MERMAID MARINE AUSTRALIA LIMITED

2009 PRELIMINARY FINANCIAL REPORT

'MERMAID MARINE ANNOUNCES 48% INCREASE IN FY09 NPAT TO $26.5 MILLION'

Financial Highlights

- Net Profit after tax up 48% to $26.5 million
- Earnings per share up 23% to 14.5 cents per share
- A fully franked final dividend of 4 cents per share, bringing the full year dividend to 6 cents per share

	FY 2009	FY 2008	Variance
Revenue	$163.9M	$149.4M	10%
EBITDA	$51.4M	$39.4M	30%
NPAT	$26.5M	$17.9M	48%
EPS	14.5c	11.8c	23%
Return on Equity	16.7%	18.5%	
Final Dividend	4 cents per share	2 cents per share	
Dividend Record Date	18 September 2009	24 September 2008	
Dividend Payment Date	7 October 2009	8 October 2008	

Commenting on the result, MMA Chairman Mr Tony Howarth said:

"MMA's strong earnings performance is a great result, particularly given the upheaval in the global economy and credit markets.

"This is a clear endorsement of MMA's strategy and a reflection of the position we have carved out in the offshore oil and gas services industry.

"The strong result has driven a 23% increase in earnings per share which is particularly pleasing for our shareholders. The Board approved a capital raising in May 2008 to support the Company's ongoing growth and the funds raised have been invested during the past year in infrastructure works at the Company's Dampier Supply Base and new vessel acquisitions."

MMA Managing Director, Mr Jeffrey Weber said:

"It has been a challenging but exciting year for MMA and we are proud of what we have achieved both in Australia and internationally.

"The growth being experienced across the organisation is testament to the efforts of the management team and workforce as well as the quality asset base which the company has developed.

"The results also demonstrate the ongoing resilience of the offshore oil and gas industry – particularly in relation to the LNG sector.

"The outlook for MMA remains positive and we expect to generate further improvement in earnings for shareholders in FY2010."

Dividend

In line with MMA's dividend policy set in 2008, the Board has declared a final fully franked dividend of 4 cents per share. This represents a payout ratio of 41% for the full year and a 200% increase on the dividend in respect to the 2008 financial year.

MMA has a Dividend Reinvestment Plan (Plan) in place which allows shareholders to elect to have all or part of their dividends reinvested in additional shares in the Company. A discount of 2.5% will apply to shares issued in relation to this current dividend.

Operational Highlights

FY2009 presented a number of operational challenges and successes.

Vessel Operations

MMA's vessel business continued to generate increased earnings in both Australia and from our International vessels operating in Angola and Egypt. This growth included two new vessels – the *Mermaid Searcher* and the *Crest Diamond*. MMA recently announced the purchase of a new 8000 BHP Anchor Handling Supply Vessel, the *Mermaid Vision*. This vessel represents a significant step up in capability and importantly has immediately been contracted to support construction activities in Australia. This vessel can also support offshore exploration activities in a primary role thus opening up new opportunities for the organisation.

MMA will also take delivery of a new 5150 BHP Anchor Handling Supply Vessel, *Mermaid Voyager*, in September 2009. A smaller version of the Mermaid Vision, this vessel is ideally suited to construction support and supply operations for production. The vessel will initially undertake work on Woodside Petroleum's Pluto project and MMA has received a letter of intent from Apache Energy Ltd for a 12 month contract as a dedicated support vessel for their North West Australian operations.

In Australia, MMA has successfully bid for a number of construction support contracts. These include the Eni Spa's Blacktip project, Apache Energy Ltd's Van Gogh development and more recently the offshore component of Woodside Petroleum's Pluto project.

MMA's combination of supply base services, modern vessels and technical expertise provides increased certainty for clients and continues to be a competitive advantage for the Company. Support of offshore construction operations is a key component of MMA's earnings and our ongoing success in this area is positive for the organisation.

Our first international vessel, the *Mermaid Discovery* sailed to Egypt in April 2008 and has been working either side of the Suez Canal supporting a shallow water seismic programme for Geokinetics.

Three other vessels, *Crest Diamond, Miclyn Glory* and *Swissco Sovereign* also commenced work for Geokinetics in Australian waters before sailing to Angola in September 2008.

Despite numerous challenges, not least of which was managing the supply chain logistics, the fleet has been very successful and our contract with Geokinetics has been extended to run through to April 2010.

MMA continues to work with Geokinetics to fine tune the operation and drive productivity improvements and this business is now a key component of our client's portfolio of businesses. The international business, run out of our Singapore office is an important longer term growth opportunity for the Company.

Dampier Supply Base

The Dampier Supply Base business has performed extremely well during the past 12 months. The major wharf expansion, doubling the berth capacity from three to six, was completed on time and under budget in April 2009. The Supply Base is supporting drilling operations for BHP Billiton, Exxon, Apache, Santos and Chevron in addition to the construction activities in the region.

MMA signed a formal sublease with Chevron Australia Pty Ltd in December 2008 and are undertaking a significant upgrade of the supply base to support the Gorgon project.

The development timetable has been extremely aggressive with construction contractors on-site within six weeks of MMA signing the agreement. The first area is expected to be handed over for use within the next month. With the Gorgon Project awaiting final investment decision, Chevron has been using the Dampier Supply Base to support its existing operations.

Dampier Slipway

MMA's Dampier Slipway recorded a record year as a result of MMA's expanding fleet and the increasing number of vessels in North West WA.

A major upgrade of the slipway facilities has been undertaken over the last two years to increase the capacity of the cradles and improve the services and infrastructure. In addition MMA now undertakes all blasting and painting work directly which improves quality control and profitability.

The Slipway will continue to be a major strategic asset for MMA, providing certainty around vessel maintenance and control over timing of vessel dockings to suit our contractual obligations. In addition, the savings generated by the proximity of the slipway to MMA's operations are significant.

Broome Supply Base (Joint Venture between MMA and Toll)

The Broome Supply Base also performed extremely well during the year as a result of a number of major drilling campaigns being undertaken in the Browse Basin. A new 3.2 Hectare supply base has been established over the last 12 months with further development work including a new warehouse and office facility being constructed in the 2010 financial year. In addition a dedicated pipe yard has been extended and upgraded for the safe storage and handling of our clients drill casing.

The Broome business provides MMA with an important footprint adjacent to the highly prospective Browse Basin oil and gas precinct. Although the base is currently only leveraged to exploration activities, it is expected that recent exploration successes will lead to companies in the region working towards production facilities in the future.

Outlook

MMA continues to invest in new vessels and the delivery of the *Mermaid Vision* and *Mermaid Voyager* will add to our capability. Development will continue on Woodside's Pluto project in the first half of the financial year and with the announcement of a final investment decision on Gorgon imminent, the prospect for continued demand for our services remains positive.

As the upgrade work on the Dampier Supply base is completed and handed over to our clients the rental returns reflecting the capital expenditure will increase proportionally. It is expected that the majority of the work will be completed during the first half of the 2010 financial year.

There will continue to be challenges in the 2010 financial year however there are a number of encouraging developments in our market that we expect will continue to drive earnings growth in FY 2010.

For further information please contact:
Mr Jeffrey Weber, Managing Director – 0418 855 275
Mr Peter Raynor, Chief Financial Officer – 0418 901 620

MERMAID MARINE AUSTRALIA LTD

ABN 21 083 185 693

Preliminary Financial Report and Appendix 4E for the Year Ended 30 June 2009

Table of Contents

Results for Announcement to the Market

Current Reporting Period : Year ended 30 June 2009
Previous Reporting Period : Year ended 30 June 2008

Earnings	% Change	Amount $'000
Revenue from ordinary activities	+ 9.7%	163,881
Profit from ordinary activities after tax attributable to members	+48.2%	26,524
Net profit attributable to members	+48.2%	26,524

Information regarding the increase in revenue and profit for the year is set out in the covering announcement accompanying this Report.

Dividends	Amount per share	Franked Amount per Share
Interim dividend for 2009	2 cents	2 cents
Final dividend for 2009	4 cents	4 cents

The Company paid an interim fully franked dividend for the 2009 financial year of 2 cents per share on 3 April 2009.
The Company has declared a fully franked final dividend with respect to the year ended 30 June 2009 of 4 cents per share.

The record date for entitlement to the final dividend is 18 September 2009.
The payment date for the final dividend is 7 October 2009.

Dividend reinvestment plan

The Company has in place a dividend reinvestment plan (DRP) which shareholders can elect to participate in.

The subscription price for shares issued under the DRP 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.

Full details of the terms and conditions of the DRP are available under the "Investor Updates" section on the Company's web site at www.mma.com.au or via the Company's share registry, Computershare Investor Services Pty Ltd at www.computershare.com.au/easyupdates/mrm

Elections to participate in the DRP for the dividend to be paid on 7 October 2009 must be received by the Company's share registry, Computershare Investor services Pty Ltd, by the record date of 18 September 2009.

Net Tangible Asset Backing	2009	2008
Net tangible asset backing per share	92 cents	81 cents

Details of Entities Where Control Has Been Gained or Lost During the Period

MMAL has not gained or lost control of any entities during the period up to the release of this preliminary report.

Audit Report

The preliminary final report is based on financial statements which are in the process of being audited.

There are no likely disputes or qualifications to the accounts.

Consolidated Income Statement for the Financial Year Ended 30 June 2009

	Note	2009 $'000	2008 $'000
Revenue	2	163,881	149,364
Share of profits of associates accounted for using the equity method	8	2,217	431
Vessel expenses		(99,516)	(100,626)
Supply base expenses		(18,034)	(11,591)
Administration expenses		(7,016)	(5,607)
Finance costs		(7,977)	(6,571)
Profit before tax		33,555	25,400
Income tax expense	4	(7,031)	(7,503)
Profit for the year		26,524	17,897
Profit attributable to equity holders of the parent		26,524	17,897
Earnings per share			
- Basic (cents per share)	3	14.50	11.82
- Diluted (cents per share)	3	14.36	11.63

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet as at 30 June 2009

	Note	2009 $'000	2008 $'000
Current Assets			
Cash and cash equivalents		38,383	56,217
Trade and other receivables	5	40,718	29,790
Inventories	6	1,560	2,124
Other	7	1,891	599
Total Current Assets		82,552	88,730
Non-Current Assets			
Investments accounted for using the equity method	8	3,591	1,374
Property, plant and equipment	9	211,963	177,798
Total Non-Current Assets		215,554	179,172
Total Assets		298,106	267,902
Current Liabilities			
Trade and other payables	10	19,625	18,484
Borrowings	11	13,272	36,104
Other financial liabilities	12	1,243	695
Provisions	13	1,779	1,417
Current tax liabilities	4	818	3,564
Total Current Liabilities		36,737	60,264
Non-Current Liabilities			
Borrowings	11	84,895	54,750
Provisions	13	493	345
Deferred tax liabilities		7,742	5,236
Total Non-Current Liabilities		93,130	60,331
Total Liabilities		129,867	120,595
Net Assets		168,239	147,307
Equity			
Issued capital	14	108,489	106,242
Reserves	15	(592)	(60)
Retained earnings	16	60,342	41,125
Total Equity		168,239	147,307

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the Financial Year Ended 30 June 2009

	Ordinary Shares $'000	Employee equity settled benefits reserve $'000	Hedging reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the entity $'000
Balance at 1 July 2007	58,067	680	(881)	-	24,707	82,573
Loss on cashflow hedge	-	-	(862)	-	-	(862)
Net expense recognised directly in equity	-	-	(862)	-	-	(862)
Transfer to initial carrying amount of non financial hedged item on cashflow hedge	-	-	1,048	-	-	1,048
Profit for the year	-	-	-	-	17,897	17,897
Total recognised income and expense for the year	-	-	186	-	17,897	18,083
Shares issued	48,363	-	-	-	-	48,363
Share issue costs	(1,338)	-	-	-	-	(1,338)
Recognition of share based payments	-	639	-	-	-	639
Transfer to share capital	684	(684)	-	-	-	-
Dividend payment	-	-	-	-	(1,479)	(1,479)
Related income tax	466	-	-	-	-	466
Balance at 1 July 2008	106,242	635	(695)	-	41,125	147,307
Exchange differences arising on translation of foreign operations	-	-	-	(392)	-	(392)
Loss on cashflow hedge	-	-	(1,023)	-	-	(1,023)
Net expense recognised directly in equity	-	-	(1,023)	(392)	-	(1,415)
Transfer to profit and loss on cashflow hedge	-	-	127	-	-	127
Transfer to initial carrying amount of non financial hedged item on cashflow hedge	-	-	348	-	-	348
Profit for the year	-	-	-	-	26,524	26,524
Total recognised income and expense for the year	-	-	(548)	(392)	26,524	25,584
Shares issued	1,823	-	-	-	-	1,823
Share issue costs	(34)	-	-	-	-	(34)
Recognition of share based payments	-	493	-	-	-	493
Transfer to share capital	458	(458)	-	-	-	-
Dividend payment	-	-	-	-	(7,307)	(7,307)
Related income tax	-	-	373	-	-	373
Balance at 30 June 2009	108,489	670	(870)	(392)	60,342	168,239

Consolidated Cash Flow Statement for the Financial Year Ended 30 June 2009

	Note	2009 $'000	2008 $'000
Cash flows from Operating Activities			
Receipts from customers		164,612	153,198
Interest received		2,040	1,101
Payments to suppliers and employees		(125,739)	(113, 284)
Income tax paid		(6,909)	(3,607)
Interest and other costs of finance paid		(7,965)	(6,547)
Dividends received		-	152
Net cash provided by Operating Activities	17(b)	26,039	31,013
Cash flows from Investing Activities			
Payments for property, plant and equipment		(51,742)	(39,294)
Proceeds from sale of property, plant and equipment		7,523	4,881
Proceeds from sale of interest in associates		-	166
Amounts advanced to related parties		(550)	(750)
Net cash used in Investing Activities		(44,769)	(34,997)
Cash flows from Financing Activities			
Proceeds from issue of shares		153	46,629
Payment for share issue costs		(22)	(56)
Proceeds from borrowings		43,206	22,015
Repayment of borrowings		(36,665)	(24,285)
Dividends paid		(5,638)	(1,028)
Net cash provided by Financing Activities		1,034	43,275
Net (decrease) / increase in cash and cash equivalents		(17,696)	39,291
Cash and cash equivalents at the beginning of the financial year		56,217	16,926
Effects of exchange rate changes on the balance of cash held in foreign currencies		(138)	-
Cash and cash equivalents at the end of the financial year		38,383	56,217

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Preliminary Financial Report

1. Summary of Significant Accounting Policies

These preliminary consolidated financial statements relate to Mermaid Marine Australia Limited and the entities it controlled at the end of, or during the year ended 30 June 2009.

The accounting policies adopted are consistent with those of the previous financial year.

2. Profit from Operations

	2009 $'000	2008 $'000
a) Revenue from continuing operations consisted of the following items:		
Rendering of services	156,685	143,586
Rental revenue	5,156	4,677
Interest – other entities	2,040	1,101
	163,881	149,364
b) Profit for the year before income tax		
Profit for the year before income tax has been arrived at after crediting/(charging) the following gains and losses:		
Net foreign exchange gain	1,042	-
Gain/(loss) on disposal of :		
Property, plant and equipment	500	(900)
Investment in associates	-	(24)
	1,542	(924)
c) Other expenses		
Profit for the year includes the following expenses:		
Depreciation of non-current assets:		
Leasehold buildings and improvements	1,421	1,245
Vessels	2,153	1,370
Vessels – hire purchase	5,485	4,139
Plant and equipment	414	484
Plant and equipment – hire purchase	358	198
	9,831	7,436
Bad and doubtful debts arising from:		
Other entities	240	42
Net foreign exchange (loss)	-	(276)

2. Profit from Operations (continued)

	2009 $'000	2008 $'000
Interest expense – other entities	1,946	2,166
Finance charges – lease finance charges	6,382	4,861
Total interest expenses	8,328	7,027
Less: amounts included in the cost of qualifying assets	(351)	(456)
	7,977	6,571
Operating leases – minimum lease payments	525	454
Employee benefit expense:		
Post employment benefits:		
Defined contribution plans	2,779	1,775
Share based payments:		
Equity settled share-based payments	493	639
Other employee benefits	61,755	62,591
	65,027	65,005

3. Earnings Per Share

	2009 Cents per Share	2008 Cents per Share
Basic earnings per share	14.50	11.82
Diluted earnings per share	14.36	11.63

Basic Earnings per Share:

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2009 $'000	2008 $'000
Net Profit	26,524	17,897

	2009 No.'000	2008 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	182,888	151,361

Diluted Earnings per Share:

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	2009 $'000	2008 $'000
Net Profit	26,524	17,897

	2009 No.'000	2008 No.'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	182,888	151,361
Shares deemed to be issued for no consideration in respect of:		
Employee options	1,809	2,535
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	184,697	153,896

4. Income Tax

	2009 $'000	2008 $'000
(a) Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax expense in respect of the current year	4,475	5,269
Deferred tax expense relating to origination and reversal of temporary differences	2,680	1,894
Adjustment recognised in the current year in relation to the current tax of prior years	(124)	340
Total tax expense	7,031	7,503

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2009 $'000	2008 $'000
Profit from operations	33,555	25,400
Income tax expense calculated at 30%	10,066	7,620
Effect of revenue that is exempt from taxation	(3,101)	(294)
Effect of expenses that are not deductible in determining taxable profit	270	163
Effect of tax deductible items not included in accounting profit	(78)	(136)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2)	(190)
	7,155	7,163
Adjustment recognised in the current year in relation to the current tax of prior years	(124)	340
	7,031	7,503

During the financial year the Group operated in both Australia and Singapore and as a result the Group was subject to taxes in both Australia and Singapore.
The tax rate used in the above reconciliation for operations in Australia on taxable profits under Australian tax law is the corporate tax rate of 30%. The tax rate payable by Singaporean corporate entities under Singaporean tax law is 17%.

5. Trade & Other Receivables

	2009 $'000	2008 $'000
Trade receivables	35,535	26,887
Allowance for doubtful debts	(276)	(96)
Other receivables	4,316	1,794
Goods and services tax recoverable	1,143	1,205
	40,718	29,790

6. Inventories

Fuel – at cost	1,560	2,124

7. Other Current Assets

Prepayments	1,891	599

8. Investments Accounted For Using the Equity Method

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest		Consolidated Carrying Amount	
			2009 %	2008 %	2009 $'000	2008 $'000
Associates						
Toll Mermaid Logistics Broome Pty Ltd (i)	Supply base services in Broome for the offshore oil and gas industry.	Australia	50	50	3,591	1,374
Total					3,591	1,374

(i) The reporting date of Toll Mermaid Logistics Broome Pty Ltd (TMLB) is 30 June. The consolidated entity acquired a 50% ownership interest in TMLB in October 2006. Pursuant to a shareholder agreement the consolidated entity has the right to cast 50% of the votes at TMLB shareholder meetings.

Summarised financial information in respect of the group's associates is set out below:

	2009 $'000	2008 $'000
Financial position:		
Total assets	12,471	6,109
Total liabilities	(5,289)	(3,361)
Net assets	7,182	2,748
Group's share of associates' net assets	3,591	1,374
Financial performance:		
Total revenue	22,221	10,135
Total profit for the year	6,336	1,306
Group's share of associates' profit/(loss) before tax	3,168	653
Group's share of associates' income tax expense	(951)	(222)
Group's share of associates' profit/(loss)	2,217	431

Contingent Liabilities and Capital Commitments

The consolidated entity's share of the contingent liabilities, capital commitments and other expenditure commitments of the associate entities are nil (2008: nil).

9. Property, Plant & Equipment

	Leasehold Buildings and improvements at cost	Vessels at cost	Vessels – Hire purchase at cost	Plant and Equipment at cost	Plant and Equipment – hire purchase at cost	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount:						
Balance at 1 July 2007	40,251	9,967	81,915	6,226	2,495	140,856
Additions	8,014	1,295	52,417	3,519	2,879	68,122
Disposals	-	(5,480)	(3,355)	(523)	(26)	(9,384)
Transfers	-	3,336	(3,336)	191	(191)	-
Balance at 1 July 2008	48,265	9,118	127,641	9,413	5,157	199,594
Additions	26,824	11,399	6,753	1,258	897	47,131
Disposals	-	(11,046)	-	(50)	-	(11,096)
Transfers	1,376	63,701	(62,908)	(2,169)	-	-
Net Currency Exchange Differences	-	3,687	173	17	-	3,877
Balance at 30 June 2009	76,465	76,859	71,659	8,469	6,054	239,506
Accumulated depreciation:						
Balance at 1 July 2007	(5,136)	(2,984)	(6,292)	(3,059)	(519)	(17,990)
Disposals	-	2,841	292	495	2	3,630
Transfers	-	(1,055)	1,055	(135)	135	-
Depreciation expense	(1,245)	(1,370)	(4,139)	(484)	(198)	(7,436)
Balance at 1 July 2008	(6,381)	(2,569)	(9,084)	(3,183)	(580)	(21,796)
Disposals	-	4,045	-	8	-	4,053
Transfers	-	(4,755)	4,755	-	-	-
Depreciation expense	(1,421)	(4,664)	(2,974)	(414)	(358)	(9,831)
Depreciation capitalised in Assets	(33)	-	-	-	-	(33)
Net Currency Exchange Differences	-	71	-	(6)	-	65
Balance at 30 June 2009	(7,835)	(7,872)	(7,303)	(3,595)	(938)	(27,542)
Net book value:						
As at 30 June 2008	41,884	6,549	118,558	6,230	4,577	177,798
As at 30 June 2009	68,630	68,987	64,356	4,874	5,116	211,963

10. Trade & Other Payables

	2009 $'000	2008 $'000
Trade payables	5,695	7,786
Other payables and accruals	12,328	8,533
GST payable	1,602	2,165
	19,625	18,484

11. Borrowings

Secured – at amortised cost

CURRENT		
Hire purchase liability	5,441	35,235
Bank loan	7,831	869
	13,272	36,104
NON CURRENT		
Hire purchase liability	37,627	34,019
Bank loan	47,268	20,731
	84,895	54,750

12. Other Current Financial Liabilities

Derivatives

Derivatives that are designated and effective as hedging instruments carried at fair value

Foreign currency forward contracts	1,243	695

13. Provisions

CURRENT		
Employee benefits	1,779	1,417
NON CURRENT		
Employee benefits	493	345

14. Issued Capital

183,701,113 fully paid ordinary shares (2008: 181,667,663)	108,489	106,242

15. Reserves

Employee equity-settled benefits	670	635
Hedging	(870)	(695)
Foreign currency translation	(392)	-
	(592)	(60)

15. Reserves (continued)

	2009 $'000	2008 $'000
Employee equity-settled benefits reserve		
Balance at beginning of financial year	635	680
Share based payment	493	639
Transfer to share capital	(458)	(684)
Balance at end of financial year	670	635

The employee equity settled benefits reserve arises on the grant of share options and rights to executives and employees under the Company's share option plans. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

	2009 $'000	2008 $'000
Hedging reserve		
Balance at beginning of financial year	(695)	(881)
Foreign exchange contracts loss recognised	(1,022)	(862)
Income tax related to losses recognised in equity	372	-
Transfer to profit and loss	127	-
Transfer to initial carrying amount of hedged item	348	1,048
Balance at end of financial year	(870)	(695)

The hedging reserve represents hedging gains or losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non financial hedged item, consistent with the applicable accounting policy.

	2009 $'000	2008 $'000
Foreign currency translation reserve		
Balance at beginning of financial year	-	-
Translation of foreign operations	(392)	-
Balance at end of financial year	(392)	-

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

16. Retained Earnings

	2009 $'000	2008 $'000
Balance at beginning of financial year	41,125	24,707
Net profit attributable to members of the parent entity	26,524	17,897
Dividend provided for or paid	(7,307)	(1,479)
Balance at end of financial year	60,342	41,125

17. Notes to Statement of Cashflow

(a) Non cash financing and investing activities

During the financial year, the Group acquired property, plant and equipment with an aggregate value of $1.0 million which was financed by hire purchase agreements. This acquisition will be reflected in the cash flow statement over the term of the finance lease via lease payments.

In addition the company issued shares to the value of $1.67 million under the Dividend Reinvestment Plan.

	2009 $'000	2008 $'000
(b) Reconciliation of profit for the year to net cash flows from operating activities		
Profit for the year	26,524	17,897
Depreciation of non current assets	9,831	7,436
(Gain)/Loss on sale of property, plant and equipment	(500)	900
Allowance for doubtful debts	181	42
Bad debts	60	-
Equity settled share based payment	493	639
Increase/(decrease) in current tax liability	(2,746)	2,000
Share of associates profit	(2,217)	(431)
Increase/(decrease) in deferred tax liabilities	2,506	1,428
Change in net assets and liabilities:		
Current trade and other receivables	(11,478)	(10,046)
Prepayments	(1,292)	34
Inventories	564	(222)
Provisions	510	670
Investments	(50)	(40)
Trade and other payables	3,653	10,706
Net cash flows from operating activities	26,039	31,013

18. Segment Information

	Vessels		Supply Base		Total	
	2009	2008	2009	2008	2009	2008
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Segment Revenues						
Sales to outside customers	133,370	130,264	28,331	18,275	161,701	148,539
Inter-segment revenue	255	125	8,561	5,199	8,816	5,324
Total	133,625	130,389	36,892	23,474	170,517	153,863
Eliminations					(8,816)	(5,324)
Unallocated					2,180	825
Total consolidated revenue					163,881	149,364

Inter-segment services are provided for amounts equal to competitive market prices charged to external customers for similar services

Segment Results						
Segment result	33,854	29,641	10,153	6,801	44,007	36,442
Eliminations					144	(118)
Total					44,151	36,324
Unallocated					(10,596)	(10,924)
Profit before income tax expense					33,555	25,400
Income tax expense					(7,031)	(7,503)
Profit for the period					26,524	17,897
Segment assets and liabilities						
Segment Assets	167,753	155,522	86,202	53,736	253,955	209,258
Unallocated assets					44,151	58,644
Consolidated					298,106	267,902
Liabilities						
Segment liabilities	10,696	21,789	8,738	2,390	19,434	24,179
Unallocated liabilities					110,433	96,416
Consolidated					129,867	120,595

18. Segment Information (continued)

	Vessels		Supply Base		Unallocated		Total	
	2009 $ '000	2008 $ '000	2009 $ '000	2008 $ '000	2009 $ '000	2008 $ '000	2009 $ '000	2008 $ '000
Other segment Information								
Carrying value of equity accounted investments included in segment assets	-	-	-	-	3,591	1,374	3,591	1,374
Share of net profit/(loss) of associates accounted for under the equity method	-	-	-	-	2,217	431	2,217	431
Acquisition of segment assets	18,116	54,911	28,673	12,856	342	355	47,131	68,122
Depreciation and amortisation of segment assets	7,716	5,681	1,965	1,581	150	173	9,831	7,435
Proceeds from sale of property plant and equipment	7,524	4,789	-	37	-	221	7,524	5,047

Geographical segments
The consolidated entity conducted its business mainly within Australia during financial year end 2009.

For management purposes, the consolidated entity is organised into two major operating divisions – Vessels and Supply Base. 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 and marine support facilities.