group and a newly constructed vessel.

Profit after tax for the year of \$9.2M equated to earnings per share of 6.6 cents, up from 1.8 cents per share in the previous year.

Further details on the operating performance of the Company during the year are included in the commentary at the beginning of this report.

### 15.4 Segment Information

	Vessels		Supply Base		Engineering & Labour Hire		Total	
	2006 \$ '000	2005 \$ '000	2006 \$ '000	2005 \$ '000	2006 \$ '000	2005 \$ '000	2006 \$ '000	2005 \$ '000
<b><u>Segment Revenues</u></b>								
Sales to outside customers	53,555	35,685	9,961	7,811	2,781	5,541	66,297	49,037
Inter-segment revenue	62	722	4,158	2,265	-	-	4,220	2,987
Total	53,617	36,407	14,119	10,076	2,781	5,541	70,517	52,024
Eliminations							(4,220)	(2,987)
Unallocated							515	468
<b>Total consolidated revenue</b>							<b>66,812</b>	<b>49,505</b>
Inter-segment services are provided for amounts equal to competitive market prices charged to external customers for similar services								
<b><u>Segment Results</u></b>								
Segment result	11,016	7,280	2,045	743	4,936	627	17,997	8,650
Eliminations							(33)	(185)
Total							17,964	8,465
Unallocated							(5,735)	(4,590)
Profit before income tax expense							12,229	3,875
Income tax expense							(3,021)	(1,516)
Profit for the period							9,208	2,359
<b><u>Segment assets and liabilities</u></b>								
<b>Segment Assets</b>								
Unallocated assets	88,397	39,774	42,010	37,440	624	762	131,031	77,976
Consolidated							5,346	13,570
							136,377	91,546
<b>Liabilities</b>								
Segment Liabilities	13,659	6,593	1,778	929	75	213	15,512	7,735
Unallocated liabilities							60,365	32,877
Consolidated							75,877	40,612

Segment Information (cont)

	Vessels		Supply Base		Engineering & Labour Hire		Unallocated		Total	
	2006 \$ '000	2005 \$ '000	2006 \$ '000	2005 \$ '000	2006 \$ '000	2005 \$ '000	2006 \$ '000	2005 \$ '000	2006 \$ '000	2005 \$ '000
<b>Other segment Information</b>										
Carrying value of equity accounted investments included in segment assets	219	97	-	-	-	-	-	-	219	97
Share of net profit/(loss) of associates accounted for under the equity method	122	(97)	-	-	-	-	-	-	122	(97)
Acquisition of segment assets	44,063	11,180	5,014	905	-	-	100	214	49,177	12,299
Depreciation and amortisation of segment assets	2,656	1,924	1,308	1,192	87	87	100	414	4,151	3,617
Proceeds from Sale of Fixed Assets	-	3,892	103	9	4,400	-	-	-	4,503	3,901
Net Book value of Fixed asset Sales	-	3,923	218	4	-	-	-	1	218	3,928

Geographical segments

The consolidated entity conducted its business mainly within Australia during both financial years. Work conducted outside of Australia during both financial years was immaterial.

For management purposes, the consolidated entity is organised into three major operating divisions – Vessels, Supply Base and Engineering & Labour Hire. These divisions are the basis on which the consolidated entity reports its primary segment information. The principal services of each of the divisions are as follows:

- **Vessels** Operating crewed vessel charters, vessel manning, management and logistics;
- **Supply Base** Operating supply base facilities and slipway operations; and
- **Engineering & Labour Hire** Engineering and labour hire.

**15.5 Report on trends in performance**

Refer to note 15.3

**15.6 Any other factors which have affected the results during the reporting period or which are likely to affect results in the future, including those where the effect could not be quantified.**

Refer to note 15.3

**16. This report is based on accounts to which the following applies.**

The accounts are in the process of being audited.

**17. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification.**

N/A

**18. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.**

N/A

**19. Contingent Liabilities**

N/A