

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2003

	Consolidated 31/12/03 \$	Consolidated 30/06/03 \$
<b>Current Assets</b>		
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
<b>Total Current Assets</b>	<b>14,078,624</b>	<b>14,001,361</b>
<b>Non Current Assets</b>		
Investment accounted for using using the equity method	230,876	230,876
Property, plant and equipment	58,927,952	59,517,250
Intangibles	239,921	256,338
<b>Total Non Current Assets</b>	<b>59,398,749</b>	<b>60,004,464</b>
<b>Total Assets</b>	<b>73,477,373</b>	<b>74,005,825</b>
<b>Current Liabilities</b>		
Payables	3,682,908	4,555,037
Interest-Bearing liabilities	5,171,045	5,920,911
Provisions	702,296	501,777
<b>Total Current Liabilities</b>	<b>9,556,249</b>	<b>10,977,725</b>
<b>Non Current Liabilities</b>		
Payables	-	75,600
Interest-bearing liabilities	25,559,208	26,842,533
Provisions	108,452	95,536
<b>Total Non Current Liabilities</b>	<b>25,667,660</b>	<b>27,013,669</b>
<b>Total Liabilities</b>	<b>35,223,909</b>	<b>37,991,394</b>
<b>Net Assets</b>	<b>38,253,464</b>	<b>36,014,431</b>
<b>Equity</b>		
Contributed Equity	39,658,553	39,658,553
Reserves	3,763,956	3,763,956
Retained Profits	(5,169,045)	(7,408,078)
<b>Total Equity</b>	<b>38,253,464</b>	<b>36,014,431</b>

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**MERMAID MARINE**  
AUSTRALIA LIMITED

**Half Year Financial Statements 31 December 2003**



## 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

## 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)
<b>Profit (Loss) From Ordinary Activities Before Income Tax Expenses</b>	<b>1,117,630</b>	<b>(13,945,960)</b>
Income tax (expense) benefit relating to ordinary activities	1,121,403	898,573
<b>Profit (Loss) From Ordinary Activities After Related Income Tax Expense</b>	<b>2,239,033</b>	<b>(13,047,387)</b>
<b>Net Profit (Loss)</b>	<b>2,239,033</b>	<b>(13,047,387)</b>
<b>Net Profit (Loss) Attributable to Members of the Parent Entity</b>	<b>2,239,033</b>	<b>(13,047,387)</b>
<b>Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners</b>	<b>2,239,033</b>	<b>(13,047,387)</b>
<b>Earnings Per Share</b>		
Basic (cents per share)	1.95	(13.79)
Diluted (cents per share)	1.95	(13.79)