



MERMAID MARINE
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1st May 2006

The Listing Manager
Australian Stock Exchange
Exchange Centre
Level 6
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

RE: INTERIM REPORT TO SHAREHOLDERS

Please find enclosed an Interim Report to Shareholders, which will be mailed to shareholders this week.

By order of the Board
MERMAID MARINE AUSTRALIALIMITED

PETER RAYNOR
Company Secretary

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MERMAID MARINE
AUSTRALIA LTD

INTERIM REPORT TO SHAREHOLDERS

MAY 2006





INTERIM REPORT TO SHAREHOLDERS

2006 is becoming a pivotal year for Mermaid Marine Australia Ltd (MMA). There have been a number of significant achievements to date on which the Directors would like to update our shareholders.

In April, the company finalised a deal with Integrated Group Ltd (IGL) whereby MMA acquired five vessels from IGL's subsidiary, Total Marine Services Pty Ltd, which were operating in Western Australia's North West Shelf, for \$23.8million. The deal should not be underestimated for its strategic and financial importance to the Company. It increased MMA's fleet numbers to 24 and further enhanced our position as a major marine service provider in the North West Shelf region.

Importantly, the deal will also be of significant benefit to our customers. The Company has been developing a concept of shared services over the past few years which will now be more cost effective and better resourced with younger more powerful vessels, offering greater reliability and back up.

The Company is pleased to report that all five vessels acquired from IGL have gone immediately into work with clients.

In addition to the vessel acquisitions, MMA has sold its manning business to IGL for a total of \$4.4 million. IGL is Australia's largest marine labour provider and will support MMA's core of qualified, senior mariners by providing marine labour to the Company under an exclusive 7 year contract. With marine labour becoming increasingly difficult to secure, the alliance with TMS gives MMA a larger pool from which to draw from and provides a significant strategic advantage.

MMA was also pleased to take delivery in early April of the 54m Mermaid Investigator which is pictured on the front cover. The vessel has been purpose built to provide support services to Apache Energy under a 5 year contract.

The vessel forms an important part of the Company's strategy to increase its level of long term contracted vessel work to provide more stable earnings going forward. The vessel also represents a significant step up in the quality and scope of our marine services' offer to our clients.

Returns on infrastructure are often slow and the Dampier supply base has been no exception, but earnings are now positive and the facility has emerged as the single strategic asset which lifts the efficiency of every task we perform. A 60m extension to the wharf was completed on time and under budget prior to Christmas and has enabled the Company to meet the demand for berth space from the increasing vessel activity in the region.

To coincide with the new investments being made, the Company has adopted a new logo as depicted on the front cover. The logo symbolises MMA's core marine operations on which the Company was founded and which will drive future growth for the benefit of our investors, customers and staff.

First Half Operating Results and Outlook:

The Company was pleased to report a first half operating profit after tax of \$1.47 million, representing a 229% increase on the result from the previous corresponding period. The increase was driven largely by the vessel division but all divisions made a positive contribution to the result. A summary of the first half results are enclosed for your reference.

The \$4.4m received from the sale of the manning business combined with the profit from the Company's operating activities will produce a record profit for the Company this year.

Demand for MMA's services continues to be strong in the second half and the additional 5 vessels acquired from IGL and the new Mermaid Investigator will all contribute to fourth quarter earnings. Looking forward to the 2007 financial year, the Company expects to maintain a higher level of earnings with a full year's contribution from the additional vessels.

This is a time of considerable growth in the North West Shelf's oil and gas industry and MMA is taking full advantage of the opportunities being presented. The Company has made significant investments during the current financial year which are timely in relation to the market and provide the platform for major long term change and sustainable growth.

On behalf of the Directors



Alan Birchmore
CHAIRMAN



Mermaid Marine Australia Ltd
Consolidated income statement for the half year ended 31 December 2005

	Consolidated Half Year Ended 31/12/05 \$	Consolidated Half Year Ended 31/12/04 \$
Revenue from ordinary Activities	27,075,595	21,411,539
Other income	320,586	152,772
Share of profits / (losses) of associates and jointly controlled entities accounted for using the equity method	(92,046)	13,254
Vessel expenses	(16,868,278)	(12,736,801)
Supply base expenses	(4,172,794)	(4,314,891)
Engineering & labour hire expenses	(1,349,553)	(1,290,152)
Administration expenses	(1,324,404)	(1,375,722)
Finance costs	(1,171,820)	(917,582)
Profit Before Income Tax Expense	2,096,700	789,645
Income tax expense	(628,083)	(343,308)
Profit From Continuing Operations	1,468,617	446,337
Profit for the Period	1,468,617	446,337
Profit Attributable to Members of the Parent Entity	1,468,617	446,337
Earnings Per Share:		
Basic (cents per share)	1.05	0.37
Diluted (cents per share)	1.05	0.37



Mermaid Marine Australia Ltd
Consolidated balance sheet as at 31 December 2005

	Consolidated 31/12/05 \$	Consolidated 30/06/05 \$
Current Assets		
Cash and cash equivalents	6,189,760	13,983,512
Trade and other receivables	14,768,500	9,772,855
Other financial assets	27,179	-
Inventories	1,118,951	1,281,081
Other	1,026,814	663,306
Total Current Assets	23,131,204	25,700,754
Non-Current Assets		
Investment accounted for using the equity method	5,015	97,061
Property, plant and equipment	78,059,512	65,748,856
Total Non-Current Assets	78,064,527	65,845,917
Total Assets	101,195,731	91,546,671
Current Liabilities		
Trade and other payables	6,485,751	6,288,641
Borrowings	3,938,434	3,417,430
Provisions	1,102,367	699,523
Current tax payables	714,274	436,512
Total Current Liabilities	12,240,826	10,842,106
Non-Current Liabilities		
Borrowings	35,168,901	28,377,249
Provisions	138,173	120,698
Deferred tax liabilities	1,238,579	1,271,905
Total Non-Current Liabilities	36,545,653	29,769,852
Total Liabilities	48,786,479	40,611,958
Net Assets	52,409,252	50,934,713
Equity		
Issued Capital	47,755,678	47,755,678
Reserves	198,627	192,705
Retained earnings	4,454,947	2,986,330
Total Equity	52,409,252	50,934,713