

BALANCE SHEET

For the Half Year ended 31 December 2002

	Consolidated 31/12/02 \$,000	Consolidated 31/12/01 \$,000
Current Assets		
Cash	5,237	10,455
Receivables	6,351	12,049
Inventories	787	320
Other	1,300	1,268
Total Current Assets	13,675	24,092
Non Current Assets		
Property, Plant & Equipment	58,200	61,122
Deferred tax assets	-	298
Other (Investments)	681	439
Total Non Current Assets	58,881	61,859
Total Assets	72,556	85,951
Current Liabilities		
Accounts Payable	4,988	11,073
Borrowings	3,802	1,808
Provisions	516	948
Current Tax-Liabilities	-	423
Other	-	2,860
Total Current Liabilities	9,306	17,112
Non Current Liabilities		
Payables	267	-
Borrowings	29,349	30,320
Provisions	134	110
Deferred tax liabilities	-	1,496
Total Non Current Liabilities	29,750	31,926
Total Liabilities	39,059	49,038
Net Assets	33,500	36,913
Equity		
Share Capital	39,518	29,702
Reserves	3,764	3,764
Retained Profits	(9,782)	3,447
Total Equity	33,500	36,913



Half Year Financial Statements 31 December 2002



REGISTERED OFFICE

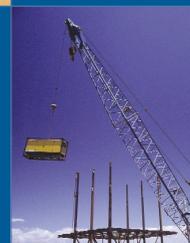
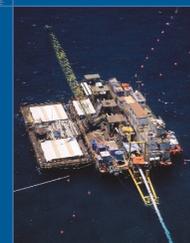
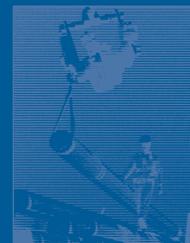
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SUMMARY REVIEW OF OPERATIONS

Group operating revenue for the half-year totalled \$10.256 million, which was 63% less than the \$27.623 million recorded in the same period last year. The Company recorded a net trading loss after tax of \$1.398 million for the half year, to which a write down of assets has added a further \$11.649 million, producing a total loss of \$13.047 million for the half year, a decrease of \$18.734 million on the previous corresponding period.

The loss arose principally from substantially lower vessel revenues caused by historical low levels of work in the vessel charter market and increased competition, which put pressure on rates. But with the strategic advantages we have worked diligently to create and a move towards contracted revenue streams, the Company is now substantially better placed in terms of such industry cycles.

A campaign has commenced to better focus the spot charter fleet. It remains an important part of our business and will continue to offer a comprehensive choice of cost effective utility boats for shorter term projects. Wherever possible, new or younger vessels will be exchanged for old as opportunities allow. Enhanced capability from the spot fleet will provide valuable back up to those operating under long term contracts, offering reliability and a balance between higher margins and regular income. As the new for old program is implemented and to clear the decks for this push, a decision to write down the existing fleet was appropriate.

The Supply Base enhances every element of our business, whether ashore or afloat and in its short life has already hosted a significant number of major offshore engineering projects. Nonetheless this asset which steadily grows in worth as it's businesses develop, must be assessed today for balance sheet carrying values. Therefore the value of this facility has also been written down.

The Dampier Supply Base has had a reasonably busy period with the completion of the heavy load wharf in May 2002. Revenues were in line with expectations but slightly down on the same time last year in line with offshore project activity.

Earnings were slightly better than budget due to reduced overheads and improved operating efficiencies. The Company has successfully won a tender to provide Supply Base support to BHP Billiton Petroleum commencing in April 2003. A new warehouse, laydown area and fuel facility is being constructed to support this contract and represents an excellent first step in our overall supply base strategy of supplying one stop services to regional players.

The Broome Supply Base successfully supported a Woodside drilling operation during the first half and is currently servicing a drilling programme for BHP Billiton Petroleum. In addition the Company was successful in winning the Inpex drilling support work, which is expected to run for around 7 months commencing in the fourth quarter. Despite spirited competition, since start up in 1999, the Broome Base has won every offshore drilling campaign in the region and has developed a solid reputation for safety, efficiency and cost effective operation.

During the period the marine division of the recently corporatised Port of Singapore, PSA Marine (Pte) Ltd took a 22% shareholding in the Company through the issue of new shares and options, nominating Mr Peter Chew, PSAM's Deputy Managing Director, to join our Board.

Mermaid has established a demanding safety program, which has delivered very satisfactory results. The period free of lost time injuries (LTIs) for the vessels is 431 days, the Base, 435 days and the slipway 529 days. These are excellent results, which are a credit to our Health Safety and Environment (HSE) management and the staff who have enthusiastically cooperated with this successful system of safety management.

During the year the Mermaid Clough JV successfully tendered for Apache Energy's Victoria and Double Island offshore pipelay projects. The contracts involve the laying of approximately 13 kilometres of 12 and 8 inch pipeline bundles from the Victoria and Double Island platforms and will contribute significantly to the full year result.

The six months to 31st December 2003 was a tough time for Mermaid Marine, a period when we learnt to live with new rules and quickly adapt to the necessary changes. Our customers are major international players, who demand the safest and best at the lowest cost. We are better placed than any competitor to satisfy those needs and will do so in a reliable, profitable and sustainable way.

Signed in accordance with a resolution of directors.

On behalf of the Directors



Alan Birchmore
Chairman
PERTH, 13 March 2003

PROFIT & LOSS STATEMENT

For the Half Year ended 31 December 2002

	Consolidated 31/12/02 \$,000	Consolidated 31/12/01 \$,000
Revenue from Ordinary Activities	10,256	27,623
Share of net profits of associates accounted for using the equity method	309	187
Vessel expenses	(5,665)	(9,079)
Supply base expenses	(4,817)	(4,181)
Project expenses	(94)	(11,894)
Administration expenses	(1,370)	(1,507)
Recoverable Amount Write Downs	(11,649)	-
Borrowing costs	(916)	(777)
Profit (Loss) From Ordinary Activities Before Income Tax Expenses	(13,946)	372
Income tax expense (benefit) relating to ordinary activities	(899)	105
Profit (Loss) From Ordinary Activities After Related Income Tax Expense	(13,047)	267
Net Profit (Loss)	(13,047)	267
Net Profit (Loss) Attributable to Members of the Parent Entity	(13,047)	267
Total Changes in Equity Other than those Resulting from Transactions with Owners	(13,047)	267