MERMAID MARINE AUSTRALIA LIMITED

2011 PRELIMINARY FINANCIAL REPORT

MERMAID MARINE DELIVERS STRONG EARNINGS GROWTH IN FY2011

The Directors of Mermaid Marine Australia Ltd ("MMA" or "the Company") (ASX: MRM) are pleased to announce another year of strong earnings growth.

Net Profit after Tax ("NPAT") for the year increased by 37% to $43.2 million and Earnings per Share ("EPS") increased by 24% to 21.1c per share[1].

The Directors are also pleased to announce a final dividend of 5c per share taking the full year dividend to 9c per share, an increase of 12.5% on last year.

Financial Highlights

Key Financials	FY2011	FY2010	Variance
Revenue	$289.1M	$194.4M	48.7%
EBITDA	$90.2M	$65.9M	36.9%
NPAT	$43.2M	$31.5M[1]	37.1%
Earnings per share	21.1c	17.0c[1]	24.1%
Full year dividends	9c per share	8c per share	12.5%

[1] FY10 NPAT and EPS normalised to exclude one-off tax benefit from Fed Govt investment incentives. Reported FY10 NPAT $37.9m, EPS 20.4c

Dividend	
Final dividend	5c per share
Dividend record date	2 September 2011
Dividend payment date	23 September 2011

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

"Oil & Gas activity in the North West Shelf has been buoyant with construction of the Gorgon Project driving strong demand for MMA's vessels and supply base services.

"MMA signed two major long term production support contracts with Woodside during the year, maintaining the balance of future work across the exploration, construction and production sectors.

"The Dampier Supply Base experienced high utilisation and secured a major new long term contract with Chevron supporting its drilling and production operations.

"The Company is in a strong financial position, having raised $64 million in new capital in October 2010 and is well placed for future growth."

MMA Managing Director, Mr Jeffrey Weber said:

"MMA has delivered a strong result for FY2011 with all divisions performing well.

"Whilst competition has increased in the Australian vessel market, MMA's ability to deliver customised and unique marine solutions to its customers has driven continued growth.

"MMA's integrated service offering combining offshore vessels, supply base and slipway services, provides a complete solution to companies operating in the oil and gas sector in the North West of Australia.

"MMA continues to execute on its growth strategy, expanding into the Platform Supply Vessel (PSV) market during the year with the purchase of a new 75 metre PSV, the Mermaid Leveque. This vessel was delivered in June 2011 and will commence a major contract in the Australian market in the second quarter of FY2012.

"The outlook for MMA's services remains strong with Gorgon construction activity continuing through 2013. A number of significant new projects are also flagged for development over the next three to four years. MMA is well positioned to take advantage of this activity in the region and expects to continue to grow earnings into the coming year."

Dividend

The MMA Board has declared a final fully franked dividend of 5 cents per share taking the full year dividend to 9 cents per share. This represents a 12.5% increase on the dividend in respect to the 2010 financial year.

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

Operational Highlights

The 2011 Financial Year saw strong demand for MMA's services across each of the vessels, supply base and slipway divisions.

Vessel Operations

Strong demand for MMA's services during the year generated continued high fleet utilisation, averaging approximately 81% across the overall fleet.

EBIT from vessel operations was $42.6 million, an increase of 15% on the previous year and representing approximately 61% of group EBIT in FY2011.

Construction of the Gorgon Project ramped up during the year and MMA provided a range of vessels to support the Project. During the first quarter of FY2011, MMA was awarded a three year contract by Chevron to transport fuel to Barrow Island. The contract commenced in May 2011 and will generate revenue of more than $80 million over the initial three year term, with an option to extend for a further 12 months. MMA was also awarded contracts to transport cargo from the mainland to Barrow Island for the Project. The Mermaid Vision has recently been transformed into an offshore desalination plant providing an environmentally friendly and secure supply of water to the Project.

MMA continued its fleet expansion strategy with the purchase of a further two vessels during the financial year. A major milestone was the delivery in June 2011 of the Mermaid Leveque, a new 75 metre DP II Platform Supply Vessel (PSV). The PSV is equipped with a diesel electric drive train, which delivers a high level of reliability, flexibility and fuel efficiency in operation. The vessel represents a new level of sophistication and capability for MMA's clients and is the first step in our overall PSV strategy.

A further vessel, the Mermaid Strait, a 53m DP1 OSV is currently under construction and is expected to be delivered in April 2012. MMA's Marine Project Group have taken experience from the purpose built Mermaid Sound and specifically designed the Mermaid Strait to include modifications that further enhance the safety of the vessel, especially when working in close quarters with large tankers. In addition, the new design offers more flexibility in relation to the range of functions the vessel can perform.

MMA's Marine Project Department has completed a range of complex and innovative modification and design projects during the year. This application of knowledge and experience to design and deliver unique marine solutions is a key strength of the Company and a key area of future growth.

During the year, MMA built on its portfolio of contracted, production support work with two major FPSO support contracts secured with Woodside. The contracts are both for a term of three years firm with two options of one year each. The Mermaid Sound commenced its new contract in June 2011. The Mermaid Resolution has commenced the second contract and will be replaced by the Mermaid Strait when it joins the fleet. With this vessel now committed with Woodside, the Company has commenced construction of an additional sister vessel which is expected to be completed by December 2012.

MMA continued to supplement its fleet with an appropriate mix of chartered vessels during the year. In particular a number of barges have been chartered in to support MMA's tug and barge operations for the Gorgon Project.

MMA's international fleet continues to contribute to the overall success of the business. The Mermaid Vigilance, Mermaid Discovery and Mermaid Vanquish supported a large seismic project with Geokinetics in West Papua during the year. At the conclusion of that contract, the Vigilance moved on to a contract in Mexico and the Discovery and Vanquish are currently working in Brunei.

In addition to its ongoing international work with Geokinetics, MMA recently commenced a contract for the provision of a 132 man Multi-Purpose Support Vessel, the Crest Odyssey II, to support Geokinetics' seismic work for the Woodside Browse Project. The Mermaid Investigator will also operate as a supply vessel for this Project.

The international OSV market is still relatively challenging, with charter rates and utilisation levels remaining low. In this environment, to have a positive contribution from our international business is a testament to MMA's operating ability.

International operations contributed approximately $24 million in revenue during the 2011 financial year, slightly down on the prior year.

MMA continues to seek opportunities to selectively grow its vessel business internationally, focusing on the high value, non-commoditised end of the market.

Dampier Supply Base

Strong demand for supply base services during the year resulted in high utilisation across the Base. EBIT increased by 52% to $30.4 million as MMA's ongoing capital investment in the Base delivered a strong return.

Wharf utilisation remained consistent throughout the year, reflecting increased activity relating to the Gorgon Project construction, drilling campaigns by Apache, Chevron, Hess and BHP, as well as ongoing production support work.

During the year, MMA secured a major long term contract for the provision of supply base services in support of Chevron's exploration and production drilling activities in the North West Shelf and ongoing production facilities on Thevenard Island. The contract is for an initial 3.5 year term with options to extend. This is in addition to the existing supply base services provided by MMA to the Gorgon Project.

The Company was also awarded a contract with Allseas for the provision of supply base services to support the Gorgon Jansz Pipelay Project. The contract is for the full range of supply base services including stevedoring, storage, loadout and fuel and water supply and is expected to continue for three years.

Recent industrial activity affected operations at the Supply Base, with a number of days lost to industrial activity. MMA is committed to a fair and reasonable outcome for its employees and recently settled the major issues around pay and conditions, and is now focused on finalising the agreement in a timely manner.

Dampier Slipway

The Slipway delivered a strong financial performance with an increased number of vessels operating in the region generating increased demand for services. EBIT for the FY11 financial year was $2.9 million up from $1.0 million in FY2010.

Over the course of the year a total of 42 vessels were docked.

MMA continues to invest in improvements at the Slipway to increase both productivity and the safety of our workforce.

The Dampier Slipway remains a key strategic asset for MMA, enabling timely and cost effective maintenance and repair of MMA's vessel fleet.

Broome Supply Base (Joint Venture between MMA and Toll)

Drilling activity in the Browse Basin was limited during FY11 and MMA's Broome Supply Base reported a small loss for the year.

Activity is expected to increase in FY2012 with Conoco Philips announcing a five to eight well drilling campaign commencing in the fourth quarter of 2011. Drilling operations are estimated to run for 18 months to two years.

Several major projects are planned for the region. Shell's Prelude Floating LNG Project received final investment approval in May 2011 and final investment decisions are expected on INPEX's Ichthys Project by the end of 2011 and Woodside's Browse Project by mid 2012.

Broome continues to be a strategic asset for MMA and is ideally positioned to service future projected growth in the Browse Basin.

Outlook

Activity in the region is expected to remain strong as construction activity in the North West Shelf, Browse Basin and Timor Sea remains buoyant.

Construction of the $43 billion Gorgon Project is expected to continue through 2013. Chevron has also confirmed that it is on track to make a final investment decision on its $18 billion Wheatstone LNG Project during 2011, having recently signed a firm offtake deal with Tokyo Electric Power Company for 35% of its total initial production of LNG. Sapura Acergy is scheduled to commence development of the Montara Development Project in the Timor Sea in September 2011 and BHP Billiton's Macedon Project is expected to commence in the first quarter of 2012.

MMA, with its modern fleet of vessels and strategically located supply bases, is well placed to take advantage of continued strong activity in the region and looks forward to continued earnings growth in FY2012.

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MERMAID MARINE AUSTRALIA LTD

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Preliminary Financial Report and Appendix 4E for the Year Ended 30 June 2011

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Results for Announcement to the Market

Current Reporting Period : Year ended 30 June 2011
Previous Reporting Period : Year ended 30 June 2010

Earnings	% Change	Amount $'000
Revenue from ordinary activities	+ 48.7%	289,125
Profit from ordinary activities after tax attributable to members	+ 13.9%	43,150
Net profit attributable to members	+ 13.9%	43,150

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

Dividends	Amount per share	Franked Amount per Share
Interim dividend for 2011	4 cents	4 cents
Final dividend for 2011	5 cents	5 cents

The Company paid an interim fully franked dividend for the 2011 financial year of 4 cents per share on 25 March 2011.
The Company has declared a fully franked final dividend with respect to the year ended 30 June 2011 of 5 cents per share.

The record date for entitlement to the final dividend is 2 September 2011.
The payment date for the final dividend is 23 September 2011.

Dividend reinvestment plan

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

The subscription price for shares issued under the DRP will be the average of the daily volume weighted average sale price of the Company's shares sold on the ASX during the 5 trading days immediately after the record date for the dividend less a 2.5% discount.

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

Elections to participate in the DRP for the dividend to be paid on 23 September 2011 must be received by the Company's share registry, Computershare Investor Services Pty Ltd, by the record date of 2 September 2011.

Net Tangible Asset Backing	2011	2010
Net tangible asset backing per share	$1.25	$1.05

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

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

Audit Report

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

There are no likely disputes or qualifications to the accounts.

Consolidated statement of comprehensive income for the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Revenue	2(a)	289,125	194,434
Loss on disposal	2(b)	(358)	(645)
Share of profits/(losses) of associates accounted for using the equity method	8	(59)	1,127
Vessel expenses		(168,840)	(112,656)
Supply base expenses		(27,958)	(18,665)
Slipway expenses		(12,321)	(4,438)
Administration expenses		(9,751)	(7,717)
Finance costs	2(c)	(11,678)	(9,614)
Profit before tax		58,160	41,826
Income tax expense	4	(15,010)	(3,937)
PROFIT FOR THE YEAR		**43,150**	**37,889**
Other Comprehensive Income			
Exchange differences on translation of foreign operations	17	(24,901)	(2,419)
Loss on cashflow hedges	17	(2,760)	(729)
Transfer of cashflow hedge loss to initial carrying amount of fixed asset	17	1,148	1,972
Income tax relating to components of other comprehensive income	17	-	(373)
Other comprehensive income for the year, net of tax		(26,513)	(1,549)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**16,637**	**36,340**
Profit attributable to owners of the Company		43,150	37,889
Total comprehensive income attributable to owners of the Company		16,637	36,340
Earnings per share			
- Basic (cents per share)	3	21.09	20.40
- Diluted (cents per share)	3	20.72	20.00

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

Consolidated statement of financial position as at 30 June 2011

	Note	2011 $'000	2010 $'000
Current Assets			
Cash and cash equivalents		55,090	26,789
Trade and other receivables	5	64,396	42,820
Inventories	6	2,153	2,192
Current tax assets		-	2,256
Other	7	5,278	1,078
Total Current Assets		126,917	75,135
Non-Current Assets			
Investments accounted for using the equity method	8	4,659	4,719
Other financial assets	9	750	750
Property, plant and equipment	10	334,684	303,643
Total Non-Current Assets		340,093	309,112
Total Assets		467,010	384,247
Current Liabilities			
Trade and other payables	11	23,275	16,245
Unearned revenue	12	12,970	-
Borrowings	13	30,260	26,876
Other financial liabilities	14	1,612	-
Provisions	15	4,216	2,187
Current tax liabilities		10,958	-
Total Current Liabilities		83,291	45,308
Non-Current Liabilities			
Borrowings	13	104,085	131,358
Provisions	15	942	684
Deferred tax liabilities		8,966	9,844
Total Non-Current Liabilities		113,993	141,886
Total Liabilities		197,284	187,194
Net Assets		**269,726**	**197,053**
Equity			
Issued capital	16	186,416	112,954
Reserves	17	(27,159)	(1,135)
Retained earnings	18	110,469	85,234
Total Equity		**269,726**	**197,053**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity for the year ended 30 June 2011

	Ordinary shares	Employee equity settled benefits reserve	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2009	108,489	670	(870)	(392)	60,342	168,239
Profit for the year	-	-	-	-	37,889	37,889
Other comprehensive income for the year	-	-	870	(2,419)	-	(1,549)
Total comprehensive income for the year	**-**	**-**	**870**	**(2,419)**	**37,889**	**36,340**
Payment of dividends	-	-	-	-	(12,997)	(12,997)
Issue of shares under dividend reinvestment plan	3,695	-	-	-	-	3,695
Issue of shares under employee share option plans	770	-	-	-	-	770
Recognition of share based payments	-	1,006	-	-	-	1,006
Balance at 30 June 2010	**112,954**	**1,676**	**-**	**(2,811)**	**85,234**	**197,053**
Profit for the year	-	-	-	-	43,150	43,150
Other comprehensive income for the year	-	-	(1,612)	(24,901)	-	(26,513)
Total comprehensive income for the year	**-**	**-**	**(1,612)**	**(24,901)**	**43,150**	**16,637**
Payment of dividends	-	-	-	-	(17,915)	(17,915)
Issue of shares under dividend reinvestment plan	7,077	-	-	-	-	7,077
Issue of shares under employee share option plans	1,290	-	-	-	-	1,290
Issue of shares under share placement	35,000	-	-	-	-	35,000
Issue of shares under share purchase plans	29,237	-	-	-	-	29,237
Share issue cost	(1,147)	-	-	-	-	(1,147)
Related income tax	350	-	-	-	-	350
Transfer to share capital	1,655	(1,655)	-	-	-	-
Recognition of share based payments	-	2,144	-	-	-	2,144
Balance at 30 June 2011	**186,416**	**2,165**	**(1,612)**	**(27,712)**	**110,469**	**269,726**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows for the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Cash flows from Operating Activities			
Receipts from customers		307,746	206,946
Interest received		2,489	661
Payments to suppliers and employees		(216,996)	(141,131)
Income tax paid		(2,501)	(5,179)
Interest and other costs of finance paid		(11,237)	(9,614)
Net cash provided by Operating Activities	19(b)	79,501	51,683
Cash flows from Investing Activities			
Payments for property, plant and equipment		(78,225)	(97,065)
Proceeds from sale of property, plant and equipment		63	364
Amounts received from associate		-	550
Net cash used in Investing Activities		(78,162)	(96,151)
Cash flows from Financing Activities			
Proceeds from issue of shares		64,602	770
Payment for share issue costs		(141)	-
Proceeds from borrowings		800	61,269
Repayment of borrowings		(26,047)	(19,689)
Dividends paid		(10,838)	(9,308)
Net cash provided by Financing Activities		28,376	33,042
Net increase/(decrease) in cash and cash equivalents		29,715	(11,426)
Cash and cash equivalents at the beginning of the financial year		26,789	38,383
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1,414)	(168)
Cash and cash equivalents at the end of the financial year		55,090	26,789

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

Notes to the Preliminary Financial Report

1. Summary of Significant Accounting Policies

These preliminary consolidated financial statements relate to Mermaid Marine Australia Limited and the entities it controlled at the end of, or during the year ended 30 June 2011.

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

2. Profit from Operations

	2011 $'000	2010 $'000
(a) Revenue from continuing operations consisted of the following items:		
Rendering of services	259,455	180,487
Rental revenue	25,813	13,286
Interest – other entities	2,567	661
Net foreign exchange gain	1,290	-
	289,125	194,434
(b) Other gains and losses		
Net foreign exchange loss	-	(149)
Loss on disposal of :		
Property, plant and equipment	(358)	(645)
(c) Finance costs		
Interest expense – other entities	8,788	6,735
Finance charges – lease finance charges	2,890	3,323
Total interest expenses	11,678	10,058
Less: amounts included in the cost of qualifying assets	-	(444)
	11,678	9,614
(d) Profit for the year		
Profit for the year before income tax has been arrived at after charging the following:		
(i) Depreciation:		
Leasehold buildings and improvements	3,221	2,755
Vessels	12,097	6,394
Vessels – hire purchase	3,022	3,687
Plant and equipment	1,329	1,000
Plant and equipment – hire purchase	687	587
	20,356	14,423

Notes to the Preliminary Financial Report (continued)

2. Profit from Operations (continued)

	2011 $'000	2010 $'000
(ii) Impairment losses		
Impairment loss recognised on trade receivables	139	210
Reversal of impairment losses recognised on trade receivables	(15)	(276)
(iii) Employee benefit expense:		
Post employment benefits:		
Defined contribution plans	4,258	3,162
Share based payments:		
Equity settled share-based payments	2,144	1,006
Other employee benefits	109,876	76,896
	116,278	81,064

3. Earnings Per Share

	2011 Cents per Share	2010 Cents per Share
Basic earnings per share	21.09	20.40
Diluted earnings per share	20.72	20.00

Basic Earnings Per Share:

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

	2011 $'000	2010 $'000
Net Profit	43,150	37,889

	2011 No.'000	2010 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	204,614	185,737

Diluted Earnings Per Share:

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

	2011 $'000	2010 $'000
Net Profit	43,150	37,889

	2011 No.'000	2010 No.'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	204,614	185,737
Shares deemed to be issued for no consideration in respect of:		
Employee options	3,682	3,755
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	208,296	189,492

Notes to the Preliminary Financial Report (continued)

3. Earnings Per share (continued)

The following potential ordinary shares are non-dilutive and are therefore excluded from the weighted average number of ordinary shares used in the calculation of diluted earnings per share.

	2011 No.'000	2010 No.'000
Employee options	4,600	4,600

4. Income Tax

	2011 $'000	2010 $'000
(a) Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax expense in respect of the current year	15,661	2,162
Deferred tax expense relating to origination and reversal of temporary differences	(176)	1,729
Adjustment recognised in the current year in relation to the current tax of prior years	(475)	46
Total tax expense	15,010	3,937
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit from operations	58,160	41,826
Income tax expense calculated at 30%	17,448	12,548
Effect of revenue that is exempt from taxation	(2,570)	(2,627)
Effect of expenses that are not deductible in determining taxable profit	644	334
Effect of investment allowance	-	(6,364)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(37)	-
	15,485	3,891
Adjustment recognised in the current year in relation to the current tax of prior years	(475)	46
	15,010	3,937

During the financial year the Group operated in both Australia and Singapore and as a result the Group was subject to taxes in both Australia and Singapore.
The tax rate used in the above reconciliation for operations in Australia on taxable profits under Australian tax law is the corporate tax rate of 30%. The tax rate payable by Singaporean corporate entities under Singaporean tax law is 17%.
The effective tax rate for the comparative year of 9.4% was impacted by the income tax deduction allowable to the Group from the Federal Government's investment allowance on eligible capital expenditure incurred by the Group.
The effective tax rate for the comparative year, excluding the impact of the investment allowance was 24.6%.

5. Trade & Other Receivables

	2011 $'000	2010 $'000
Trade receivables	61,943	35,628
Allowance for doubtful debts	(171)	(47)
Other receivables	1,507	6,316
Goods and services tax recoverable	1,117	923
	64,396	42,820

Notes to the Preliminary Financial Report (continued)

6. Inventories

	2011 $'000	2010 $'000
Fuel – at cost	1,867	1,931
Work in progress	286	261
	2,153	2,192

7. Other Current Assets

Prepayments	5,278	1,078

8. Investments Accounted For Using the Equity Method

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest 2011 %	Ownership Interest 2010 %	Consolidated Carrying Amount 2011 $'000	Consolidated Carrying Amount 2010 $'000
Associates						
Toll Mermaid Logistics Broome Pty Ltd [(i)]	Supply base services in Broome for the offshore oil and gas industry.	Australia	50	50	4,659	4,719
Total					4,659	4,719

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

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

	2011 $'000	2010 $'000
Financial position:		
Total assets	11,179	13,226
Total liabilities	(1,861)	(3,788)
Net assets	9,318	9,438
Group's share of associates' net assets	4,659	4,719
Financial performance:		
Total revenue	9,479	16,482
Total profit/(loss) before tax for the year	(148)	3,233
Group's share of associates' profit/(loss) before tax	(74)	1,616
Group's share of associates' income tax expense	15	(489)
Group's share of associates' profit/(loss)	(59)	1,127

Contingent Liabilities and Capital Commitments

The Company's share of the contingent liabilities, capital commitments and other expenditure commitments of the associate entities are nil (2010: nil).

9. Other Financial Assets

	2011 $'000	2010 $'000
Loan to associate	750	750

Notes to the Preliminary Financial Report (continued)

10. Property, Plant & Equipment

	Leasehold Buildings and improvements at cost	Vessels at cost	Vessels – Hire purchase at cost	Plant and Equipment at cost	Plant and Equipment – hire purchase at cost	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount:						
Balance at 1 July 2009	76,549	83,530	72,941	7,458	4,816	245,294
Additions	24,037	76,394	1,609	4,575	2,783	109,398
Disposals	-	(2,306)	-	(145)	(51)	(2,502)
Transfers	-	12,782	(12,782)	-	-	-
Net currency exchange differences	-	(2,158)	(109)	(1)	-	(2,268)
Balance at 1 July 2010	100,586	168,242	61,659	11,887	7,548	349,922
Additions	6,876	57,653	-	5,708	1,544	71,781
Disposals	(12)	(30)	-	(2,132)	(82)	(2,256)
Transfers	-	(602)	602	-	-	-
Net currency exchange differences	-	(21,406)	-	(32)	-	(21,438)
Balance at 30 June 2011	107,450	203,857	62,261	15,431	9,010	398,009
Accumulated depreciation:						
Balance at 1 July 2009	(7,936)	(11,787)	(9,815)	(3,509)	(284)	(33,331)
Disposals	-	1,421	(21)	69	22	1,491
Transfers	-	(4,659)	4,659	-	-	-
Depreciation expense	(2,755)	(6,394)	(3,687)	(1,000)	(587)	(14,423)
Depreciation capitalised in assets	-	-	-	-	(7)	(7)
Net currency exchange differences	-	(106)	97	-	-	(9)
Balance at 1 July 2010	(10,691)	(21,525)	(8,767)	(4,440)	(856)	(46,279)
Disposals	13	30	-	1,783	9	1,835
Transfers	-	502	(502)	-	-	-
Depreciation expense	(3,221)	(12,097)	(3,022)	(1,329)	(687)	(20,356)
Depreciation capitalised in assets	-	-	-	(5)	-	(5)
Net currency exchange differences	-	1,472	-	8	-	1,480
Balance at 30 June 2011	(13,899)	(31,618)	(12,291)	(3,983)	(1,534)	(63,325)
Net book value:						
As at 30 June 2010	89,895	146,717	52,892	7,447	6,692	303,643
As at 30 June 2011	93,551	172,239	49,970	11,448	7,476	334,684

Notes to the Preliminary Financial Report (continued)

11. Trade & Other Payables

	2011 $'000	2010 $'000
Trade payables	6,071	2,355
Other payables and accruals	15,368	12,346
Goods and services tax payable	1,836	1,544
	23,275	16,245

12. Unearned revenue

Unearned revenue represents revenue received in advance to be recognised over the life of the contract	12,970	-

13. Borrowings

Secured – at amortised cost

Current		
Hire purchase liability	12,014	11,260
Bank loan	18,246	15,616
	30,260	26,876
Non-Current		
Hire purchase liability	18,313	29,079
Bank loan	85,772	102,279
	104,085	131,358

14. Other Financial Liabilities

Derivatives		
Foreign currency forward contracts	1,612	-

15. Provisions

Current		
Employee benefits	4,216	2,187
Non-Current		
Employee benefits	942	684

16. Issued Capital

215,376,756 fully paid ordinary shares (2010:186,844,825)	186,416	112,954

Notes to the Preliminary Financial Report (continued)

17. Reserves

	2011 $'000	2010 $'000
Employee equity-settled benefits	2,165	1,676
Hedging	(1,612)	-
Foreign currency translation	(27,712)	(2,811)
	(27,159)	(1,135)

	2011 $'000	2010 $'000
Employee equity-settled benefits reserve		
Balance at beginning of financial year	1,676	670
Share based payment	2,144	1,006
Transfer to share capital	(1,655)	-
Balance at end of financial year	2,165	1,676

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

	2011 $'000	2010 $'000
Hedging reserve		
Balance at beginning of financial year	-	(870)
Loss on cashflow hedges	(2,760)	(729)
Transfer of cashflow hedge loss to initial carrying amount of fixed asset	1,148	1,972
Income tax related to losses recognised in equity	-	(373)
Balance at end of financial year	(1,612)	-

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

	2011 $'000	2010 $'000
Foreign currency translation reserve		
Balance at beginning of financial year	(2,811)	(392)
Translation of foreign operations	(24,901)	(2,419)
Balance at end of financial year	(27,712)	(2,811)

Notes to the Preliminary Financial Report (continued)

18. Retained Earnings

	2011 $'000	2010 $'000
Balance at beginning of financial year	85,234	60,342
Net profit attributable to members of the parent entity	43,150	37,889
Dividend provided for or paid	(17,915)	(12,997)
Balance at end of financial year	110,469	85,234

19. Notes to Statement of Cashflow

(a) Non cash financing and investing activities

During the financial year, the Group acquired property, plant and equipment with an aggregate value of $1.35 million which was financed by bank finance and hire purchase agreements. These acquisitions will be reflected in the cash flow statement over the term of the finance facilities via repayments.

In addition the Company issued shares to the value of $7.08 million under the Dividend Reinvestment Plan.

	2011 $'000	2010 $'000
(b) Reconciliation of profit for the year to net cash flows from operating activities		
Profit for the year	43,150	37,889
Depreciation of non current assets	20,356	14,423
Loss on sale of property, plant and equipment	358	645
Allowance for doubtful debts	139	47
Bad debts	2	163
Reversal of impairment losses on trade receivables	(15)	(276)
Equity settled share based payment	2,144	1,006
Increase/(decrease) in current tax liability	13,214	(3,074)
Share of associates (profit)/loss	59	(1,127)
Increase/(decrease) in deferred tax liabilities	(878)	2,102
Change in net assets and liabilities:		
Current trade and other receivables	(21,942)	(3,487)
Prepayments	(299)	813
Inventories	39	(632)
Provisions	2,287	599
Trade and other payables	7,917	2,592
Unearned revenue	12,970	-
Net cash flows from operating activities	79,501	51,683

Notes to the Preliminary Financial Report (continued)

20. Segment Information

20.1 Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker (The Board of Directors) for the purposes of resource allocation and assessment of segment performance focuses on the types of services provided. The Group's reportable segments under AASB 8 are therefore as follows:

- Vessel Operations
- Supply Base
- Slipway

20.2 Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Revenue from external customers		Inter-segment Revenue		Total Segment Revenue	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**	**2011 $'000**	**2010 $'000**
Segment Revenues						
Vessels	211,528	149,901	139	177	211,667	150,078
Supply Base	58,386	38,743	3,045	2,178	61,431	40,921
Slipway	15,353	5,385	8,415	7,746	23,768	13,131
Total	285,267	194,029	11,599	10,101	296,866	204,130
Eliminations					(11,599)	(10,101)
Unallocated					3,858	405
Total Revenue					**289,125**	**194,434**

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

Notes to the Preliminary Financial Report (continued)

20. Segment Information (continued)

Segment Profit	2011 $'000	2010 $'000
Vessels	33,811	29,189
Supply Base	28,200	18,554
Slipway	2,842	987
Eliminations	132	(60)
Total for continuing operations	64,985	48,670
Investment Revenue	2,567	661
Other losses	(358)	(645)
Unallocated Foreign Currency Gain/(Loss)	1,290	(256)
Central administration costs	(9,751)	(7,717)
Share of profit/(losses) of associates	(59)	1,127
Unallocated finance costs	(514)	(14)
Profit before income tax	**58,160**	**41,826**

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of investment revenue, other gains and losses, unallocated foreign currency gains and losses, unallocated central administration costs, share of profits of associates, unallocated finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

20.3 Segment assets

	2011 $'000	2010 $'000
Vessels	277,247	231,383
Supply Base	111,199	105,723
Slipway	13,890	10,298
Unallocated	64,674	36,843
Total	**467,010**	**384,247**

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than investments in associates, tax assets and central administration assets.

Notes to the Preliminary Financial Report (continued)

20. Segment Information (continued)

20.4 Other segment information

	Depreciation and amortisation		Finance Costs		Additions to non-current assets		Carrying value of equity accounted investments	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Vessels	15,275	10,256	8,878	8,056	57,673	77,895	-	-
Supply Base	4,215	3,341	2,227	1,524	9,713	28,827	-	-
Slipway	549	481	58	20	1,799	728	-	-
Unallocated	317	345	515	14	2,596	1,948	4,659	4,719
Total	**20,356**	**14,423**	**11,678**	**9,614**	**71,781**	**109,39**	**4,659**	**4,719**

20.5 Geographical information

The Group is based in two principal geographical areas – Australia (country of domicile) and Singapore.

During the year the Group operated vessels in a number of countries outside of Australia.
The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets* by location of assets are detailed below.

	Revenue from external customers		Non-current assets*	
	2011 $ '000	2010 $ '000	2011 $ '000	2010 $ '000
Australia	260,463	166,245	288,363	242,759
Other	24,804	27,784	46,321	60,884
Total	**285,267**	**194,029**	**334,684**	**303,643**

* Non-current assets excluding financial instruments and investments accounted for using the equity method.

20.6 Information about major customers

Included in revenues arising from vessel and supply base services, are revenues of approximately $57.3M (2010: $3.9M) which arose from sales to the Group's largest customer and revenues of approximately $47.0M (2010: $59.1M) which arose from sales to the Group's second largest customer.