



MERMAID MARINE
AUSTRALIA LTD

Eagle Jetty, 20 Mews Road

FREMANTLE WA 6160

T (+61) 8 9431 7431 F (+61) 8 9431 7432

E corporate@mermaidmarine.com.au

W www.mermaidmarine.com.au

ABN 21 083 185 693

2007 PRELIMINARY FINAL REPORT

STRONG EARNINGS GROWTH CONTINUES

24 August 2007

The Chairman of Mermaid Marine Australia Limited (MMA), Mr Tony Howarth, today announced a pre-tax profit for the year ended 30th June 2007 of \$17.6 million giving an after tax result of \$12.5 million. Excluding abnormals in the 2006 financial year, this represents an operating earnings increase of 120%. Given that the 2006 financial year saw operational earnings increase by approximately 100% over the 2005 financial year, it is an excellent result.

In presenting the result Mr Howarth said, "There are a number of pleasing aspects of our 2007 performance as we improved our operating margins, improved our return on capital and improved the capacity of the Company to take advantage of the expected future growth in the oil and gas market. After a number of years investing in new assets and infrastructure, the Board has declared a fully franked dividend payment of 1 cent per share. The Company will also introduce a Dividend Reinvestment Plan which shareholders can elect to participate in. The subscription price for the shares to be issued under the Plan will be at a 2.5% discount to the market price of the Company's shares. The Board is confident that the long term outlook for the Company is strong and will support continuing dividend payments in the future".

Financial Highlights

- Revenue \$103.1 million – up 54%
- EBITDA \$27.5 million – up 42%
- NPAT \$12.5 million – up 36%
- EPS 8.9 cents – up 35%
- Fully franked dividend of 1 cent per share – record date 5 October 2007

All operating divisions improved revenue and earnings for the year with vessel revenue increasing by 62% to \$86.8 million and the supply base revenue growing by 57% to \$22.2 million. The overall return on company assets increased from 11.2% to 13.4% driven by higher fleet utilisation and a higher quality asset base. Two new vessels were delivered at the end of the financial year. The Mermaid Sound commenced a long term charter with Woodside and the Company also purchased a multipurpose anchor handling tug to meet increasing local demand for these types of vessels. MMA is currently constructing another vessel which will deliver at the end of the 2008 financial year and the Company continues to explore opportunities to expand the fleet. As the fleet does expand, the MMA ship repair facility adds increasing value to the organisation by allowing fleet dockings to be scheduled around contractual positions and reducing the overall time out of service.

DAMPIER SUPPLY BASE

PO Box 822, KARRATHA WA 6714

Mermaid Road, DAMPIER WA 6713

T (+61) 8 9183 6600 F (+61) 8 9183 6660

BROOME SUPPLY BASE

PO Box 3401, BROOME WA 6725

1 Port Drive, BROOME WA 6725

T (+61) 8 9192 2200 F (+61) 8 9192 2281

The Dampier supply base has gained increasing acceptance as a multi-user facility of choice in the region and we expect demand for warehousing, laydown and wharf services to remain buoyant. With major projects being announced, the Company will look to further develop infrastructure on the base to take advantage of our strategic position in the market. Similarly the JV supply base operation in Broome has grown strongly over the last 12 months to become an important long term development servicing the highly prospective Browse Basin region.

The Managing Director, Mr Jeff Weber said, "2007 has been another great year as we continue to improve as an organisation and deliver strong growth to our shareholders. We have a clear strategy for the future and are in an excellent position within the Australian Oil and Gas market. The challenge for the Company is to ensure that we continue to invest wisely in the people, assets and infrastructure necessary to take advantage of the emerging opportunities".

For further information please contact:

Mr. Tony Howarth, Chairman - 0419 812 838

Mr. Jeffrey Weber, Managing Director – 0418 855 275

Appendix 4E Preliminary final report

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

Name of entity: Mermaid Marine Australia Limited
ABN: 21 083 185 693
Financial year ended: 30 June 2007
Previous financial year ended: 30 June 2006

2. Results for announcement to the market

	Percentage change over previous year	\$'000
2.1 Revenues from ordinary activities	Up 54%	103,124
2.2 Profit from ordinary activities after tax attributable to members	Up 36%	12,513
2.3 Net profit attributable to members	Up 36%	12,513
2.4 Dividends: The Company has declared a fully franked dividend of 1 cent per share. The dividend will be payable from the Company's retained earnings as at 30 June 2007.		
2.5 Record date: The record date for determining entitlements to the dividend will be 5 October 2007.		
2.6 A brief explanation of the figures reported in 2.1 to 2.3 is set out in item 15.3.		

3. Income Statement for the Financial Year Ended 30 June 2007

	2007 \$'000	2006 \$'000
Revenue	103,124	66,812
Other income	-	4,284
Share of profits / (losses) of associates and jointly controlled entities accounted for using the equity method	639	122
Vessel expenses	(65,003)	(42,540)
Supply base expenses	(12,349)	(7,916)
Engineering and labour hire expenses	-	(2,366)
Administration expenses	(4,670)	(3,089)
Borrowing costs	(4,181)	(3,078)
Profit before income tax expense	17,560	12,229
Income tax expense	(5,047)	(3,021)
Profit for the year	12,513	9,208
Profit attributable to members of the parent entity	12,513	9,208
Basic earnings per share (cents per share)	8.91	6.60
Diluted earnings per share (cents per share)	8.78	6.60

4. Balance Sheet as at 30 June 2007

	2007	2006
	\$'000	\$'000
Current Assets		
Cash and cash equivalents	16,926	6,027
Trade and other receivables	18,274	20,550
Inventories	1,902	1,942
Other	633	624
Total Current Assets	37,735	29,143
Non-Current Assets		
Investments accounted for using the equity method	1,286	219
Property, plant and equipment	122,866	107,015
Total Non-Current Assets	124,152	107,234
Total Assets	161,887	136,377
Current Liabilities		
Trade and other payables	9,005	14,586
Borrowings	5,485	4,401
Other financial liabilities	881	11
Current tax payables	1,564	1,623
Provisions	815	789
Total Current Liabilities	17,750	21,410
Non-Current Liabilities		
Borrowings	57,481	51,967
Deferred tax liabilities	3,806	2,322
Provisions	277	178
Total Non-Current Liabilities	61,564	54,467
Total Liabilities	79,314	75,877
Net Assets	82,573	60,500
Equity		
Issued capital	58,067	48,047
Reserves	(201)	259
Retained earnings	24,707	12,194
Total Equity	82,573	60,500

5. Consolidated Statement of Changes in Equity for the Financial Year Ended 30 June 2007

Financial year ended 30 June 2007

	Ordinary Shares	Employee equity settled benefits reserve	Hedging reserve	Retained earnings	Total attributable to equity holders of the entity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2006	48,047	270	(11)	12,194	60,500
Loss on cashflow hedge	-	-	(1,508)	-	(1,508)
Net expense recognised directly in equity	-	-	(1,508)	-	(1,508)
Transfer to initial carrying amount of non financial hedged item on cashflow hedge	-	-	638	-	638
Profit for the year	-	-	-	12,513	12,513
Total recognised income and expense for the year	-	-	(870)	12,513	11,643
Shares issued	10,020	-	-	-	10,020
Recognition of share based payments	-	410	-	-	410
Balance at 30 June 2007	58,067	680	(881)	24,707	82,573

Financial year ended 30 June 2006

	Ordinary Shares	Employee equity settled benefits reserve	Hedging reserve	Retained earnings	Total attributable to equity holders of the entity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2005	47,755	193	-	2,986	50,934
Loss on cashflow hedge	-	-	(11)	-	(11)
Net expense recognised directly in equity	-	-	(11)	-	(11)
Profit for the year	-	-	-	9,208	9,208
Total recognised income and expense	-	-	(11)	9,208	9,197
Shares issued	292	-	-	-	292
Recognition of share based payments	-	77	-	-	77
Balance at 30 June 2006	48,047	270	(11)	12,194	60,500

6. Cash Flow Statement for the Financial Year Ended 30 June 2007

	2007 \$'000	2006 \$'000
Cash Flows From Operating Activities		
Receipts from customers	115,967	64,545
Payments to suppliers and employees	(90,489)	(49,597)
Interest received	426	430
Interest and other costs of finance paid	(4,153)	(3,045)
Income tax (paid)/received	(3,625)	(784)
Net cash provided by operating activities	18,126	11,549
Cash Flows From Investing Activities		
Payment for property, plant and equipment	(24,848)	(17,186)
Proceeds from sale of property, plant and equipment	2,239	103
Investment in associate	(425)	-
Net cash used in investing activities	(23,034)	(17,083)
Cash Flows From Financing Activities		
Proceeds from issue of shares	10,020	292
Proceeds from borrowings	10,474	2,641
Repayment of borrowings	(4,687)	(5,355)
Net cash provided by/(used in) financing activities	15,807	(2,422)
Net Increase/(Decrease) In Cash and Cash Equivalents	10,899	(7,956)
Cash and Cash Equivalents At The Beginning Of The Financial Year	6,027	13,983
Cash and Cash Equivalents At The End Of The Financial Year	16,926	6,027

7. Dividends

The Company has declared a 1 cent fully franked dividend to be paid from the retained earnings of the Company as at 30 June 2007.

The record date for determining entitlement to the dividend will be 5 October 2007.

No dividends were declared or paid during the previous financial year.

8. Details of dividend reinvestments plans in operation

The Company will be putting in place a dividend reinvestment plan (Plan) for the dividend which has been announced today. The full details of the Plan will be announced to the market and sent to shareholders in order to elect to participate in the Plan prior to the dividend record date on 5 October 2007.

The subscription price for shares issued under the Plan will be the average of the daily volume weighted average sale price of the Company's shares sold on the ASX during the 5 trading days immediately after the record date for the dividend less a 2.5% discount.

9. Movements in Retained Earnings

	2007 \$'000	2006 \$'000
Retained earnings at the beginning of the financial year	12,194	2,986
Net profit attributable to members	12,513	9,208
Retained earnings at the end of financial year	24,707	12,194

10. Net Tangible Asset Backing

	2007	2006
Net tangible asset backing per ordinary security	56 cents	43 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	
	2007 %	2006 %	2007 \$'000	2006 \$'000
Mermaid Clough Pty Ltd	50	50	142	122
Toll Mermaid Logistics – Broome Pty Ltd	50	-	497	-

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)

	2007	2006
Basic EPS	8.91 cents	6.60 cents
Diluted EPS	8.78 cents	6.60 cents

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

	2007 \$'000	2006 \$'000
Net Profit	12,513	9,208
Earnings used in calculation of basic and diluted earnings per share	12,513	9,208

Weighted average number of ordinary shares used in calculating basic earnings per share	140,395	139,446
Weighted average number of ordinary shares used in calculating diluted earnings per share	142,484	139,566

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 \$17.6M from \$12.2M the previous year.

Profit after tax for the year of \$12.5M equated to earnings per share of 8.91 cents, up from 6.60 cents per share in the previous year.

Further details on the operating performance of the Company during the year are included in the covering announcement to this report.

15.4 Segment Information

	Vessels		Supply Base		Engineering & Labour Hire		Total	
	2007 \$ '000	2006 \$ '000	2007 \$ '000	2006 \$ '000	2007 \$ '000	2006 \$ '000	2007 \$ '000	2006 \$ '000
<u>Segment Revenues</u>								
Sales to outside customers	86,741	53,555	15,914	9,961	-	2,781	102,655	66,297
Inter-segment revenue	77	62	6,265	4,158	-	-	6,342	4,220
Total	86,818	53,617	22,179	14,119	-	2,781	108,997	70,517
Eliminations							(6,342)	(4,220)
Unallocated							469	515
Total consolidated revenue							103,124	66,812
Inter-segment services are provided for amounts equal to competitive market prices charged to external customers for similar services								
<u>Segment Results</u>								
Segment result	21,738	11,016	4,078	2,045	-	4,936	25,816	17,997
Eliminations							(514)	(33)
Total							25,302	17,964
Unallocated							(7,742)	(5,735)
Profit before income tax expense							17,560	12,229
Income tax expense							(5,047)	(3,021)
Profit for the period							12,513	9,208
<u>Segment assets and liabilities</u>								
Segment Assets								
Unallocated assets	100,376	88,397	42,864	42,010	-	624	143,240	131,031
Consolidated							18,647	5,346
							161,887	136,377
Liabilities								
Segment Liabilities	8,596	13,659	1,401	1,778	-	75	9,997	15,512
Unallocated liabilities							69,317	60,365
Consolidated							79,314	75,877

Segment Information (cont)

	Vessels		Supply Base		Engineering & Labour Hire		Unallocated		Total	
	2007 \$ '000	2006 \$ '000	2007 \$ '000	2006 \$ '000	2007 \$ '000	2006 \$ '000	2007 \$ '000	2006 \$ '000	2007 \$ '000	2006 \$ '000
<u>Other segment information</u>										
Carrying value of equity accounted investments included in segment assets	-	-	-	-	-	-	1,286	219	1,286	219
Share of net profit/(loss) of associates accounted for under the equity method	-	-	-	-	-	-	639	122	639	122
Acquisition of segment assets	20,385	40,985	2,435	4,558	-	-	72	91	22,892	45,634
Depreciation and amortisation of segment assets	4,021	2,656	1,464	1,308	-	87	248	100	5,733	4,151
Proceeds from sale of property plant and equipment	1,155	-	1,084	103	-	4,400	-	-	2,239	4,503

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.

There was no segment activity in the Engineering & Labour Hire division during the current financial year following the disposal of the manning business in April 2006.

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