



**MERMAID MARINE**  
AUSTRALIA LIMITED

A.C.N. 083 185 693



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#### **Annual General Meeting**

The Annual General Meeting of shareholders will be held at 11.00 am on Monday, 8 November 1999 at Level 7, Hartley Poynton Building, 141 St Georges Terrace, Perth, Western Australia.

### **Corporate Directory**

#### **Directors**

Alan Birchmore, Chairman

James Carver, Managing Director

Derrice Dillon, Executive Director

Jeff Mews

#### **Company Secretary**

Neil Roberts

#### **Registered Office**

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## CHAIRMAN'S REPORT

Publication of the Mermaid Marine Australia Limited first annual report provides an opportunity to share with the Company's new owners, reflections on the year past and views on the future. It is a time to thank staff for their hard work and considerable successes, but also a time to recognise that investors' decisions rely less on what we have done in the past, than on the quality of Mermaid's plans for the future, ability to carry them through and the business logic applied to the process.

Mermaid's strategy is to identify opportunities, which are unique because of location, technology or legislation, develop them to provide benefits for our clients and in that way protect revenues and maximise opportunities for profit. Mermaid's short record as a public company demonstrates that the formula works and that a good start has been made.

It is an old but reliable property principle that "location" is of the upmost importance: a triangle with its three points at Exmouth, Darwin and Timor contain roughly 90% of Australia's oil and gas reserves. Of equal interest is that for an area of such huge worth and potential, it has been only moderately explored and will undoubtedly yield further reserves as the search continues. Many billions of dollars have been spent developing some of the known assets, but many times more will be spent in the future. This is particularly so as new industries recognise the benefits of being close to energy sources and are choosing to set up their businesses in the region.

The prime position for Mermaid is unquestionably in the northwest of Western Australia. The base at King Bay Dampier has the best possible address with upmarket neighbours. Australia's world class LNG plant (Woodside) is next door and on the other side are the world's largest iron ore (Hamersley) and salt (Dampier) producers. Robe River and BHP iron ore mines are just to our north and Shell, Woodside, Chevron, Mobil/Exxon, Apache, Santos etc are some of the large companies operating at sea to the west.

Following dredging and construction work, scheduled to commence this year, the Dampier base will provide exclusive round the clock sea access to service these customers. It will supply a range of much needed facilities, illustrated in this report and unmatched for their purposes in Australia.

Repeating the Dampier formula, our Company took note of the very substantial gas resources already identified in the Browse Basin off the coast from Broome. Official Government sources forecast an acceleration of drilling in the area, particularly as substantial new permits for exploration have been recently granted and more are due for consideration within the next twelve months.

Having identified our next target, Mermaid competed for and successfully won the right to construct and operate a multi purpose marine base adjacent to the Government wharf at Broome. Preliminary studies for the facility support the project and consulting engineers have been appointed to develop the engineering and construction package. Established waterside accommodation has been secured for an immediate start and a marketing program for this drilling year has commenced.

The bases at Broome and Dampier have effective and largely exclusive coverage over 75% of the northwest oil and gas region. Although the coastline covers a vast area, availability of suitable waterfront land for supply bases has been limited by geography, native title and environmental constraints.

Mermaid is confident that within twelve months, we will have irrevocably changed the manner in which oil and gas support activities are carried out for offshore Northern Australia.

Cyclone protection pens, constructed to protect our own fleet, but also available for annual hire to other shelf operators, will satisfy desperately needed protection, setting new standards of best safety practice.

The 300 metre long wharf, operating around the clock regardless of sea conditions, will also set new standards of speed, efficiency and cost. A heavy load out line will for the first time facilitate land/sea transfer of fabricated modules or other heavy items weighing in excess of 1000 tonnes.

The 4000 tonne slipway will be of immediate value to Mermaid's fleet and present a choice to the large numbers of other operators on the Shelf to use our facility, or steam an average 1000 miles to Darwin, Fremantle or Singapore for repairs.



Expansion of the Base area to 17 hectares will facilitate first class accommodation for Mermaid's supply chain management business and also offer a strategically placed home for a wide range of other service suppliers.

The construction of these facilities during the 2000 calendar year will cut over a million dollars from Mermaid's costs and create a wide range of new profit centres to expand our business.

With much to achieve in a short time, Mermaid applied another planning principle: In cases where required services are either outside our expertise or financial reach, we will form alliances with industry leaders. There has been good progress.

A memorandum of understanding has been signed with Britoil Pte Ltd of Singapore, to form a 50/50 Australian operating company, Mermaid Britoil Pty Ltd. The Company will mix the depth and capability of Britoil's fleet of 26 modern and powerful vessels and 12 large barges, with the advantages of Mermaid's base locations, personnel and Australian flag operations, to contest work in northern Australian waters.

A contract was bid and won in alliance with Britoil in August 1999 and a number of other contracts are now being pursued in the same way. The combined resources of Mermaid and Britoil are only second in fleet numbers in Australia and hold a superior position in terms of offshore capability.

Mermaid has no established land transport capability, but the needs of our clients reach across Australia and sometimes the world. Our aim is to offer seamless onshore/offshore logistics management and negotiations have commenced to bring that about through a further strategic alliance.

The Mermaid bases at both Dampier and Broome will have well developed ship repair facilities. Dampier, the larger of the two, will have a slipway capable of accepting vessels up to 4,000 tonnes. The vessels requiring service at the facility will in many instances be large, expensive and employ very sophisticated systems. Discussions are proceeding with ship repair groups to arrange management for this important activity. Once established, the shipyard at Dampier will challenge the size and capability of all other facilities on the west coast. Broome's yard will satisfy a separate but significant need for the vessels located in that region.

When considering the exciting new developments planned over coming months, it is important to remember that the majority of current profits are being earned from an existing and well established business not yet mentioned. Fifteen vessels make up a fleet that is no less strategic in its composition or location than the planned new developments. Mermaid alone has homeport advantage at Dampier and our people live where we work. The absence of expensive mobilisation and demobilisation charges provides our customers with pricing, response time and efficiency advantages.

Manned ships chartering is an important part of our business and will receive ongoing support to further lift efficiencies through vessel improvement and management.

Oil prices fell to less than US\$11 during the past year, which after a few months, caused a slowing of activity, a cutback which is still being felt today. Nonetheless, the Company registered record turnover and profit. This is an achievement we hope to repeat while we proceed with the exciting plans detailed above and which when completed will take Mermaid to considerably higher earning levels.

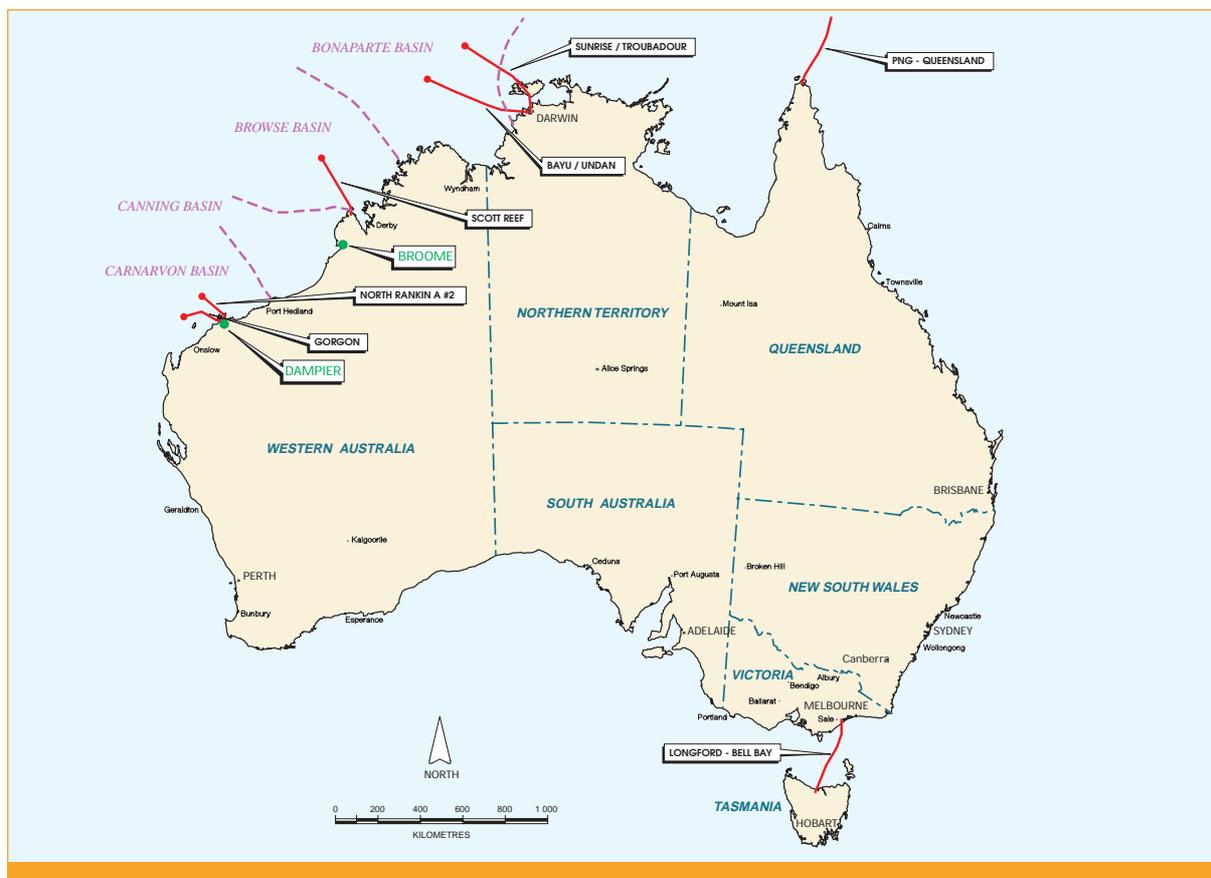
The Company has received considerable interest and encouragement from a wide range of brokers, analysts, financial journalists and the general investment community since listing in June 99. This is our first opportunity to report to our new shareholders. We recognise the need to keep you fully informed of progress whether good or not so good and look forward to building a relationship which will see Mermaid grow and prosper as our plans are implemented.



Alan Birchmore  
Chairman



## OPERATIONS REVIEW



Australia has five offshore gas resources that are able to support a new LNG project. All are located in the N.W. Cape - Timor - Darwin triangle. Australia's other major offshore projects under planning are gas pipelines from PNG to Queensland and Victoria to Tasmania.

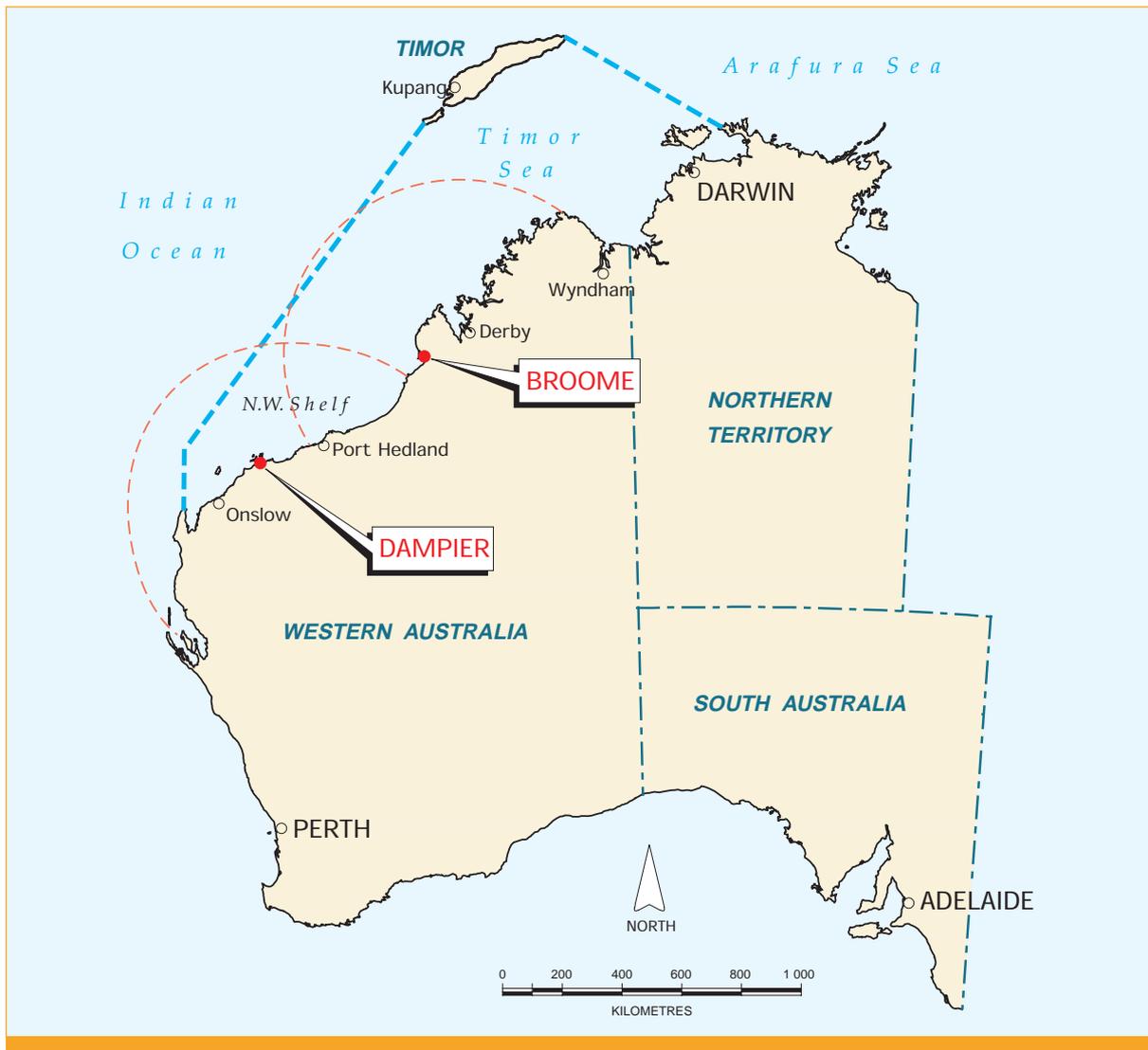
### OVERVIEW

For the period commencing from incorporation (29 June 1998) to 30 June 1999 (the "Period") Mermaid Marine Australia Limited (the "Company") and its controlled entities (together with the Company, "Mermaid"), achieved very satisfactory progress, despite the demanding processes of listing on the Australian Stock Exchange, limited capital, a daunting development program and subdued oil prices.

Access to new equity capital, increased marketing efforts and a return to stronger prices are expected to have positive effects within a few months. Milestones achieved during or subsequent to the Period include:

- On 12 August 1998 Mermaid's shareholding was changed with Miclyn Holdings Pte Ltd ceasing to be a shareholder and Delmark Investments Pty Ltd (associated with Company Chairman Mr A G Birchmore) acquiring a 50% interest.
- During the second half directors Dillon and Mews joined as shareholders, each with 5%.
- The 38 metre utility vessel Mermaid Eagle was acquired on 23 April 1999.
- With effect from 1 January 1999 the Dampier Port Authority granted Mermaid a 21 plus 21 year lease for an expanded (17 hectares) foreshore marine supply base at Dampier. Engineering design for statutory approvals commenced immediately.
- Agreement in principle was reached with the Port of Broome for Mermaid to be granted a 21 plus 21 year lease over 9 hectares of sea front land adjacent to the Broome wharf on Roebuck Bay.
- On 21 June 1999 the Company listed on the Australian Stock Exchange, pursuant to a prospectus dated 6 May 1999 (the "Prospectus").





*The coast and offshore waters of Australia bounded by a N.W. Cape Timor - Darwin triangle contain up to 90% of Australia's export infrastructure including three world scale iron ore ports, twelve offshore and island oil terminals, one coastal LNG - LPG - condensate terminal and six other mineral export ports.*

## FINANCIAL

Earnings before interest, tax and abnormal items were \$5,018,346, an increase of 36.6% over that of the group in the previous financial year prior to restructure.

Mermaid achieved a record after tax profit for the Period of \$2,454,919. This was in line with the Prospectus profit forecast.

Revenue for the Period was also a record at \$26,407,885, an increase of 38.2% over that of the group in the previous financial year prior to restructure.

## OPERATIONS REVIEW

### SEA GOING OPERATIONS

Mermaid operates a fleet of 15 tugs, workboats and barges, undertaking all forms of offshore activity, including, exploration support, supply, survey and berthing assist.

Mermaid primarily undertakes work on and off Australia's north west coast, but contracts have also been successfully undertaken further afield with Mermaid vessels completing long term contracts in Bass Strait, the Tasman Sea and the Pacific Ocean east of New Zealand.

During the Period Mermaid acquired the previously chartered vessel "Mermaid Eagle". Subsequent to Period's end the previously chartered 26 metre utility vessel "Reunion" was also acquired. These acquisitions have lowered operating costs offsetting to some extent crude oil prices which fell significantly in the last quarter of calendar 1998, causing oil production and exploration companies to review budgets and delay work programs. The downturn was felt in the last quarter and has carried through into the first quarter of the current year. The recent return to higher prices, however, should increase activity and create greater demand for Mermaid's services.

A marketing team has been appointed, facilitating an aggressive and pro-active attitude to new work. In particular this is having a positive effect on our abilities to compete for larger construction contracts.

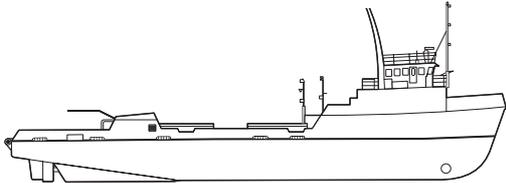
Refits of 3 vessels have lifted fleet capability with resulting lower operating costs.



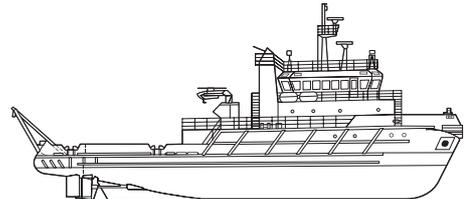
*Mermaid Chieftan docking at offshore rig*



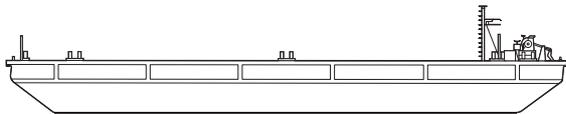
**MERMAID FLEET**



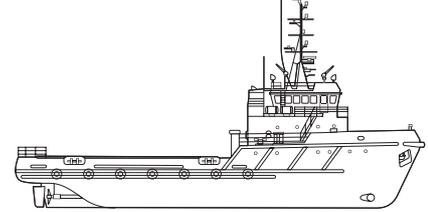
**MERMAID RAIDER**  
50m Supply/Standby Vessel



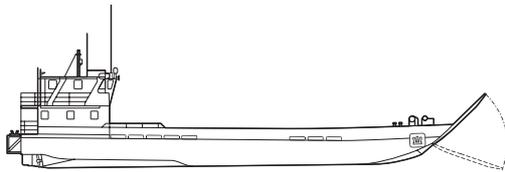
**MERMAID ACHIEVER**  
40m Survey, Utility, Standby



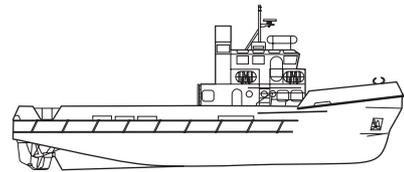
**PELICAN BARGE**  
36.58m Utility Barge



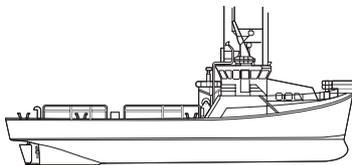
**MERMAID EAGLE**  
35m Towing, Utility, Supply



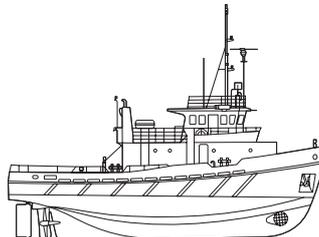
**MERMAID SUPPLIER**  
29.05m Landing Barge, Supply Vessel



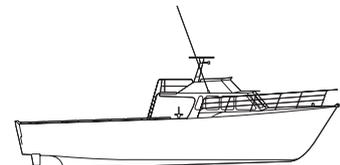
**MERMAID REUNION**  
26m Utility Vessel



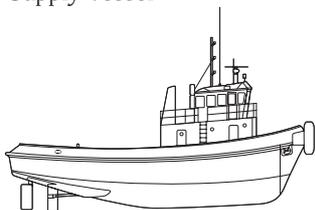
**MERMAID MARELLA**  
24.9m Steel Catamaran  
Supply Vessel



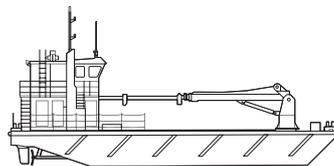
**MERMAID COMMANDO**  
20.04m Tug, Utility Vessel



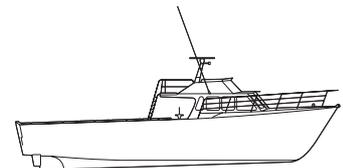
**MERMAID ARROW**  
19.95m Crew Boat



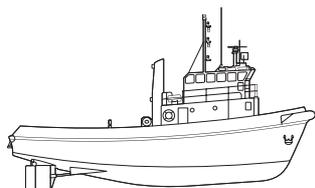
**MERMAID CHIEFTAIN**  
19.81m Steel Tug, Work Boat



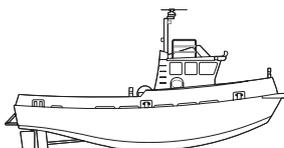
**MERMAID BOSS**  
19.8m Utility Barge



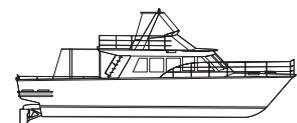
**MERMAID AVENGER**  
19.8m Oil Pollution, Crew Boat



**MERMAID WARRIOR**  
19.52m Steel Tug, Work Boat



**MERMAID TITAN**  
14.3m Steel Twin Screw Tug,  
Work Boat



**MERMAID PATROL**  
13.63m Utility Vessel



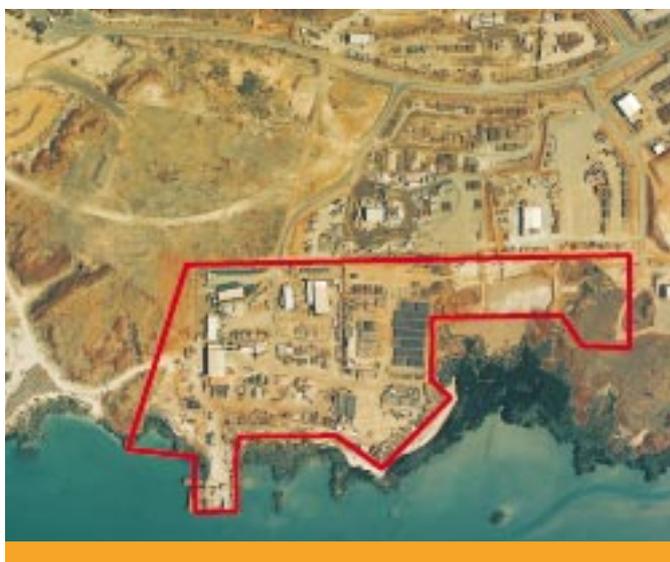
## OPERATIONS REVIEW

### STRATEGIC ALLIANCES

During the Period Mermaid sought to expand the range of vessels to which it has access, by proposing the creation of a joint operating company with Britoil Pte Ltd of Singapore. The company is in the process of being set up and will give Mermaid access to a wide range of modern and sophisticated equipment. Britoil will benefit from Mermaid's pro-active marketing, access to Australian based contracts, crewing and management, where Australian crewed vessels are a requirement. Britoil has excellent market intelligence in the South East Asian region and is able to source specialist vessels outside the Mermaid and Britoil fleets.

Australia's far north west coast is expected to see an increase of marine activity in late 1999 as a result of the Woodside Laminaria and BHP Buffalo developments. By gaining access to a wider range of vessels Mermaid will achieve a greater level of participation in such projects than has previously been possible.

As with a range of initiatives, the full benefit of this association will be felt once the Dampier and Broome Supply Bases are operational.



*Existing supply base with additional area granted for development.*

### DAMPIER BASE

Mermaid's base at King Bay, Dampier (the "Dampier Base") has until recently comprised some 9 hectares of land, providing limited covered and open storage, load-out facilities, equipment hire, cranes, forklifts and administrative support services. The Dampier Base is located close to Woodside Petroleum's marine base, the Dampier Public Wharf and service providers such as Toll Energy, Brambles and BGC.

During the Period, Mermaid renegotiated the terms of the Dampier Base lease with the Dampier Port Authority, expanding the area to 17 hectares and securing its use for forty-two years (including options).

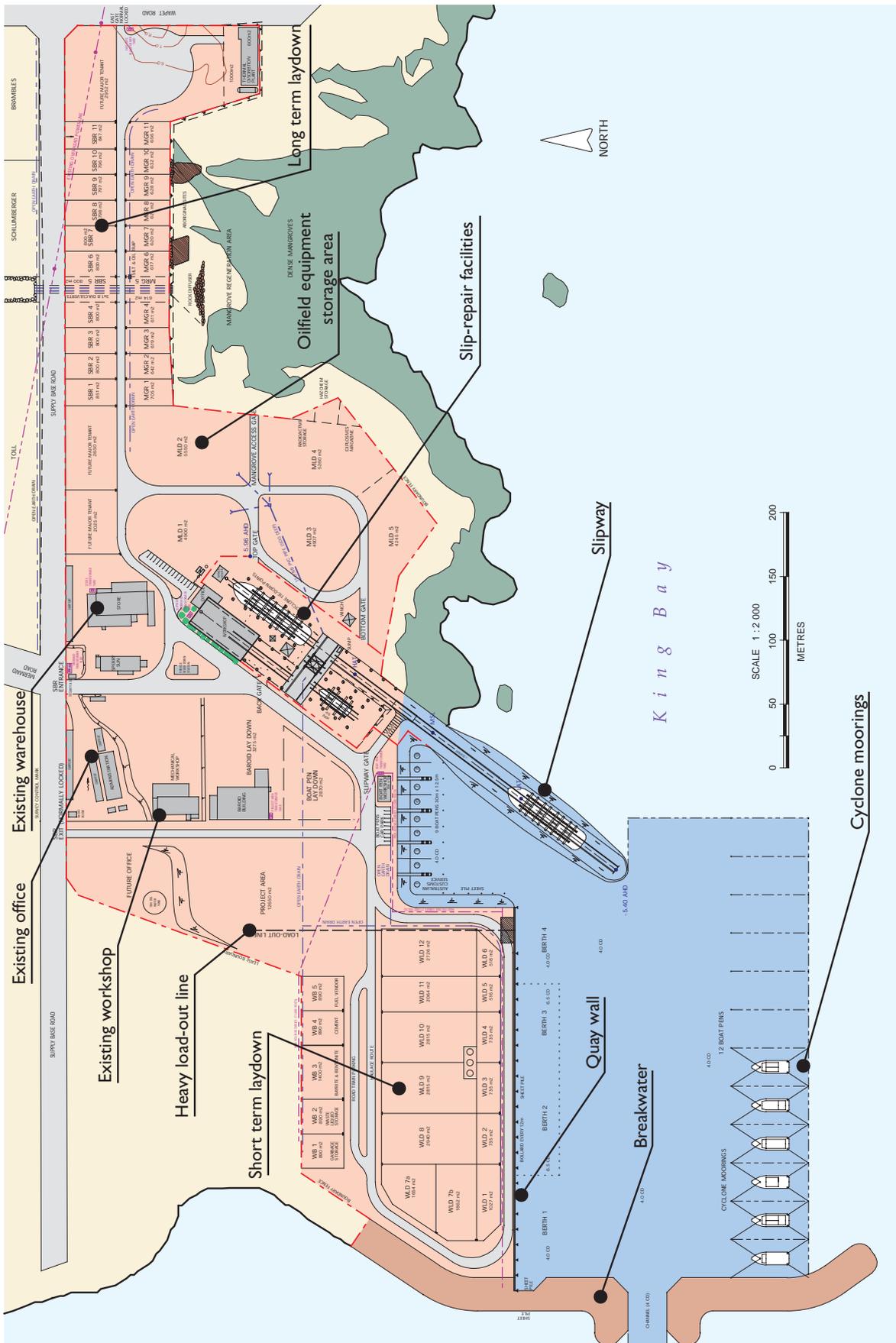
As detailed in the Prospectus, Mermaid is planning a major redevelopment of the Dampier Base comprising:

- Dredging an "all tides" approach channel;
- Construction of a 300 metre heavy load out wharf;
- Dredging a berthing basin for 24 hour operations;
- Construction of a slipway capable of dry docking vessels up to 4,000 tonnes;
- Provision of first class dry dock engineering facilities;
- Filling and developing the additional areas of the Dampier Base with dredged spoil to create an extensive and secure storage area; and
- Providing protected moorings for cyclone shelter.

It was hoped that work on the Dampier Base would commence in August 1999, but delays have occurred in obtaining environmental approvals. This does not signal any particular difficulties, but demonstrates the level of consultation and detail now required to achieve such approval.

With active assistance from Western Australian Government Departments, it is expected that all approvals will be granted by October 1999.





Proposed Dampier redevelopment



## OPERATIONS REVIEW

Mermaid has received significant expressions of interest from companies wishing to occupy tenancies on the Dampier Base. The industries represented by these companies are such that successful completion of negotiations will contribute valuable rental income and enhance the strategic character of the facility adding to its value.

The redevelopment of the Dampier Base is timely in the context of the next generation of projects expected in the region, including but not limited to the next phase expansion of Woodside LNG, Legendre, Vincent/Enfield, hopefully the Gorgon offshore development and a number of petrochemical and related synthetic fuel projects.

### BROOME BASE

Agreement in principle has been reached with the Port of Broome for Mermaid to establish a marine services base at Broome (the "Broome Base").

Some of Australia's largest energy assets are offshore of Broome in the area of Scotts Reef. Large areas of offshore oil and gas exploration acreage has been released under the Commonwealth Government's 1998 and 1999 permit release programs.

While Broome has seen little offshore oil and gas activity over the past 15 years, Mermaid's efforts are directed to hosting at least one continually active offshore rig from early 2000.

Once constructed the Broome Base will also meet varying needs of the pearling, marine tourism and fishing industries.

Engineering consultants Gutteridge Haskins and Davey Pty Ltd have been appointed to the planning phase, meanwhile facilities sufficient to support current Browse Basin commitments have been secured.



Broome Facilities



## SAFETY

Mermaid is dedicated to ensuring a safe environment in all areas where the company operates or has responsibility.

During the Period, and after having its safety procedures externally audited, Mermaid obtained Quality Management System accreditation under AS/NZS/ISO 9002.

As part of the accredited Quality Management System, vessel operations and personnel safety issues are externally audited on a regular basis and constantly monitored by the Quality Control and Safety Manager.

Safety has been and will continue to be a major consideration in the design and operation of the Dampier and Broome bases. Tenancies granted on the bases will incorporate terms designed to foster a 'worksafe' culture amongst all who take advantage of Mermaid's facilities.

## ENVIRONMENTAL ISSUES

Mangroves, a tropical evergreen shrub which form dense thickets along coastlines, are a key element in the lifecycle of a large number of marine species.

The potential exposure to accidental damage, pollution or destruction of mangroves represents a significant environmental issue in the region in which Mermaid's operations are based.

While a lot is known about the growth dynamics of mangroves, virtually nothing is known about their planting, relocation and propagation from cuttings.

Mermaid is sponsoring an experimental plantation adjacent to its Dampier Base, where scientifically supervised replantings and propagation from cuttings is to be undertaken.

This work is being performed by Astron Environmental Pty Ltd of Karratha, who are in scientific collaboration with the Australian Marine Sciences Institute in Townsville, Queensland, and academic institutes in India and Florida, which are pursuing similar objectives.

This program forms one of Mermaid's environmental undertakings with respect to the Dampier Base redevelopment.



## CORPORATE GOVERNANCE

The directors are responsible for the Corporate Governance practices of Mermaid. This statement sets out the main Corporate Governance practices that were in operation during the Period.

### BOARD OF DIRECTORS

#### **The Board carries out its responsibilities in accordance with the following:**

- The Board will comprise at least four directors;
- The Board will be made up of at least one quarter of non-executive directors;
- The directors must between them possess a broad range of skills, qualifications and experience;
- The Board will meet on a monthly basis; and
- All available information in connection with items to be discussed at a meeting of the Board will be provided to each director prior to that meeting.

#### **The primary responsibilities of the Board include:**

- Establishing Mermaid's goals and developing strategic plans to achieve them;
- The review and adoption of annual budgets and cashflow forecasts for the financial performance of Mermaid and monitoring the results on an ongoing basis;
- Identifying business risks and implementing actions to manage those risks;
- Developing an effective management and corporate system to ensure safety, quality, measure progress and exercise control;
- Ensuring the employment and further development of efficient and qualified staff for the growth of the Company's business consistent with industry leadership;
- Identifying and developing strategic relationships for growth and access to specialist expertise; and
- Developing clear and accurate annual and half-yearly financial reports for Mermaid stakeholders.

### INDEPENDENT PROFESSIONAL ADVICE

Subject to the Chairman's prior approval (not to be unreasonably withheld), directors, at Mermaid's expense, may obtain independent professional advice on issues arising in the course of their duties.

### COMPOSITION OF THE BOARD

No formal nomination committee or procedures have been adopted for the identification, appointment and review of Board membership, but an informal assessment process facilitated by the Chairman operates in consultation with Mermaid's professional advisors.

In relation to Board membership, Mermaid is committed to:

- Its Board comprising directors with a blend of skills, experience and attributes appropriate to its business and stage of development; and
- The principal criterion for the appointment of new directors being their ability to add value to Mermaid's business through their professionalism, integrity and experience.



## REMUNERATION ARRANGEMENTS

The remuneration of executive directors will be decided by the Board without the affected executive director participating in that decision making process.

The maximum remuneration of non-executive directors is the subject of shareholder resolution in accordance with the Company's Constitution, Corporations Law and the ASX Listing Rules. The apportionment of non-executive director remuneration within that maximum is made by the Board having regard to the value to Mermaid of the contributions by non-executive directors.

The Board may award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of Mermaid.

## AUDIT COMMITTEE

The Board has a separately constituted audit committee. The current members of the audit committee are:

A G Birchmore (Chairman)

J A S Mews

## IDENTIFICATION AND MANAGEMENT OF RISK

The principal risks affecting the Company are identified by directors and scheduled for regular attention at Board meetings.

## ETHICAL STANDARDS

The Board is committed to the establishment and maintenance of the highest ethical standards to underpin Mermaid's operations and corporate practices.



## DIRECTORS' REPORT

Your director's submit their report for the Period.

### DIRECTORS

The directors in office during or since the end of the Period are:



**Alan Gordon Birchmore - Chairman**  
**- Appointed 12 August 1998**

Alan Birchmore has occupied senior management and board appointments in Australia, Europe and the United States of America for over 25 years. As a director of Bond Corporation Holdings Ltd he had direct responsibility for industrial and mining operations in Australia and overseas. He sat as one of three members of the Argyle Joint Venture during the development of the world's largest diamond mine in the Kimberley region of Western Australia. As Chief Executive of Bond International Gold he was responsible for development of the Kalgoorlie Superpit and a worldwide workforce of 6000. In 1990 he became Executive Chairman of St Barbara Mines Limited, a company which, following his appointment at a time of negative revenues, became one of Australia's most significant gold miners earning nearly \$80m in profits during the 7 years of his stewardship. He retired as Chairman in February 1997. In recent years he has chaired Government enquiries in the agricultural sector, addressing National Competition Policy. He is a Fellow of the Australian Institute of Company Directors.

**James Henry Carver - Chief Executive Officer**  
**- Appointed 29 June 1998**

Founder of Mermaid, Captain James Carver is a Ships Master with over 30 years direct experience in the marine industry. He was Woodside Petroleum's first ships master, carrying out marine operations in the LNG development. Captain Carver was involved in exploration, construction and production of most oil and gas projects on the North West Shelf. He has in-depth of knowledge of the industry, its needs and its future. From 1992 until 1994 he developed the Slimdrill oil drilling rig which won an Australian Design Award and has the potential to provide future synergies for Mermaid.



**Derrice-Ann Dillon - Executive Director - Corporate**  
**- Appointed 12 August 1998**

Derrice Dillon has considerable experience in management, administration and finance acquired over the last 22 years and has undertaken a number of start-up projects in Australia and overseas, including opening a London office for an Australian group, training staff and instituting office procedures and accounting systems to ensure compliance with Australian reporting requirements.

From the early 1990's Derrice developed a strong knowledge of the oil and gas industry from her previous position as a director and head of administration of Slimdrill Pty Ltd. She was responsible for the design and implementation of all accounting and administration systems, including complex databases to track information for the construction and manufacture of the Slimdrill oil drilling rigs. She was also responsible for all legal matters and the production of promotional and marketing material for worldwide distribution.





**Jeffrey Arthur Sydney Mews - Non Executive Director  
- Appointed 12 August 1998**

Jeff Mews is a Fellow of the Institute of Chartered Accountants in Australia, Associate of the Australian Society of Certified Practising Accountants, Fellow of the Australian Institute of Company Directors and a Fellow of the Taxation Institute of Australia.

In 1998 Jeff retired from the partnership of PricewaterhouseCoopers after over 22 years as a partner in the taxation consulting division. Jeff has had extensive experience in the oil, gas and mining industries and has been directly involved, at a senior level, with most major resource projects in Western Australia since the 1970s. He is a past Chairman of the Western Australian Division of the Taxation Institute of Australia.

Jeff currently serves as a Member of the Salaries and Allowances Tribunal for the State of Western Australia and is a founding Governor of the Malcolm Sargent Cancer Fund for Children in Western Australia.

## PRINCIPAL ACTIVITIES

Mermaid's principal activities during the course of the Period were:

- Operating crewed vessel charters;
- Vessel manning, management and logistics;
- Operating supply base facilities; and
- Equipment hire.

Other than detailed in the Chairman's Report set out at pages 2 to 3 of this report and/or in the Operations Review set out on pages 4 to 11 of this report, (together the "Chairman's and Operations Reviews"), there have been no significant changes to these activities during the Period.

## DIVIDEND

As part of the restructuring of Mermaid in August 1998, a dividend of 17.82 cents per share franked to 100% was paid to the then sole shareholder in the Company on 12 August 1998.

In respect of the Period ended 30 June 1999 the directors have recommended the payment of a final dividend of 1.25 cents per share franked to 100% to holders of fully paid ordinary shares in the Company on 1 November 1999.

## REVIEW OF OPERATIONS

A review of operations for the Period and the results of those operations are set out in the Chairman's and Operations Reviews.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Chairman's and Operations Reviews set out the matters which have had a significant effect on the state of affairs of Mermaid. Other than those matters there were no significant changes in the state of affairs of Mermaid during the Period.

## SUBSEQUENT EVENTS

There have not been any matters or circumstances, other than those referred to in the Chairman's and Operations Reviews and/or in the financial statements and notes attached thereto, that have arisen since the end of the Period that have significantly affected, or may significantly affect Mermaid's operations, the results of those operations or its state of affairs in future financial years.



## DIRECTORS' REPORT

### LIKELY DEVELOPMENTS

The Chairman's and Operations Reviews give indications, in general terms, of likely developments in Mermaid's operations in future financial years and the expected results of those operations.

### ENVIRONMENTAL REGULATION

The development of the Company's Dampier and Broome bases is subject to the approval of the Western Australian Environmental Protection Authority.

### SHARE OPTIONS

As at the date of this report the Company had a total of 7,230,000 unissued shares under option as follows:

#### 30 November 2000 Options

As at the date of this report there are outstanding 6,500,000 options to acquire 6,500,000 ordinary shares in the Company at an issue price of 75 cents per ordinary share. Each of these options expires on 30 November 2000. There is no inherent right arising from these options to participate in any new issue of shares in the Company which may be offered to shareholders from time to time prior to the exercise of the options. The Company will ensure however, that during the exercise period, for the purpose of determining entitlement to any new issue, the relevant record date will be at least 12 business days after the new issue is exercised, so as to give the holder of options an opportunity to exercise their options prior to the relevant record date of any new issue.

#### Employee Share Option Incentive Plan

In accordance with the provisions of the Mermaid Marine Australia Limited Employee Share Option Incentive Plan (the "Employee Option Plan"), as at the date of this report a total of 42 employees have under option an aggregate of 730,000 ordinary shares in the Company. Of the 730,000 ordinary shares under option pursuant to the Employee Option Plan, half (365,000) may be purchased within 12 months of 18 June 1999 at an issue price of 60 cents per share and half (365,000) may be purchased within 12 months of 18 June 2000 at an issue price of 70 cents per share.

Holders of options over unissued shares in the Company do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme.

As at the date of this report no shares have been issued during or since the end of the Period as a result of the exercise of an option over unissued shares in the Company.

### INDEMNITIES AND INSURANCE PREMIUMS FOR OFFICERS AND AUDITORS

During the Period, Mermaid paid a premium for a contract insuring all of the directors of the Company, the company secretary and all executive officers of Mermaid against any liability incurred by such director, secretary or executive officer during the course of their duties as such director, secretary or executive officer to the extent permitted by the Corporations Law.

The premium paid for the policy was \$21,400. The policy does not allocate an identifiable part of the premium to specific directors or officers. Accordingly, the premium paid has not been apportioned to directors' remuneration.

The company has not otherwise during or since the end of the Period, indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred as such officer or auditor.



## DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings held during the Period and the number of meetings attended by each director whilst they were a director of the Company. During the Period, 11 board meetings were held. The only board committee, the audit committee, met twice during the Period.

Directors	Board Meetings		Audit Committee Meetings	
	Held	Attended	Held	Attended
A G Birchmore	11	10	2	2
J H Carver	11	8	n/a	n/a
D A Dillon	11	9	n/a	n/a
J A S Mews	11	8	2	2

## DIRECTORS' SHAREHOLDINGS

As at the date of this report, directors' interests in shares and options of the Company are as follows:

Directors	Shares		Share Options	Total
	Direct	Indirect	Indirect	
A G Birchmore	-	13,639,300	12,000	13,651,300
J H Carver	13,631,300	-	20,000	13,651,300
D A Dillon	-	1,520,000	10,000	1,530,000
J A S Mews	-	1,500,000	-	1,500,000

## DIRECTORS' REMUNERATION

The Board reviews the remuneration packages of all directors and executive officers on an annual basis.

Remuneration packages may contain as key elements:

- Salary;
- Benefits - including the provision of motor vehicle and superannuation; and
- Incentive Schemes - including share options under the Employee Option Plan.

The table immediately below sets out the total remuneration of directors of the Company.

No options have been issued to directors pursuant to the Employee Option Plan.

Name	Office	Salary \$	Other (i) \$	Total \$
A G Birchmore	Chairman	206,548	-	206,548
J H Carver	Executive Director	228,423	16,732	245,155
D A Dillon	Executive Director	112,626	8,423	121,049
J A S Mews	Non-Executive Director	27,500	1,925	29,425

(i) 'Other' includes superannuation, provision of motor vehicles and related fringe benefits tax



## DIRECTORS' REPORT

### EXECUTIVE OFFICERS' REMUNERATION

The table immediately below sets out the total remuneration of the four highest remunerated executive officers of Mermaid during the Period. These four are the only executive officers who meet the disclosure criteria.

The value of share options granted under the Employee Option Plan cannot be readily measured as their value is conditional on future events and, as they cannot be transferred, there is no market for them. Accordingly the value (if any) of options granted under the Employee Option Plan is excluded from remuneration shown in the table. However, the number of options granted to executive officers under the Employee Option Plan is shown.

Name	Office	Salary	Other (i)	Total	Annualised Actual Salary + Other (ii)	Employee Options
		\$	\$	\$	\$	(number)
D Board	Operations Manager	252,560	nil	252,560	252,560	60,000
L Churchill	Technical Support Manager	125,543	7,011	132,554	132,554	60,000
A Roberts	Group Development Manager	107,308	8,051	115,359	134,956	60,000
R Graham-Measor	Quality Control and Safety Manager	40,961	18,491	59,452	98,636	30,000

(i) 'Other' includes superannuation, provision of motor vehicles and related fringe benefits tax.

(ii) Where an executive officer was employed for only part of the Period, this column indicates the remuneration of that executive officer calculated on an annualised basis.

Signed in accordance with a resolution of directors of Mermaid Marine Australia Limited.



Alan Birchmore  
Chairman



## FINANCIAL STATEMENTS



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## PROFIT AND LOSS STATEMENT

FOR THE FINANCIAL PERIOD FROM  
INCORPORATION (29 JUNE 1998) TO 30 JUNE 1999

	Note	Consolidated \$	Mermaid Marine Australia Limited \$
Operating revenue	2	<u>26,407,885</u>	<u>1,121,319</u>
Operating profit before income tax	3,4	4,081,912	1,110,792
Income tax attributable to operating profit	5	<u>1,626,993</u>	<u>3,885</u>
Operating profit after income tax		2,454,919	1,106,907
Retained profits at the beginning of the Period		<u>-</u>	<u>-</u>
Total available for appropriation		2,454,919	1,106,907
Dividends provided for or paid	6	<u>(1,072,097)</u>	<u>(1,072,097)</u>
Retained profits at the end of the Period		<u>1,382,822</u>	<u>34,810</u>

The profit and loss statement should be read in conjunction with the accompanying notes.



## BALANCE SHEET

AS AT 30 JUNE 1999

	Note	Consolidated \$	Mermaid Marine Australia Limited \$
<b>Current Assets</b>			
Cash		5,647,299	5,392,785
Receivables	7	4,325,815	76,382
Inventories	8	347,496	-
Other	9	173,829	-
<b>Total Current Assets</b>		<u>10,494,439</u>	<u>5,469,167</u>
<b>Non Current Assets</b>			
Receivables	7	-	1,580,792
Property, plant & equipment	10	19,372,420	-
Investments	11	-	2,444,611
Other	12	318,202	-
<b>Total Non current Assets</b>		<u>19,690,622</u>	<u>4,025,403</u>
<b>Total Assets</b>		<u>30,185,061</u>	<u>9,494,570</u>
<b>Current Liabilities</b>			
Accounts payable	14	1,614,224	98,375
Borrowings	15	899,399	-
Provisions	16	1,636,802	541,385
<b>Total Current Liabilities</b>		<u>4,150,425</u>	<u>639,760</u>
<b>Non Current Liabilities</b>			
Borrowings	15	10,749,744	-
Provisions	16	1,318,114	-
<b>Total Non Current Liabilities</b>		<u>12,067,858</u>	<u>-</u>
<b>Total Liabilities</b>		<u>16,218,283</u>	<u>639,760</u>
<b>Net Assets</b>		<u>13,966,778</u>	<u>8,854,810</u>
<b>Equity</b>			
Share capital	17	8,820,000	8,820,000
Reserves	18	3,763,956	-
Retained profits		1,382,822	34,810
<b>Total Equity</b>		<u>13,966,778</u>	<u>8,854,810</u>

The balance sheet should be read in conjunction with the accompanying notes.



## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM  
INCORPORATION (29 JUNE 1998) TO 30 JUNE 1999

	Note	Consolidated \$	Mermaid Marine Australia Limited \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		26,287,361	-
Interest received		44,551	21,319
Payments to suppliers and employees		(20,296,167)	(10,527)
Income tax paid		(2,116,458)	-
Borrowing costs paid		(1,093,244)	-
<b>Net Cash Flows from Operating Activities</b>	19(a)	<u>2,826,043</u>	<u>10,792</u>
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant and equipment		(2,967,526)	-
Cash paid for purchase of shares*		(5,923,616)	(5,923,616)
Opening cash balance of acquired group*		470,632	-
Proceeds from buy back of shares*		4,500,000	4,500,000
Capital contributions received*		<u>1,500,000</u>	<u>1,500,000</u>
<b>Net Cash Flows from/(used in) Investing Activities</b>		<u>(2,420,510)</u>	<u>76,384</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds on refinancing of vessel		2,200,000	-
Hire purchase principal payments		(1,153,854)	-
Repayment of borrowings		(4,602,464)	(4,000,000)
Repayment of loans - other persons		58,683	-
Loans advanced from/(to) related parties		(11,404)	24,596
Dividends paid		(1,069,195)	(534,597)
Loans from shareholders		-	433,618
Proceeds from borrowings		4,000,000	4,000,000
Proceeds from issue of shares		6,500,000	6,500,000
Oversubscription to share issue		-	41,992
Costs of issue of shares		(680,000)	(680,000)
Advances to controlled entities		-	(480,000)
<b>Net Cash Flows from Financing Activities</b>		<u>5,241,766</u>	<u>5,305,609</u>
<b>Net Increase in Cash Held</b>		<u>5,647,299</u>	<u>5,392,785</u>
<b>Cash at the Beginning of the Period</b>		<u>-</u>	<u>-</u>
<b>Cash at the End of the Period</b>	19(b)	<u>5,647,299</u>	<u>5,392,785</u>

\* These cash flows form part of the acquisition of Mermaid Marine Group Pty Ltd as disclosed in Note 19(d).  
The statement of cash flows should be read in conjunction with the accompanying notes.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## I. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Law which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with. The accounting policies have been consistently applied, unless otherwise stated.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

### (b) Cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

### (c) Inventory

Inventory is valued at the lower of cost and net realisable value.

### (d) Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The following estimated useful lives have been used in the calculation of depreciation:

- Leasehold buildings and improvements 42 years
- Vessels 12 years
- Plant and equipment 3-13 years
- Motor vehicles 5 years

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount. Where it is expected that a liability for capital gains tax will arise, this expected amount is disclosed by way of note.

### (e) Recoverable Amount

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount the expected net cash flows have not been discounted to their present value.

### (f) Revenue Recognition

#### Sale of Goods and Disposal of Assets

Revenue from the sale of goods and disposal of other assets is recognised when the economic entity has passed control of the goods or other assets to the buyer.

#### Rendering of Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

### (g) Comparatives

The Company was incorporated on 29 June 1998. This is the first annual report prepared by the consolidated entity and as such, no comparative information has been provided.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	<b>Consolidated</b>	<b>Mermaid Marine Australia Limited</b>
	<b>\$</b>	<b>\$</b>
<b>2. OPERATING REVENUE</b>		
Rendering of services	26,051,736	-
Dividend received from controlled entity	-	1,100,000
Rent	287,737	-
Interest – other persons	44,551	21,319
Interest – related parties	23,861	-
	<u>26,407,885</u>	<u>1,121,319</u>

### 3. OPERATING PROFIT

The operating profit before income tax is arrived at after charging the following items:

#### Depreciation

Leasehold buildings and improvements	145,549	-
Vessels	416,918	-
Vessels – hire purchase	179,414	-
Plant and equipment	362,026	-
Plant and equipment – hire purchase	75,249	-
Write off of goodwill	95,105	-
Loss on sale of property, plant and equipment	17,405	-
Write off of shares – other corporations	2,647	-
Bad debts	29,064	-
Borrowing costs expensed		
Interest expense – other persons	743,437	-
Finance charges – lease liability	261,409	-
Rental – operating leases	72,384	-
Employee entitlements expense	3,515,875	-

### 4. ABNORMAL ITEMS

Included in the operating profit are the following abnormal items:

Finance costs incurred upon restructure of the group financing facilities  
Applicable income tax

	273,430	-
	(98,435)	-
	<u>174,995</u>	<u>-</u>



	<b>Consolidated</b>	<b>Mermaid Marine Australia Limited</b>
	\$	\$

## 5. INCOME TAX

The prima facie income tax on operating profit differs from the income tax provided in the financial statements as follows:

Prima facie income tax calculated at 36% on operating profit	1,469,488	399,885
Tax effect of permanent differences		
Dividend received from controlled entity	-	(396,000)
Write off of goodwill	33,106	-
Revaluation depreciation	64,823	-
Entertainment	7,758	-
Legal	21,630	-
Other items	30,188	-
	<u>1,626,993</u>	<u>3,885</u>
Income tax attributable to operating profit		

## 6. DIVIDENDS PROVIDED FOR OR PAID

Dividends paid	534,597	534,597
Dividends provided	<u>537,500</u>	<u>537,500</u>
	<u>1,072,097</u>	<u>1,072,097</u>

The tax rate at which dividends have or will be franked is 36%.

The amount of franking credits available for the subsequent financial year are:

Franking account balance as at the end of the Period	3,701,531	1,100,000
Franking credits that will arise from the payment of income tax as at the end of the Period	790,523	6,907
Franking debits that will arise from the payment of dividends as at the end of the Period	<u>(537,500)</u>	<u>(537,500)</u>
	<u>3,954,554</u>	<u>569,407</u>

## 7. RECEIVABLES

### Current

Trade debtors	4,077,295	-
Other debtors	231,746	-
Loans – other persons	5,590	-
Loans – related parties	<u>11,184</u>	<u>76,382</u>
	<u>4,325,815</u>	<u>76,382</u>

### Non Current

Loans – controlled entities	<u>-</u>	<u>1,580,792</u>
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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Consolidated	Mermaid Marine Australia Limited
	\$	\$
<b>8. INVENTORIES</b>		
Consumables – at cost	<u>347,496</u>	<u>–</u>
<b>9. OTHER CURRENT ASSETS</b>		
Prepayments	<u>173,829</u>	<u>–</u>
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>		
Leasehold buildings and improvements		
Independent valuation 1998	8,500,000	–
Accumulated depreciation	<u>(100,319)</u>	<u>–</u>
	<u>8,399,681</u>	<u>–</u>
Leasehold buildings and improvements		
At cost	538,303	–
Accumulated depreciation	<u>(373)</u>	<u>–</u>
	<u>537,930</u>	<u>–</u>
Vessels – at cost	4,939,456	–
Accumulated depreciation	<u>(416,918)</u>	<u>–</u>
	<u>4,522,538</u>	<u>–</u>
Vessels – hire purchase – at cost	4,356,257	–
Accumulated depreciation	<u>(179,414)</u>	<u>–</u>
	<u>4,176,843</u>	<u>–</u>
Plant and equipment – at cost	1,813,810	–
Accumulated depreciation	<u>(350,918)</u>	<u>–</u>
	<u>1,462,892</u>	<u>–</u>
Plant and equipment – hire purchase – at cost	347,785	–
Accumulated depreciation	<u>(75,249)</u>	<u>–</u>
	<u>272,536</u>	<u>–</u>
Total property, plant and equipment	<u>19,372,420</u>	<u>–</u>

The area of the King Bay Supply Base lease increased from 12.51 hectares to 17 hectares and the term of the lease was increased to 21 years with an option to renew for a further 21 years. Therefore, the leasehold buildings and improvements which form part of the King Bay Supply Base Lease were independently revalued by Mr David Moore F.A.P.I (Val and Econ) of Christie Whyte Moore, licensed valuers and property consultants as at 31 December 1998. The revaluation was performed on the basis of market value with reference to continued use and was not performed in accordance with a regular revaluation policy.

All vessels were subject to independent valuation as at 12 March 1999 by A. Marsh A.M.I. Mar. E. I.Eng of Maritime Engineers Pty Ltd. The independent valuation of vessels indicates a value of \$11,955,000 for the vessels owned or under hire purchase as at 30 June 1999. These valuations have not been reflected in the financial statements.

All depreciation is charged directly to the profit and loss account as disclosed in Note 3.



<b>Consolidated</b>	<b>Mermaid Marine Australia Limited</b>
\$	\$

## 11. INVESTMENTS

Unlisted investment – controlled entities	–	2,444,611
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<b>Country of Incorporation</b>	<b>Ownership Interest %</b>
-------------------------------------	-------------------------------------

### Parent Entity

Mermaid Marine Australia Limited	Australia
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### Controlled Entities

Mermaid Marine Group Pty Ltd *	Australia	100
Mermaid Marine Vessel Operations Pty Ltd *	Australia	100
Mermaid Marine Pty Ltd *	Australia	100
Mermaid Marine Offshore Pty Ltd *	Australia	100
Mermaid Marine Charters Pty Ltd *	Australia	100
Mermaid Supply Base Pty Ltd *	Australia	100
Dampier Stevedoring Pty Ltd *	Australia	100
Mermaid Manning and Management Pty Ltd *	Australia	100

\* Pursuant to ASIC Class Order 98/1418, relief has been granted to these wholly owned controlled entities from the Corporations Law requirements for preparation, audit and lodgement of the financial report. As a condition of the Class Order, Mermaid Marine Australia Limited and the controlled entities entered into a Deed of Cross Guarantee on 24 June 1999.

On 12 August 1998, Mermaid Marine Australia Limited (formerly Bellbridge Investments Pty Ltd) acquired 100% of the shares in Mermaid Marine Group Pty Ltd. The acquisition was contracted prior to 30 June 1998 and therefore, the transaction has been recorded on the effective acquisition date of 1 July 1998. The cost of acquisition of \$2,444,611 was paid by the issue of shares.

The operating results of Mermaid Marine Group Pty Ltd have been included in the consolidated profit and loss account from 1 July 1998, the date on which the parent entity obtained control.

<b>Consolidated</b>	<b>Mermaid Marine Australia Limited</b>
\$	\$

## 12. OTHER NON CURRENT ASSETS

Future income tax benefit – timing differences	318,202	–
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## 13. INTANGIBLES

Goodwill arising on consolidation	95,105	–
Write off of goodwill	(95,105)	–
	–	–



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Consolidated	Mermaid Marine Australia Limited
	\$	\$
<b>14. ACCOUNTS PAYABLE</b>		
Trade creditors	1,079,327	55,590
Other creditors and accruals	534,897	42,785
	<u>1,614,224</u>	<u>98,375</u>
<b>15. BORROWINGS</b>		
<b>Current</b>		
Hire purchase liability - secured	899,399	-
<b>Non Current</b>		
Hire purchase liability - secured	4,156,163	-
Bank loan - secured	6,500,000	-
Loan payable - other persons - unsecured	93,581	-
	<u>10,749,744</u>	<u>-</u>
<p>The hire purchase liability is secured by a charge over the respective assets.</p> <p>The bank loan is secured by mortgage debentures over the assets and undertakings of certain controlled entities, registered ships mortgages over the vessels of certain controlled entities and a registered mortgage by way of sub-demise of the King Bay Base Lease.</p>		
<b>16. PROVISIONS</b>		
<b>Current</b>		
Income tax payable	444,669	3,885
Employee entitlements	654,633	-
Dividend declared	537,500	537,500
	<u>1,636,802</u>	<u>541,385</u>
<b>Non Current</b>		
Employee entitlements	187,262	-
Provision for deferred tax	1,130,852	-
	<u>1,318,114</u>	<u>-</u>



**Consolidated****Mermaid Marine  
Australia Limited**

\$

\$

**17. SHARE CAPITAL****Issued and paid up capital**

43,000,000 ordinary shares fully paid

8,820,0008,820,000**Shares issued during the Period**

On 19 June 1998, 2 shares were issued upon incorporation of the Company.

Issued capital as at 30 June 1999 has been calculated as follows:

Share capital raised on initial float

6,500,000

6,500,000

Issue of shares as part of aquisition

3,041,785

3,041,785

Roll-over of shareholder loan account

(1,541,785)

(1,541,785)

Capital contributions received

1,500,000

1,500,000

Costs of issue of shares

(680,000)(680,000)8,820,0008,820,000**Share Options**

On 21 June 1999, a total of 6,500,000 listed options were issued, being 1 option for every 2 shares allotted to the investor on Initial Public Offering. These options are exercisable by 30 November 2000 at an exercise price of 75 cents each.

Refer to Note 21 for details of the Employee Share Option Incentive Plan.

**18. RESERVES**

Asset revaluation reserve

3,763,956-

The movement during the Period is reconciled as follows:

Balance at the beginning of the Period

-

-

Revaluation of King Bay Supply Base Lease

3,763,956-

Balance at the end of the Period

3,763,956-

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 19. STATEMENT OF CASH FLOWS (continued)

	Consolidated	Mermaid Marine Australia Limited
	\$	\$
<b>(a) Reconciliation of the operating profit after income tax to the net cash flows from operations</b>		
Operating profit after income tax	2,454,919	1,106,907
Depreciation of non current assets	1,179,156	-
Amortisation of non current assets	95,105	-
Provision for employee entitlements	50,562	-
Loss on sale of property, plant and equipment	17,405	-
Write off of shares – other corporations	2,647	-
Write back of IPF loan	(120,419)	-
Dividend received from controlled entity	-	(1,100,000)
<b>Changes in assets and liabilities</b>		
Trade and other debtors	(229,942)	-
Other debtors	(177,830)	-
Inventory	(316,226)	-
Trade and other creditors	34,720	-
Provision for income tax	(931,758)	3,885
Future income tax benefit	(249,698)	-
Provision for deferred tax	691,991	-
Loans – related parties	40,375	-
<b>Net cash flows from operating activities</b>	<u>2,826,043</u>	<u>10,792</u>
<b>(b) Reconciliation of cash</b>		
Cash balance comprises:		
Cash at bank	<u>5,647,299</u>	<u>5,392,785</u>

### (c) Non-Cash Financing and Investing Activities

During the Period the consolidated entity acquired vessels and plant and equipment with aggregate fair values of \$4,650,000 and \$86,174 respectively, by way of hire purchase.



## 19. STATEMENT OF CASH FLOWS (continued)

	Consolidated	Mermaid Marine Australia Limited
	\$	\$
<b>(d) Businesses Acquired</b>		
On 12 August 1998, Mermaid Marine Australia Limited (formerly Bellbridge Investments Pty Ltd) acquired 100% of the shares in Mermaid Marine Group Pty Ltd. The acquisition details were:		
	\$	
<b>Consideration</b>		
Cash paid for purchase of shares	5,923,618	
Buy back of shares	(4,500,000)	
Issue of shares as part of acquisition	3,041,785	
Pre-acquisition dividend	(2,076,382)	
Stamp duty payable on transfer of shares	55,590	
Shares Issued	<u>2,444,611</u>	
<b>Fair value of net assets acquired</b>		
Cash	470,632	
Trade debtors	7,267,099	
Inventories	31,270	
Prepayments	281,035	
Property, plant and equipment	11,301,515	
Investments	2,647	
Future income tax benefit	68,504	
Trade creditors	(1,428,995)	
Other creditors	(8,652,768)	
Borrowings	(4,289,707)	
Provisions	(1,230,194)	
Income tax payable	<u>(1,376,427)</u>	
	<u>2,444,611</u>	



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 20. EXPENDITURE COMMITMENTS

#### (a) Hire Purchase Contracts

Not later than 1 year	1,243,290	-
Later than 1 year but not later than 2 years	1,057,181	-
Later than 2 years but not later than 5 years	3,631,561	-
Later than 5 years	-	-
	<u>5,932,032</u>	<u>-</u>
Minimum future payments	5,932,032	-
Future finance charges	<u>(876,470)</u>	<u>-</u>
Hire purchase liability	<u>5,055,562</u>	<u>-</u>
Included in the accounts as:		
Hire purchase liability – current	899,399	-
Hire purchase liability – non current	<u>4,156,163</u>	<u>-</u>
	<u>5,055,562</u>	<u>-</u>

#### (b) Operating Leases

Not later than 1 year	80,306	-
Later than 1 year but not later than 2 years	80,306	-
Later than 2 years but not later than 5 years	169,173	-
Later than 5 years	<u>684,402</u>	<u>-</u>
Aggregate lease expenditure contracted for at balance date	<u>1,014,187</u>	<u>-</u>
Aggregate expenditure commitments comprise:		
Office rental commitments	71,895	-
Supply base rental commitments	905,177	-
Other	<u>37,115</u>	<u>-</u>
	<u>1,014,187</u>	<u>-</u>

Office rental commitments contain two 3-year options to renew, however, the entity does not intend to exercise this option.

Supply base rental commitments represents the lease of the King Bay Supply Base for a term of 21 years commencing 1 January 1999 with an option to renew the term for a further period of 21 years.

The Lessee is obliged to obtain all necessary approvals by 31 December 2001 for certain development of works ("Development Works") and to subsequently perform the works within 3 years.

The Development Works planned include breakwater, dredged basin, cyclone moorings, slipway, quay wall and industrial buildings.

If the Development Works are not completed within the prescribed period, the Lessor has the right (unless it is satisfied that the non completion was due principally to matters beyond the Company's control) to vary the Lease by retaking 2.3 hectares at the western extremity of the site.

The approved use of the site is for the purpose of conducting a multi purpose marine service facility and supply base including but not limited to open and covered laydown and storage, warehousing, production and storage of drilling mud and other drilling supplies, operating and maintaining vessels and floating plant together with associated docking, maintenance and engineering works. Any other uses require the prior written consent of the Lessor.



Restrictions apply to the assignment or subletting of the site (or any part) without prior consent of the Lessor, although that consent cannot unreasonably be withheld (subject to "usual" prudential requirements common to leases in Western Australia).

	<b>Consolidated</b>	<b>Mermaid Marine Australia Limited</b>
	\$	\$
<b>(c) Bareboat Charter Agreements</b>		
Not later than 1 year	184,000	-
Later than 1 year but not later than 2 years	-	-
Later than 2 years but not later than 5 years	-	-
Later than 5 years	-	-
	<u>          </u>	<u>          </u>
Aggregate charter expenditure contracted for at balance date	<u>          184,000</u>	<u>          -</u>

As disclosed in Note 22, Mermaid has exercised the option to purchase the Mermaid Achiever. The financial commitment as disclosed above is \$2,000 per day up to the anticipated settlement date of 1 October 1999.



## 21. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

### Employee Entitlements

The aggregate employee entitlement liability is comprised of:

Accrued wages and on-costs	149,201	-
Provisions - current	654,633	-
Provisions - non current	<u>          187,262</u>	<u>          -</u>
	<u>          991,096</u>	<u>          -</u>

### Employee Share Option Incentive Plan

A Share Option Incentive Plan has been established where employees with appropriate seniority and length of service have been issued with options over ordinary shares of Mermaid Marine Australia Limited.

The options cannot be transferred and are not quoted on the ASX.

On 19 June 1999, 730,000 options were issued under this plan to employees. 50% of the options are exercisable from 18 June 1999 to 18 June 2000 at an exercise price of 60 cents, and the remaining 50% are exercisable from 19 June 2000 to 18 June 2001 at an exercise price of 70 cents.

The market value of ordinary Mermaid Marine Australia Limited shares closed at 51 cents on 30 June 1999.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 22. SUBSEQUENT EVENTS

- (a) On 19 July 1999, the entity purchased the Reunion, a 26 metre utility vessel that was previously on bareboat charter. The purchase price of \$700,000 is payable in 2 instalments – \$350,000 was paid on settlement and \$350,000 is due in 12 months from the date of settlement, on interest free terms.
- (b) On 20 July 1999, the Mermaid Skybird was sold for consideration of \$235,000 resulting in a profit on sale of \$20,280.
- (c) On 23 September 1999, Mermaid exercised the option to purchase the Mermaid Achiever for \$3,250,000. The purchase is to be financed by way of hire purchase and the anticipated date of settlement is 1 October 1999.
- (d) On 1 August 1999, Mermaid entered into an agreement in principle with Britoil Pte Ltd of Singapore for the creation of an equally owned Australian operating company. Britoil is a major player in the oil and gas marine service industry, owning a near new fleet of 26 vessels and 12 barges.

The financial effect of each of the above events (a) to (d) has not been reflected in these financial statements.

	<b>Consolidated</b>	<b>Mermaid Marine Australia Limited</b>
	\$	\$

### 23. EARNINGS PER SHARE

Basic earnings per share (cents per share)	8.09
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	30,356,164
Diluted earnings per share has not been disclosed since it is not materially different from basic earnings per share.	



**Consolidated**  
\$

**Mermaid Marine  
Australia Limited**  
\$

## 24. REMUNERATION OF DIRECTORS

Income paid or payable, or otherwise made available, in respect of the Period, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities of which they are directors or any related party.

602,177

Income paid or payable, or otherwise made available, in respect of the Period, to all directors of Mermaid Marine Australia Limited, directly or indirectly, from the entity or any related party.

602,177

The number of directors of Mermaid Marine Australia Limited whose income (including superannuation contributions) falls within the following bands:

\$ 20,000 – \$ 29,999	1
\$120,000 – \$129,999	1
\$200,000 – \$209,999	1
\$240,000 – \$249,999	1

## 25. REMUNERATION OF EXECUTIVES

Remuneration received or due and receivable by executive officers of the consolidated entity whose remuneration is \$100,000 or more, from entities in the consolidated entity or a related party, in connection with the management of the affairs of the entities in the consolidated entity whether as an executive officer or otherwise.

1,073,226

Remuneration received or due and receivable by executive officers of the Company whose remuneration is \$100,000 or more, from the Company or any related party, in connection with the management of the affairs of the Company or any related party, whether as an executive officer or otherwise.

-

The number of executives of the consolidated entity and the Company whose remuneration falls within the following bands:

	<b>Consolidated</b>	<b>Mermaid Marine Australia Limited</b>
\$110,000 – \$119,999	1	-
\$120,000 – \$129,999	1	-
\$130,000 – \$139,999	1	-
\$200,000 – \$209,999	1	-
\$240,000 – \$249,999	1	-
\$250,000 – \$259,999	1	-



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	<b>Consolidated</b>	<b>Mermaid Marine Australia Limited</b>
	\$	\$
<b>26. AUDITORS' REMUNERATION</b>		
Auditing the financial report	42,376	3,800
Other services	93,336	4,666
	<u>135,712</u>	<u>8,466</u>

## 27. RELATED PARTY TRANSACTIONS

The directors of Mermaid Marine Australia Limited during the Period were:

A G Birchmore	(appointed 12 August 1998)
J H Carver	(appointed 29 June 1998)
D A Dillon	(appointed 12 August 1998)
J A S Mews	(appointed 12 August 1998)

Interest in the shares of the Company held by directors and their director related entities as at 30 June 1999.

	<b>Mermaid Marine Australia Limited</b>	
	<b>Ordinary Shares</b>	<b>Options over Ordinary Shares</b>
A G Birchmore	13,679,300	30,000
J H Carver	13,631,300	20,000
D A Dillon	1,520,000	10,000
J A S Mews	1,500,000	-

The following related party transactions occurred during the Period:

### Transactions with directors and director related entities

On 26 January 1999, a loan of \$17,888 owing by S Carver, a relative of J H Carver, was repaid in full. Interest accrued on this loan at the rate of 6.7% per annum.

During the Period, a total of \$206,548 for directors fees was paid to Chalfont Holdings Limited, a related entity of A G Birchmore. This is reflected in full in note 24 - Remuneration of Directors.

### Transactions with other related parties

#### (a) Mermaid Achiever

- (i) The Achiever Partnership (comprising Delmark Investments Pty Ltd, a related entity of A G Birchmore, J H Carver, D A Dillon, and PDM Holdings Pty Ltd, a related entity of J A S Mews) is the owner of the vessel Mermaid Achiever and by a bareboat charter party agreement dated 12 November 1998 has chartered the Mermaid Achiever to Mermaid Marine Vessel Operations Pty Ltd ("MMVO").



## 27. RELATED PARTY TRANSACTIONS (continued)

- (ii) To assist MMVO retain control of the vessel pending an ability to purchase, the vessel was acquired by the Achiever Partnership from MMVO on the same terms as that company had immediately prior thereto acquired the vessel from Offshore Investments Pte Ltd, a company related to Mr Michael Kum, a former director of certain controlled entities for a purchase price of approximately Singapore \$3.3 million.
  - (iii) The charter period is for 2 years from 12 November 1998 but with the right for the Achiever Partnership to terminate the charter by giving one month's written notice to MMVO.
  - (iv) The charter hire fee is based on the fixed daily rate of \$2,000, payable monthly in advance. During the Period \$458,000 of charter fees were paid to the Achiever Partnership.
  - (v) There are no trading limits on the vessel.
  - (vi) The port of redelivery at the end of the charter is Dampier.
  - (vii) In addition, by a supplemental put and call option agreement dated 12 April 1999, the Achiever Partnership and the Company have agreed that either party may by written notice at any time after 30 June 1999, and prior to the expiration of the term of the charter agreement, oblige the other party to enter into an agreement for the sale and purchase of the vessel at a fixed price of \$3,250,000.
  - (viii) Offshore Investments Pte Ltd, a company associated with Mr Michael Kum, a former director of Mermaid Marine Group Pty Ltd, formerly owned the vessel Mermaid Achiever. The vessel was chartered to the entity at a rate of \$2,000 per day prior to the ultimate acquisition of that vessel by the Achiever Partnership. Total charter fees paid to Offshore Investments Pte Ltd during the year were \$268,981.
- (b) Charter and Purchase of Mermaid Eagle
- (i) Mermaid Marine Group Pty Ltd ("MMG") chartered the Mermaid Eagle under the terms of a bareboat charter party agreement dated 18 February 1997 from the vessel owner, Airmat Singapore Pte Ltd. The owner was a Singapore company associated with Mr James Carver and Mr Michael Kum. Total payments during the Period to the owner under the agreement amounted to \$661,425.
  - (ii) On 16 January 1999, MMG purchased the Mermaid Eagle for total consideration of \$2,000,000, by exercising an option contained in the charter party agreement.
- (c) Fremantle Premises
- (i) The Achiever Partnership and the Company entered into a heads of agreement dated 12 April 1999 for the lease to the entity of its registered office at 20 Mews Road, Fremantle.
  - (ii) The term of the lease is 5 years with a 5 year option of renewal in favour of the Company.
  - (iii) The Company is responsible for all fitting out, maintenance (except capital works items), rates, taxes, insurance, and other usual variable outgoings.
  - (iv) The offices are undergoing substantial refurbishment and once completed, the rental is to be determined by an independent qualified valuer as the fair open market rental value for the premises on the terms of the lease to be entered into. Rental is subject to market reviews every 2½ years during the term, although the rental may not decrease.
  - (v) The parties have agreed to execute a formal lease agreement which is to contain all other usual contractual provisions that would be expected to be found in a commercial lease of like nature.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 27. RELATED PARTY TRANSACTIONS (continued)

(d) Slimdrill Pty Ltd, an entity of which J H Carver is a director and shareholder, provided mechanical and related services to the entity upon negotiated commercial terms. Total payments up to 31 December 1998, the date on which Slimdrill Pty Ltd ceased providing services to the entity, amounted to \$55,523.

Plant and equipment was purchased from Slimdrill Pty Ltd under normal terms and conditions, at a cost of \$31,096.

Unsecured loans of \$50,000 have been provided to Slimdrill Pty Ltd during the Period. The balance of loans outstanding at balance date was \$11,184. Interest was charged during the Period at a rate of 6.7%.

Mermaid Marine Australia Limited is the ultimate Australian parent entity.

### 28. SEGMENT REPORTING

The economic entity operates predominantly within Australia and in one industry segment, being the hire and sale of marine related plant and equipment, buildings and land to companies operating in the oil and gas industry.

### 29. FINANCIAL INSTRUMENTS

#### (a) Terms, conditions and accounting policies

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument are as follows:

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
<i>Financial Assets</i>			
Trade debtors, Other debtors	7	Trade debtors are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Credit sales are on 30 day terms.
Loans – other persons	7	Amounts receivable from other persons are carried at nominal amounts due. Interest (when charged) is taken up as income on an accrual basis.	Interest is charged at the rate of 7.55%
Loans – related parties	7	Amounts receivable from related parties are carried at nominal amounts due. Interest (when charged) is taken up as income on an accrual basis.	Details of the terms and conditions are set out in note 27.



## 29. FINANCIAL INSTRUMENTS (continued)

Investments	11	Investments are recorded at the lower of cost and recoverable amount.	
<i>Financial Liabilities</i>			
Trade creditors	14	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Trade liabilities are normally settled by terms ranging from 7 to 30 days.
Other creditors and accruals	14	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Other creditors and accruals are normally settled by terms ranging from 7 to 30 days.
Hire purchase liability	15	The hire purchase liability is accounted for in accordance with AASB 1008.	At balance date, the consolidated entity had hire purchase agreements with an average lease term of 4 years at an average discount rate of 8.57%. The security over the respective assets under the hire purchase agreements is disclosed in note 15.
Bank loan	15	The bank loans are carried at the principal amount. Interest is charged as an expense as it accrues.	The bank loans have maturity dates of 31 January 2000 and 30 June 2004. Interest is charged at the bank's floating rate. Details of the security over the bank loans is set out in note 15.
Loan payable – other persons	15	Loans are carried at the principal amount. Interest is charged as an expense as it accrues.	Interest is charged at the fixed rate of 8% per annum.
<i>Equity</i>			
Ordinary shares	17	Ordinary share capital is recognised at the fair value of the consideration received by the company.	Details of shares on issue at balance date are set out in note 17.

There are no unrecognised financial instruments.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 29. FINANCIAL INSTRUMENTS (continued)

#### (b) Interest Rate Risk

The economic entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities are as follows:

Financial Instruments	Floating interest rate	Fixed interest rate maturing in:			Non interest bearing	Total carrying amount as per balance sheet	Weighted average interest rate
		1 year or less	Over 1 to 5 years	Over 5 years			
	\$	\$	\$	\$	\$		
<b>(i) Financial Assets</b>							
Trade debtors	-	-	-	-	4,077,295	4,077,295	n/a
Other debtors	-	-	-	-	231,746	231,746	n/a
Loans – other persons	-	5,590	-	-	-	5,590	7.55%
Loans – related parties	-	11,184	-	-	-	11,184	6.70%
<b>Total Financial Assets</b>	<b>-</b>	<b>16,774</b>	<b>-</b>	<b>-</b>	<b>4,309,041</b>	<b>4,352,815</b>	
<b>(ii) Financial Liabilities</b>							
Trade creditors	-	-	-	-	1,079,327	1,079,327	n/a
Other creditors and accruals	-	-	-	-	534,897	534,897	n/a
Hire purchase liability	-	899,399	4,156,163	-	-	5,055,562	8.57%
Bank loan	6,500,000	-	-	-	-	6,500,000	7.30%
Loan payable – other persons	-	-	-	93,581	-	93,581	8.00%
<b>Total Financial Liabilities</b>	<b>6,500,000</b>	<b>899,399</b>	<b>4,156,163</b>	<b>93,581</b>	<b>1,614,224</b>	<b>13,263,367</b>	

n/a: not applicable for non-interest bearing financial instruments

#### (c) Net fair values

The aggregate net fair values of financial assets and liabilities are identical to the carrying amount in the balance sheet.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

##### Cash and cash equivalents

The carrying amount approximates fair value because of their short term to maturity.

##### Trade debtors, other debtors and loans

The carrying amount approximates fair value.

##### Investments

For investments where there is no quoted market price, a reasonable estimate of the fair value is calculated based on the underlying net asset base of the investment.

##### Trade creditors, other creditors and accruals

The carrying amount approximates fair value.

#### (d) Credit risk exposures

The economic entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet.



## DIRECTORS' DECLARATION

The directors declare that:

- a) The attached financial statements and notes thereto comply with Accounting Standards;
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the consolidated entity;
- c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Law; and
- d) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

At the date of this declaration the company is within the class of companies affected by the ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in Note 11, will as a group be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Law.

On behalf of the directors



Alan Birchmore  
Chairman

Fremantle, 23 September 1999



## SHAREHOLDER INFORMATION

As at 15 September 1999.

### SUBSTANTIAL SHAREHOLDERS

	Number of Shares	% of Issued Capital
James Henry Carver	13,631,300	31.70%
Delmark Investments Pty Ltd	13,615,300	31.66%

### DISTRIBUTION OF MEMBERS AND THEIR HOLDINGS

Size of Holding	Number of ordinary shareholders	Number of option holders
1 to 1,000	25	1
1,001 to 5,000	222	436
5,001 to 10,000	281	38
10,001 to 100,000	169	48
100,001 and over	15	10
Total	712	533

### TWENTY LARGEST SHAREHOLDERS

	Number of Shares	% of Issued Capital
James Henry Carver	13,631,300	31.70
Delmark Investments Pty Ltd	13,615,300	31.66
Sandhurst Trustees Ltd	2,247,440	5.23
JAS & BLM Mews	1,500,000	3.49
Richpride Pty Ltd	1,500,000	3.49
National Nominees Limited	650,000	1.51
HIH Casualty & General Insurance Ltd	350,000	0.81
Bond Street Australia Ltd	337,000	0.78
Kasebta Pty Ltd	317,960	0.74
Perpetual Custodians Limited	224,270	0.52
Bass Media Pty Ltd	200,000	0.47
Tower Trust Limited	177,000	0.41
Westpac Custodian Nominees Limited	130,000	0.30
Mr William Stewart McDougall	120,000	0.28
Axa Trustees Limited	110,000	0.26
Tecom Holdings Pty Ltd	100,000	0.23
Ross Wilkie Holdings Pty Ltd	90,000	0.21
Mandalay Capital Corporation Pty Ltd	80,000	0.19
Jayleaf Holdings Pty Ltd	80,000	0.19
Yengage Pty Ltd	66,000	0.15
Total	35,526,270	82.62



## TWENTY LARGEST OPTION HOLDERS

	<b>Number of Options</b>	<b>% of Options on Issue</b>
Sandhurst Trustees Ltd	1,250,000	19.23
Archfield Pty Ltd	350,905	5.40
Carol Currey	244,890	3.77
Jarwood Pty Ltd	203,280	3.13
Beth Nominees Pty Ltd	200,000	3.08
William Douglas Roy Currey	184,405	2.84
Mr Hugo Preston Hamersley	180,000	2.77
Black Magic Enterprises Pty Ltd	120,000	1.85
Mr GR & Mrs SA Thornton	119,000	1.83
Hergard Investments Pty Ltd	100,000	1.54
Canistra Pty Ltd	100,000	1.54
National Nominees Limited	100,000	1.54
Mr Mark Nicholls	100,000	1.54
Jakor Pty Ltd	100,000	1.54
Mr Anton Bowker-Douglass	90,000	1.38
Mr Justin Paul Birchmore	60,000	0.92
Ms Lesley Wilshaw	56,000	0.86
Westpac Custodian Nominees	50,000	0.77
Vector Nominees Pty Ltd	50,000	0.77
Mr Luke Peter Kukulj	48,299	0.74
Total	3,706,779	57.04

## VOTING RIGHTS

All ordinary shares carry one vote per share without restriction. The options do not carry any voting rights.

## SHAREHOLDER ENQUIRIES

Shareholders can obtain information about their shareholding by contacting the Company's share registry:

National Registry Services (WA) Pty Ltd  
Level 17, Central Park  
152 – 158 St Georges Terrace  
Perth, Western Australia 6000  
Telephone: (08) 9365 7010  
Facsimile: (08) 9365 7011

## CHANGE OF ADDRESS

Shareholders should notify the share registry in writing immediately there is a change to their registered address.

## STOCK EXCHANGE LISTING

Shares in Mermaid Marine Australia Limited are listed on the Australian Stock Exchange.

## PUBLICATIONS

The Annual Report is the main source of information for shareholders. The Prospectus is available on request from the Company.



## INDEPENDENT AUDIT REPORT TO THE MEMBERS

### OF MERMAID MARINE AUSTRALIA LIMITED

#### SCOPE

We have audited the financial report of Mermaid Marine Australia Limited for the financial period from incorporation to 30 June 1999 as set out on pages 20 to 41. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

#### AUDIT OPINION

In our opinion, the financial report of Mermaid Marine Australia Limited is in accordance with:

- (a) the Corporations Law, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 1999 and of their performance for the period ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



DELOITTE TOUCHE TOHMATSU



K F JONES

Partner

Chartered Accountants

Perth, 23 September 1999

*The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).*



**MERMAID MARINE**  
AUSTRALIA LIMITED

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