MERMAID MARINE AUSTRALIA LIMITED

2010 PRELIMINARY FINANCIAL REPORT

MERMAID MARINE DELIVERS SOLID EARNINGS GROWTH FOR 2010

The Directors of Mermaid Marine Australia Ltd ("MMA" or "the Company") (ASX: MRM) are pleased to announce another year of solid earnings growth. Net Profit after Tax ("NPAT") for the year ended 30 June 2010 increased by 43% to $37.9 million and Earnings per Share ("EPS") increased by 41% to 20.4c per share.

The result for the year was positively impacted by a one-off tax benefit which arose from the Federal Government's Investment Allowance on capital expenditure. Adjusting for the impact of the investment allowance, results in Normalised NPAT of $31.5 million and Normalised EPS of 17.0c.

The Directors are also pleased to announce a final dividend of 5c per share taking the full year dividend to 8c per share, an increase of 33% on last year.

Financial Highlights

Key Financials	FY2010	FY2009	Variance
Revenue	$194.4M	$163.9M	↑ 18.6%
EBITDA	$65.9M	$51.4M	↑ 28.2%
NPAT	$37.9M	$26.5M	↑ 43.0%[1]
Earnings per share	20.4c	14.5c	↑ 40.7%[2]
Full year dividends	8c per share	6c per share	↑ 33.3%

[1] Normalised NPAT $31.5m, variance 19%   [2] Normalised EPS 17.0c, variance 17%

Dividend	
Final dividend	5c per share
Dividend record date	8 September 2010
Dividend payment date	28 September 2010

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

"The result reflects a year of strong growth in earnings from the Dampier Supply Base and solid growth in the vessel business.

"While the global economy continues to face challenges, the Australian oil and gas sector remained relatively strong, in particular LNG development activity.

"On the other hand, the South East Asian oil and gas industry is still recovering from lower activity levels during the GFC and this has resulted in greater competition in the Australian vessel market.

"MMA's strong market position in Australia, through its successful supply base operations, and its ability to maintain its fleet on its own ship repair facility, allows the Company to offer a superior level of service to our clients and represents a key competitive advantage".

MMA Managing Director, Mr Jeffrey Weber said:

"MMA has delivered a solid result in a challenging economic environment. Pleasingly, MMA was able to secure a number of longer term contracts during the course of the financial year providing a strong base for future earnings.

"The broader environment is showing signs of improvement with charter rates for offshore vessels improving.

"We expect that by the end of the 2010 calendar year, increased demand for charter vessels will begin to address the current oversupply.

"In addition, demand for all of MMA's services is expected to increase as the Gorgon Project moves further into the major construction phase.

"On this basis MMA looks forward to continuing to grow earnings in the 2011 Financial Year".

Dividend

The MMA Board has declared a final fully franked dividend of 5 cents per share taking the full year dividend to 8 cents per share. This represents a 33% increase on the dividend in respect to the 2009 financial year.

MMA has a Dividend Reinvestment Plan (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 2010 Financial Year saw MMA continue to invest in new assets and infrastructure to improve our services and meet expected growth in demand.

Vessel Operations

In the first half of the year, MMA took delivery of four new vessels which have contributed to the growth in vessel earnings. The Mermaid Vision, Voyager and Vantage have all been operating in Australia since delivery. The Mermaid Vigilance is in the final stages of major modifications to enable it to undertake cable laying activities on behalf of one of MMA's key clients. Purchases of these vessels added substantially to the capability of MMA's fleet and the vessels have achieved consistent utilisation.

During the year, MMA was also able to build on its portfolio of contracted, production support work for the fleet. The Mermaid Supporter was successfully bid into the BHP Pyrenees FPSO contract for three years and the Mermaid Searcher has been contracted by Woodside for two years to support its offshore platform operations. The combination of new vessels and an increase in contracted work puts the Company in a strong position to continue to grow this core part of its business.

In the first quarter of the year, MMA was involved in the pipeline construction project for the Pluto LNG Project. Since completion of the offshore construction activity for the Pluto LNG Project, there have not been any major offshore construction projects undertaken in the Australian market. Dredging operations for the Gorgon Project have recently commenced and other marine construction projects are expected to commence during September 2010. Demand for vessels is expected to increase at this time.

Earnings from vessel operations grew approximately 10% from the previous year and accounted for approximately 60% of divisional earnings in FY10. This is a lower percentage than previous, reflecting strong growth in the Supply Base business.

Mermaid Marine Asia continues to be a contributor to the Company's ongoing success with the international operations contributing approximately $28 million in revenue during the 2010 financial year.

The Mermaid Discovery worked for the majority of the year in Egypt and recently sailed to Singapore for its next role. The Mermaid Vanquish, Swissco Sovereign and Miclyn Glory completed the seismic project for Geokinetics in Angola and travelled up the West Coast of Africa to Gabon to undertake additional seismic work. This has now been completed and the vessels are sailing back to Singapore. Their next role is expected to be undertaken in the waters off Irian Jaya which, while still relatively remote, is expected to present fewer operating challenges than West Africa. The Mermaid Vigilance, Mermaid Discovery and Mermaid Vanquish will form part of the fleet of vessels servicing this contract.

Dampier Supply Base

The Dampier Supply Base underwent significant changes during the year with the upgrade works to support Chevron's Gorgon Project. The first operational areas including offices were handed over in September 2009. MMA had expected to complete the works by March 2010 but a number of changes in the scope of the development led to a delay in the completion date. Full improved rent payments have now commenced.

Wharf utilisation remained relatively consistent throughout the year, reflecting demand from a number of offshore drilling campaigns in addition to the ongoing production support work. During the year drilling vessels from Apache, BHP Billiton, Chevron, Hess and Santos were serviced across MMA's wharf facility.

During the year MMA successfully tendered to provide stevedoring services on the Woodside Burrup Materials Facility supporting the offshore construction of the Pluto Project. This was the first "step out" for MMA in terms of providing services outside its own facility and was a significant achievement for the Company. This work was completed in April 2010.

Development work on the supply base will continue during FY11 including an upgrade of additional laydown areas for new clients and a number of smaller projects which will continue to improve MMA's service offering.

The Dampier Supply Base is a key MMA asset, and the anticipated increase in offshore oil and gas activity is expected to generate earnings growth from this business during FY11.

Dampier Slipway

FY10 was another solid year for the Dampier Slipway, particularly in the last quarter as activity associated with the Gorgon Project increased. The slipway is a key strategic asset for the Company with investment over the past two years improving the facility and ensuring that it meets or exceeds stringent environmental and safety requirements.

Over the course of the year a total of 35 vessels were docked at the slipway. In addition slipway personnel carried out a number of vessel mobilisations to support offshore construction projects. The higher level of utilisation over the last quarter contributed to improved earnings and margins.

With the increase in activity in the Pilbara region, the competition for tradespeople has increased substantially and remains an ongoing challenge for the Company.

Broome Supply Base (Joint Venture between MMA and Toll)

Drilling activity in the Browse Basin fell during FY10 resulting in lower earnings. However, the Broome Supply Base maintained its position as the premier supply base service provider in the region and produced a solid financial result.

The Broome Supply Base's clients include Shell, Santos, Conoco Phillips and Apache all of whom undertook drilling campaigns in the Browse Basin region.

MERMAID MARINE AUSTRALIA LTD

The Browse Basin remains a highly prospective region for development. Inpex recently took another step towards development of the Ichthys field with the release of its Environmental Impact Statement on the 15 July 2010. Shell announced in late 2009 that it was planning to develop the Prelude field in the Browse Basin using Floating Liquefied Natural Gas (FLNG) technology. A binding sales and purchase agreement was recently signed with Osaka Gas which includes gas from Prelude. Progress continues on the Woodside Browse development.

MMA continues to see the Broome Supply Base as a longer term strategic position in relation to these future developments.

Outlook

Activity in the region is expected to increase as construction and development of the Gorgon Project ramps up. In addition Chevron has recently expressed confidence in moving ahead with its Wheatstone Project having secured agreements for about 80% of the LNG offtake from the first and second trains.

MMA has invested more than $109 million during FY10 to boost its fleet capability and increase its supply base infrastructure. The Company is well positioned to take advantage of the increase in demand for services and looks forward to continued earnings growth in FY11.

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MERMAID MARINE
AUSTRALIA LTD

ABN 21 083 185 693

Preliminary Financial Report and Appendix 4E
for the Year Ended 30 June 2010

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Results for Announcement to the Market

Current Reporting Period : Year ended 30 June 2010
Previous Reporting Period : Year ended 30 June 2009

Earnings	**% Change**	**Amount $'000**
Revenue from ordinary activities	+ 18.6%	194,434
Profit from ordinary activities after tax attributable to members	+ 42.8%	37,889
Net profit attributable to members	+ 42.8%	37,889

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 2010	3 cents	3 cents
Final dividend for 2010	5 cents	5 cents

The Company paid an interim fully franked dividend for the 2010 financial year of 3 cents per share on 29 March 2010.
The Company has declared a fully franked final dividend with respect to the year ended 30 June 2010 of 5 cents per share.

The record date for entitlement to the final dividend is 8th September 2010.
The payment date for the final dividend is 28th September 2010.

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 "Investor Updates" 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 28th September 2010 must be received by the Company's share registry, Computershare Investor Services Pty Ltd, by the record date of 8th September 2010.

Net Tangible Asset Backing	**2010**	**2009**
Net tangible asset backing per share	$1.05	$0.92

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 2010

	Note	2010 $'000	2009 $'000
Revenue	2	194,434	163,881
Other gains and (losses)	2b	(645)	500
Share of profits of associates accounted for using the equity method	8	1,127	2,217
Vessel expenses		(112,656)	(99,516)
Supply base expenses		(18,665)	(10,000)
Slipway expenses		(4,438)	(8,034)
Administration expenses		(7,717)	(7,516)
Finance costs	2c	(9,614)	(7,977)
Profit before tax		41,826	33,555
Income tax expense	4	(3,937)	(7,031)
PROFIT FOR THE YEAR		**37,889**	**26,524**
Other Comprehensive Income			
Exchange differences on translation of foreign operations		(2,419)	(392)
Loss on cashflow hedges		(729)	(1,023)
Transfer of cashflow hedge gain to profit and loss		-	127
Transfer of cashflow hedge loss to initial carrying amount of fixed asset		1,972	348
Income tax relating to components of other comprehensive income		(373)	373
Other comprehensive income for the year, net of tax		(1,549)	(567)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**36,340**	**25,957**
Profit attributable to owners of the Company		37,889	26,524
Total comprehensive income attributable to owners of the Company		36,340	25,957
Earnings per share			
- Basic (cents per share)	3	20.40	14.50
- Diluted (cents per share)	3	20.00	14.36

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 2010

	Note	2010 $'000	2009 $'000
Current Assets			
Cash and cash equivalents		26,789	38,383
Trade and other receivables	5	42,820	39,418
Inventories	6	2,192	1,560
Current tax assets		2,256	-
Other	7	1,078	1,891
Total Current Assets		75,135	81,252
Non-Current Assets			
Investments accounted for using the equity method	8	4,719	3,591
Other financial assets	9	750	1,300
Property, plant and equipment	10	303,643	211,963
Total Non-Current Assets		309,112	216,854
Total Assets		384,247	298,106
Current Liabilities			
Trade and other payables	11	16,245	19,625
Borrowings	12	26,876	13,272
Other financial liabilities	13	-	1,243
Provisions	14	2,187	1,779
Current tax liabilities		-	818
Total Current Liabilities		45,308	36,737
Non-Current Liabilities			
Borrowings	12	131,358	84,895
Provisions	14	684	493
Deferred tax liabilities		9,844	7,742
Total Non-Current Liabilities		141,886	93,130
Total Liabilities		187,194	129,867
Net Assets		197,053	168,239
Equity			
Issued capital	15	112,954	108,489
Reserves	16	(1,135)	(592)
Retained earnings	17	85,234	60,342
Total Equity		197,053	168,239

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 2010

	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 2008	**106,242**	**635**	**(695)**	**-**	**41,125**	**147,307**
Profit or loss for the year	-	-	-	-	26,524	26,524
Other comprehensive income for the year	-	-	(175)	(392)	-	(567)
Total comprehensive income for the year	**-**	**-**	**(175)**	**(392)**	**26,524**	**25,957**
Payment of dividends	-	-	-	-	(7,307)	(7,307)
Issue of shares under dividend reinvestment plan	1,670	-	-	-	-	1,670
Issue of shares under employee share option plans	153	-	-	-	-	153
Share issue costs	(34)	-	-	-	-	(34)
Recognition of share based payments	-	493	-	-	-	493
Transfer to share capital	458	(458)	-	-	-	-
Balance at 30 June 2009	**108,489**	**670**	**(870)**	**(392)**	**60,342**	**168,239**
Profit or loss 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**

Consolidated statement of cash flows for the year ended 30 June 2010

	Note	2010 $'000	2009 $'000
Cash flows from Operating Activities			
Receipts from customers		206,946	164,612
Interest received		661	2,040
Payments to suppliers and employees		(141,131)	(125,739)
Income tax paid		(5,179)	(6,909)
Interest and other costs of finance paid		(9,614)	(7,965)
Net cash provided by Operating Activities	18b	51,683	26,039
Cash flows from Investing Activities			
Payments for property, plant and equipment		(97,065)	(51,742)
Proceeds from sale of property, plant and equipment		364	7,523
Amounts received from/(advanced to) associate		550	(550)
Net cash used in Investing Activities		(96,151)	(44,769)
Cash flows from Financing Activities			
Proceeds from issue of shares		770	153
Payment for share issue costs		-	(22)
Proceeds from borrowings		61,269	43,206
Repayment of borrowings		(19,689)	(36,665)
Dividends paid		(9,308)	(5,638)
Net cash provided by Financing Activities		33,042	1,034
Net decrease in cash and cash equivalents		(11,426)	(17,696)
Cash and cash equivalents at the beginning of the financial year		38,383	56,217
Effects of exchange rate changes on the balance of cash held in foreign currencies		(168)	(138)
Cash and cash equivalents at the end of the financial year		26,789	38,383

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 2010.

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

2. Profit from Operations

	2010 $'000	2009 $'000
a) Revenue from continuing operations consisted of the following items:		
Rendering of services	180,487	156,685
Rental revenue	13,286	5,156
Interest – other entities	661	2,040
	194,434	163,881
b) Profit for the year before income tax		
Net foreign exchange gain	(149)	1,042
Gain/(loss) on disposal of :		
Property, plant and equipment	(645)	500
c) Finance costs		
Interest expense – other entities	6,735	1,946
Finance charges – lease finance charges	3,323	6,382
Total interest expenses	10,058	8,328
Less: amounts included in the cost of qualifying assets	(444)	(351)
	9,614	7,977
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	2,755	1,421
Vessels	6,394	4,664
Vessels – hire purchase	3,687	2,974
Plant and equipment	1,000	414
Plant and equipment – hire purchase	587	358
Total Depreciation	14,423	9,831

2. Profit from Operations (continued)

	2010 $'000	2009 $'000
ii) Impairment losses		
Impairment loss recognised on trade receivables	210	240
Reversal of impairment losses recognised on trade receivables	(276)	-
iii) Employee benefit expense:		
Post employment benefits:		
Defined contribution plans	3,162	2,779
Share based payments:		
Equity settled share-based payments	1,006	493
Other employee benefits	76,896	61,755
Total employee benefits expense	81,064	65,027

3. Earnings Per Share

	2010 Cents per Share	2009 Cents per Share
Basic earnings per share	20.40	14.50
Diluted earnings per share	20.00	14.36

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:

	2010 $'000	2009 $'000
Net Profit	37,889	26,524

	2010 No.'000	2009 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	185,737	182,888

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:

	2010 $'000	2009 $'000
Net Profit	37,889	26,524

	2010 No.'000	2009 No.'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	185,737	182,888
Shares deemed to be issued for no consideration in respect of:		
Employee options	3,755	1,809
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	189,492	184,697

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.

	2010 No.'000	2009 No.'000
Employee options	4,600	6,196
Employee options - lapsed	-	319
	4,600	6,515

4. Income Tax

	2010 $'000	2009 $'000
(a) Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax expense in respect of the current year	2,162	4,276
Deferred tax expense relating to origination and reversal of temporary differences	1,729	2,879
Adjustment recognised in the current year in relation to the current tax of prior years	46	(124)
Total tax expense	3,937	7,031

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:

	2010 $'000	2009 $'000
Profit from operations	41,826	33,555
Income tax expense calculated at 30%	12,548	10,066
Effect of revenue that is exempt from taxation	(2,627)	(3,101)
Effect of expenses that are not deductible in determining taxable profit	334	270
Effect of tax deductible items not included in accounting profit	-	(28)
Effect of investment allowance	(6,364)	(50)
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	(2)
	3,891	7,155
Adjustment recognised in the current year in relation to the current tax of prior years	46	(124)
	3,937	7,031

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 year of 9.4% has been impacted by the income tax deduction allowable to the company from the Federal Government's investment allowance on eligible capital expenditure incurred by the company.
The effective tax rate for the year, excluding the impact of the investment allowance is 24.6%.

5. Trade & Other Receivables

	2010 $'000	2009 $'000
Trade receivables	35,628	35,535
Allowance for doubtful debts	(47)	(276)
Other receivables	6,316	3,016
Goods and services tax recoverable	923	1,143
	42,820	39,418

6. Inventories

	2010 $'000	2009 $'000
Fuel – at cost	1,931	1,360
Work in progress	261	200
	2,192	1,560

7. Other Current Assets

	2010 $'000	2009 $'000
Prepayments	1,078	1,891

8. Investments Accounted For Using the Equity Method

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest		Consolidated Carrying Amount	
			2010 %	2009 %	2010 $'000	2009 $'000
Associates						
Toll Mermaid Logistics Broome Pty Ltd (i)	Supply base services in Broome for the offshore oil and gas industry.	Australia	50	50	4,719	3,591
Total					4,719	3,591

(i) The reporting date of Toll Mermaid Logistics Broome Pty Ltd (TMLB) is 30 June. The consolidated entity acquired a 50% ownership interest in TMLB in October 2006. Pursuant to a shareholder agreement the consolidated entity 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:

	2010 $'000	2009 $'000
Financial position:		
Total assets	13,226	12,471
Total liabilities	(3,788)	(5,289)
Net assets	9,438	7,182
Group's share of associates' net assets	4,719	3,591
Financial performance:		
Total revenue	16,482	22,221
Total profit for the year	3,233	6,336
Group's share of associates' profit before tax	1,616	3,168
Group's share of associates' income tax expense	(489)	(951)
Group's share of associates' profit	1,127	2,217

Contingent Liabilities and Capital Commitments

The consolidated entity's share of the contingent liabilities, capital commitments and other expenditure commitments of the associate entities are nil (2009: nil).

9. Other Financial Assets

	2010 $'000	2009 $'000
Loan to associate	750	1,300

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 2008	48,265	9,118	127,641	9,413	5,157	199,594
Additions	26,824	8,348	6,753	1,258	897	44,080
Disposals	-	(11,046)	-	(50)	-	(11,096)
Transfers	1,376	63,701	(62,908)	(2,169)	-	-
Net Currency Exchange Differences	-	6,737	173	17	-	6,927
Balance at 1 July 2009	76,465	76,858	71,659	8,469	6,054	239,505
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 30 June 2010	100,502	161,570	60,377	12,898	8,786	344,133
Accumulated depreciation:						
Balance at 1 July 2008	(6,381)	(2,568)	(9,084)	(3,183)	(580)	(21,796)
Disposals	-	4,045	-	8	-	4,053
Transfers	-	(4,755)	4,755	-	-	-
Depreciation expense	(1,421)	(4,664)	(2,974)	(414)	(358)	(9,831)
Depreciation capitalised in Assets	(33)	-	-	-	-	(33)
Net Currency Exchange Differences	-	71	-	(6)	-	65
Balance at 1 July 2009	(7,835)	(7,871)	(7,303)	(3,595)	(938)	(27,542)
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 30 June 2010	(10,590)	(17,609)	(6,255)	(4,526)	(1,510)	(40,490)
Net book value:						
As at 30 June 2009	68,630	68,987	64,356	4,874	5,116	211,963
As at 30 June 2010	89,912	143,961	54,122	8,372	7,276	303,643

11. Trade & Other Payables

	2010 $'000	2009 $'000
Trade payables	2,355	5,695
Other payables and accruals	12,346	12,328
Goods and services tax payable	1,544	1,602
	16,245	19,625

12. Borrowings

Secured – at amortised cost

CURRENT

Hire purchase liability	11,260	5,441
Bank loan	15,616	7,831
	26,876	13,272

NON CURRENT

Hire purchase liability	29,079	37,627
Bank loan	102,279	47,268
	131,358	84,895

13. Other Current Financial Liabilities

Derivatives

Derivatives that are designated and effective as hedging instruments carried at fair value

Foreign currency forward contracts	-	1,243

14. Provisions

CURRENT

Employee benefits	2,187	1,779

NON CURRENT

Employee benefits	684	493

15. Issued Capital

186,844,825 fully paid ordinary shares (2009: 183,701,113)	112,954	108,489

16. Reserves

Employee equity-settled benefits	1,676	670
Hedging	-	(870)
Foreign currency translation	(2,811)	(392)
	(1,135)	(592)

16. Reserves (continued)

	2010 $'000	2009 $'000
Employee equity-settled benefits reserve		
Balance at beginning of financial year	670	635
Share based payment	1,006	493
Transfer to share capital	-	(458)
Balance at end of financial year	1,676	670

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

	2010 $'000	2009 $'000
Hedging reserve		
Balance at beginning of financial year	(870)	(695)
Loss on cashflow hedges	(729)	(1,023)
Transfer of cashflow hedge gain to profit and loss	-	127
Transfer of cashflow hedge loss to initial carrying amount of fixed asset	1,972	348
Income tax related to losses recognised in equity	(373)	373
Balance at end of financial year	-	(870)

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.

	2010 $'000	2009 $'000
Foreign currency translation reserve		
Balance at beginning of financial year	(392)	-
Translation of foreign operations	(2,419)	(392)
Balance at end of financial year	(2,811)	(392)

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

17. Retained Earnings

	2010 $'000	2009 $'000
Balance at beginning of financial year	60,342	41,125
Net profit attributable to members of the parent entity	37,889	26,524
Dividend provided for or paid	(12,997)	(7,307)
Balance at end of financial year	85,234	60,342

18. 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 $18.5 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 $3.69 million under the Dividend Reinvestment Plan.

	2010 $'000	2009 $'000
(b) Reconciliation of profit for the year to net cash flows from operating activities		
Profit for the year	37,889	26,524
Depreciation of non current assets	14,423	9,831
(Gain)/Loss on sale of property, plant and equipment	645	(500)
Allowance for doubtful debts	47	181
Bad debts	163	60
Reversal of impairment losses on trade receivables	(276)	-
Equity settled share based payment	1,006	493
Increase/(decrease) in current tax liability	(3,074)	(2,746)
Share of associates profit	(1,127)	(2,217)
Increase/(decrease) in deferred tax liabilities	2,102	2,506
Change in net assets and liabilities:		
Current trade and other receivables	(3,487)	(11,478)
Prepayments	813	(1,292)
Inventories	(632)	564
Provisions	599	510
Investments	-	(50)
Trade and other payables	2,592	3,653
Net cash flows from operating activities	51,683	26,039

19. Segment Information

19.1 Adoption of AASB 8 Operating Segments

The Group has adopted AASB 8 *Operating Segments* with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and assess their performance. In contrast, the predecessor Standard (AASB 114 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

19.2 Products and services from which reportable segments derive their revenues

In prior years, segment information reported externally was analysed based on the two major operating divisions (Vessels and Supply Base). However, when reporting to the Board for the purposes of resource allocation and assessment of performance, the Slipway division is reported separately from the Supply Base division. The Group's reportable segments under AASB 8 are therefore as follows:

- Vessel Operations
- Supply Base
- Slipway

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior year have been restated to conform to the requirements of AASB 8.

19.3 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	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**	**2010 $'000**	**2009 $'000**
Segment Revenues						
Vessels	149,901	133,371	177	255	150,078	133,626
Supply Base	38,743	19,890	2,178	1,990	40,921	21,880
Slipway	5,385	8,440	7,746	6,572	13,131	15,012
Total	194,029	161,701	10,101	8,817	204,130	170,518
Eliminations					(10,101)	(8,817)
Unallocated					405	2,180
Total Revenue					194,434	163,881

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

19. Segment Information (continued)

Segment Profit	2010 $'000	2009 $'000
Vessels	29,189	26,530
Supply Base	18,554	9,286
Slipway	987	243
Eliminations	(60)	144
Total for continuing operations	48,670	36,203
Investment Revenue	661	2,040
Other gains and (losses)	(645)	500
Unallocated Foreign Currency Gain / (Loss)	(256)	140
Central administration costs	(7,717)	(7,516)
Share of profit of associates	1,127	2,217
Unallocated finance costs	(14)	(29)
Profit before income tax	41,826	33,555

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, share of profits of associates and income tax expense. In prior years, segment results excluded finance costs, however, upon adoption of AASB 8 in the current period, finance costs have been included in the segment results. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

19.4 Segment assets

	2010 $'000	2009 $'000
Vessels	231,383	167,753
Supply Base	105,723	74,439
Slipway	10,298	11,763
Unallocated	36,843	44,151
Total	384,247	298,106

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.

19.5 Other segment information

	Depreciation and amortisation		Finance Costs		Additions to non-current assets		Carrying value of equity accounted investments	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Vessels	10,256	7,716	8,056	7,325	77,895	15,065	-	-
Supply	3,341	1,601	1,524	604	28,827	26,963	-	-
Slipway	481	361	20	19	728	1,710	-	-
Unallocated	345	153	14	29	1,948	342	4,719	3,591
Total	14,423	9,831	9,614	7,977	109,398	44,080	4,719	3,591

19. Segment Information (continued)

19.6 Geographical information

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

The Group's revenue from continuing operations from external customers and information about its non-current assets* by geographical base are detailed below.

	Revenue from external customers		**Non-current assets***	
	2010 $ '000	**2009 $ '000**	**2010 $ '000**	**2009 $ '000**
Australia	166,245	134,078	242,759	168,304
Singapore	27,784	27,623	60,884	43,659
Total	194,029	161,701	303,643	211,963

* Non-current assets excluding financial instruments.

19.7 Information about major customers

Included in revenues arising from vessel and supply base services, are revenues of approximately $59.1M (2009: $27.2M) which arose from sales to the Group's largest customer. Included in revenues arising from vessel services, are revenues of approximately $27.7M (2009: $34.0M) which arose from sales to the Group's second largest customer.