



MERMAID MARINE
AUSTRALIA LIMITED

CORPORATE:

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16 PAGES INCLUDING THIS PAGE

24 February 2004

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

Dear Sir/Madam

RE: APPENDIX 4D – HALF YEAR ENDING 31 DECEMBER 2003

In accordance with Listing Rule 4.2A, please find attached Mermaid Marine Australia Limited's Appendix 4D relating to the six months ending 31 December 2003.

Should you have any questions or require additional information concerning the above please contact either Alan Birchmore, Chairman, or Jeff Weber, CEO on (08) 9431 7431.

By order of the Board

BRENDAN GORE
Chief Financial Officer/Company Secretary

Appendix 4D

Half yearly report

Name of entity

MERMAID MARINE AUSTRALIA LIMITED

ABN or equivalent company reference

21 083 185 693

Half year ended ('current period')

31 DECEMBER 2003

For announcement to the market

Extracts from this report for announcement to the market.

\$A'000

Revenues from ordinary activities	up/ down	56%	to	15,984
Profit (loss) from ordinary activities after tax attributable to members	up/ down	-	to	2,239
Net profit (loss) for the period attributable to members	up/ down	-	to	2,239
Dividends		Amount per security		Franked amount per security
Interim dividend		Nil		Nil
Previous corresponding period		Nil		Nil
⁺ Record date for determining entitlements to the dividend	NOT APPLICABLE			
Brief explanation of any of the figures reported above and short details of any other item(s) of importance not previously released to the market:	N/A			

NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ⁺ ordinary security	0.33	0.30

+ See chapter 19 for defined terms.

Control gained over entities having material effect

Name of entity (or group of entities)

N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺acquired

N/A

Date from which such profit has been calculated

N/A

Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period

N/A

Loss of control of entities having material effect

Name of entity (or group of entities)

N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control

N/A

Date to which the profit (loss) in item 14.2 has been calculated

N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period

N/A

Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

N/A

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable

N/A

⁺Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if ⁺securities are not ⁺CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺securities are ⁺CHESS approved)

N/A

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
Interim dividend: Current year	- ¢	- ¢	- ¢
Previous year	- ¢	- ¢	- ¢

⁺ See chapter 19 for defined terms.

Interim dividend (distribution) on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
⁺ Ordinary securities <i>(each class separately)</i>	-	-
Preference ⁺ securities <i>(each class separately)</i>	-	-
Other equity instruments <i>(each class separately)</i>	-	-
Total	-	-

The ⁺dividend or distribution plans shown below are in operation.

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The last date(s) for receipt of election notices for the ⁺dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

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Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period \$A'000	Previous corresponding period - \$A'000
Profit (loss) from ordinary activities before tax	-	446
Income tax on ordinary activities	-	(137)
Profit (loss) from ordinary activities after tax	-	309
Extraordinary items net of tax	-	-
Net profit (loss)	-	309
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	-	309

+ See chapter 19 for defined terms.

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. (If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period - \$A'000
Equity accounted associates and joint venture entities				
Mermaid Labour & Management Pty Ltd (MLM became a controlled entity on 7/05/03)	99%	50%	-	221
Mermaid Clough Pty Ltd	50%	50%	-	88
Total			-	309
Other material interests				
Total		N/A		N/A

Foreign Entities

For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards)

N/A

Audit Dispute or Qualification

For all entities, if the ⁺accounts are subject to audit dispute or qualification, a description of the dispute or qualification should follow:

Nil

+ See chapter 19 for defined terms.

MERMAID MARINE AUSTRALIA LIMITED

(ACN 083 185 693)

Financial Report for the Half-Year Ended 31 December 2003

**Financial Report for the Half Year Ended
31 December 2003**

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Directors Report

The Directors of Mermaid Marine Australia Limited submit herewith the financial report for the half-year ended 31 December 2003. In order to comply with the provisions of the Corporations Act, 2001, the directors' report as follows:

The names of the directors of the Company during or since the end of the half-year are:

- Mr A G Birchmore
- Mr J A Weber
- Mr M F Bradley
- Mr. J H Carver
- Mr P Chew
- Mr A J Howarth AO
- Mr J A S Mews
- Mr C G Sutherland
- Mr K T Chan (Alternate for Mr Chew)
- Mr R M Reid (Alternate for Mr Sutherland)

Summary Review Of Operations

The Group recorded a net profit after tax of \$2.239 million for the half year ended 31 December 2003 which includes the effects of income tax refunds of \$1.121 million. This represents an improved result of \$15.286 million on the previous corresponding period.

Increased earnings were recorded for the vessel and supply base businesses which continued to build on improving market conditions from last year through higher utilisation, improved operating efficiencies and longer term contracts.

Group operating revenue for the half-year totalled \$15.984 million, which was 56% higher than the \$10.255 million recorded in the same period last year.

During the half year the Group made good progress in its drive to better balance Group revenues by building renewable income. When fully implemented, this will provide a more reliable underlay of earnings and reduce the traditional reliance on vessel spot charter.

Short term chartering of vessels remains an important part of Mermaid's business, but emerging Base revenues and the plan to sell older vessels and acquire a lesser number of contracted, or part contracted, younger and more powerful units is an essential element of Mermaid's current business model. Results have started to show good progress as higher levels of predictability and profitability emerge.

The supply bases have shown improved revenue and earning performance over the past six months. The Dampier base registered a profit for the half year, which we expect to grow as new clients are attracted to the benefits of the facility. A year ago, when the Dampier base

first commenced operations, a loss was recorded for the six months. In the following period operating revenue increased by 37% which contributed to a profit being recorded for the half. In the last six months supply base operating revenue grew by a further 125% as the facility attracted an increasing number of customers.

During the six months the Broome base has been very busy, supporting an extensive drilling programme for the Japanese oil company, Inpex. The Browse Basin does not get the headlines currently enjoyed by the North West Shelf and our business there is small, but the very significant accumulations of gas in that region will undoubtedly play an important part in Australia's energy development scene over coming years. Mermaid intends to be part of that and will invest in our presence there as developments allow, meanwhile the Broome base continues to operate profitably.

The steady conversion of the Group's earnings from cyclical to more reliable income streams is far from complete, but with specific premises now dedicated to the use of Halliburton, BHP Billiton Petroleum and Santos, the flow on work from those major users will have a significant effect on Mermaid's renewable earnings.

Vessel operating revenue and profit also improved over the past six months and contributed strongly to the overall result. Repairs and maintenance expenditure on the Group's vessel fleet will be reduced by improving efficiencies and the move to more modern vessels. "Work alongside" will soon replace the costly practice of maintaining vessels on moorings, or slipping for only minor work. To some extent this change of practice has been hampered by other pressures on wharf space as established customers such as BHP Billiton and Santos have accelerated their loading and unloading activities. A nice problem, therefore the Company is planning to extend the working face of the present wharf by a further 50 - 80 metres.

Apache and partners continue with their exploration success. In joint venture with Clough Offshore, our Group will be in the field for Apache in March laying a feeder pipeline from the Linda Field. We are currently working with Apache assisting in their loadout of the Linda platform which will be completed over the next few weeks.

As at the 31st December Mermaid vessels added to their excellent safety record by registering 796 lost time injury free days. Following an isolated incident in August, the Dampier supply base now has 133 LTI free days, the Dampier slipway 894 days and Broome Supply Base, 1,429 days. We are continuing to focus on and improve our quality and safety management systems and have recently been upgraded to ISO 9001:2000.

Signed in accordance with a resolution of directors.

On behalf of the directors



Alan Birchmore
Chairman

Perth, 23 February 2004

INDEPENDENT REVIEW REPORT TO THE MEMBERS
OF MERMAID MARINE AUSTRALIA LIMITED

Scope

We have reviewed the financial report of [Mermaid Marine Australia Limited](#) for the half-year ended [31 December 2003](#) as set out on pages [6 to 11](#). The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of [Mermaid Marine Australia Limited](#) is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at [31 December 2003](#) and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter McIver

P J McIVER
Partner
Chartered Accountants
Perth WA, 23 February 2004

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 consolidated entity;
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; 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.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Alan Birchmore
Chairman

Perth, 23 February 2004

Consolidated Statement of Financial Performance for the Half Year Ended 31 December 2003

	Consolidated Half Year Ended 31/12/03 \$	Consolidated Half Year Ended 31/12/02 \$
Revenue from Ordinary Activities	15,983,918	10,255,943
Share of net profits of associates and joint ventures accounted for using the equity method	-	308,667
Vessel expenses	(9,451,865)	(12,041,383)
Supply base expenses	(3,130,279)	(10,089,832)
Engineering & Labour Hire expenses	(330,055)	(93,682)
Administration expenses	(1,022,080)	(1,370,112)
Borrowing costs	(932,009)	(915,561)
	<hr/>	<hr/>
Profit (Loss) from Ordinary Activities Before Income Tax Expense	1,117,630	(13,945,960)
Income tax (expense)/benefit relating to ordinary activities	1,121,403	898,573
	<hr/>	<hr/>
Profit (Loss) From Ordinary Activities After Related Income Tax Expense	2,239,033	(13,047,387)
	<hr/>	<hr/>
Net Profit (Loss)	2,239,033	(13,047,387)
	<hr/>	<hr/>
Net Profit (Loss) Attributable to Members of the Parent Entity	2,239,033	(13,047,387)
	<hr/>	<hr/>
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners	2,239,033	(13,047,387)
	<hr/>	<hr/>
Earnings Per Share		
Basic (cents per share)	1.95	(13.79)
Diluted (cents per share)	1.95	(13.79)

Notes to the financial statements are included on pages 10 and 11.

Consolidated Statement of Financial Position as at 31 December 2003

	Consolidated 31/12/03 \$	Consolidated 30/6/03 \$
<i>Current Assets</i>		
Cash assets	5,992,262	5,791,997
Receivables	6,250,779	7,065,470
Inventories	480,383	407,923
Current tax assets	-	2,871
Other	1,355,200	733,100
Total Current Assets	14,078,624	14,001,361
<i>Non-Current Assets</i>		
Investment accounted for using the equity method	230,876	230,876
Property, plant and equipment	58,927,952	59,517,250
Intangibles	239,921	256,338
Total Non-Current Assets	59,398,749	60,004,464
Total Assets	73,477,373	74,005,825
<i>Current Liabilities</i>		
Payables	3,682,908	4,555,037
Interest-Bearing liabilities	5,171,045	5,920,911
Provisions	702,296	501,777
Total Current Liabilities	9,556,249	10,977,725
<i>Non-Current Liabilities</i>		
Payables	-	75,600
Interest-bearing liabilities	25,559,208	26,842,533
Provisions	108,452	95,536
Total Non-Current Liabilities	25,667,660	27,013,669
Total Liabilities	35,223,909	37,991,394
Net Assets	38,253,464	36,014,431
<i>Equity</i>		
Contributed Equity	39,658,553	39,658,553
Reserves	3,763,956	3,763,956
Retained profits	(5,169,045)	(7,408,078)
Total Equity	38,253,464	36,014,431

Notes to the financial statements are included on pages 10 and 11.

Consolidated Statement of Cash Flows for the Half-Year Ended 31 December 2003

	Consolidated Half Year Ended 31/12/03 \$	Consolidated Half Year Ended 31/12/02 \$
<i>Cash Flows from Operating Activities</i>		
Receipts from customers	18,075,114	11,090,941
Payments to suppliers and employees	(15,044,597)	(11,338,040)
Dividends received	-	473,581
Interest and bill discounts received	185,833	52,421
Income tax (paid)/received	1,196,403	121,455
Interest and other costs of finance paid	(905,431)	(1,412,219)
	3,507,322	(1,011,861)
<i>Cash Flows from Investing Activities</i>		
Payments for property, plant and equipment	(1,234,321)	(7,060,501)
Proceeds from sale of property, plant and equipment	22,523	48,181
Amounts advanced to related parties	(10,881)	167,362
Amounts advanced to non-related parties	-	(1,033)
	(1,222,679)	(6,845,991)
<i>Cash Flows from Financing Activities</i>		
Proceeds from issues of equity securities	-	7,047,501
Payment for share issue costs	-	(91,289)
Proceeds from borrowings	-	5,052,928
Repayment of borrowings	(2,084,378)	(1,797,499)
Other	-	153,941
	(2,084,378)	10,365,582
Net Increase in Cash Held	200,265	2,507,730
Cash at the Beginning of the Half Year	5,791,997	2,729,535
Cash at the End of the Half Year	5,992,262	5,237,265

Notes to the financial statements are included on pages 10 and 11.

Notes to the Financial Statements for the Half Year Ended 31 December 2003

1. Basis of Preparation

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 1029 'Interim financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2003 annual financial report.

Significant Accounting Policies

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the 2003 annual financial report.

2. Subsequent Events

During February 2004, the Company entered into an agreement to sell the Mermaid Explorer vessel. The agreement is to be settled in United States currency and is therefore subject to the prevailing exchange rate at time of settlement. The effect of this transaction has not been reflected in these financial statements.

3. Contingent Liabilities

An entity in the consolidated entity is a defendant in a legal action involving a claim for damages to personal injury arising from an alleged incident in 1998. The directors are presently obtaining legal advice in relation to the matter and intend to vigorously defend the action brought against the entity concerned.

This contingent liability has not changed since 30 June 2003.

4. Dividends

No interim or final dividends were paid or declared in relation to 2002 and 2003 half-years.

5. Segment Information

	Vessels		Supply Base		Engineering & Labour Hire		Unallocated		Total	
	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$	2003 \$	2002 \$
Segment Revenues										
Sales to outside customers	11,724,931	7,697,011	3,756,391	2,453,701	316,763	(7,300)	185,833	112,531	15,983,918	10,255,943
Inter-segment revenue	5,200	35,530	1,337,403	1,782,457	-	-	173,754	126,078	1,516,357	1,944,065
Share of net profit of equity accounted investments	-	-	-	-	-	308,667	-	-	-	308,667
Total	11,730,131	7,732,541	5,093,794	4,236,158	316,763	301,367	359,587	238,609	17,500,275	12,508,675
Eliminations									(1,516,357)	(1,944,065)
Total consolidated revenue									15,983,918	10,564,610
Segment Results										
Segment result	1,918,249	(6,887,157)	343,003	(5,976,949)	(13,292)	206,442			2,247,960	(12,657,664)
Eliminations									(117,100)	(50,449)
Total									2,130,860	(12,708,113)
Unallocated									(1,013,230)	(1,237,847)
Profit/(Loss) from ordinary activities before income tax expenses									1,117,630	(13,945,960)
Income tax (expense) / benefit relating to ordinary activities									1,121,403	898,573
Profit/(Loss) from ordinary activities after related income tax expense									2,239,033	(13,047,387)
Net Profit/(Loss)									2,239,033	(13,047,387)