MERMAID MARINE AUSTRALIA LIMITED
2010 HALF-YEAR FINANCIAL REPORT

MMA CONTINUES GROWTH RECORD

The Directors of Mermaid Marine Australia Ltd ("MMA") (ASX:MRM) are pleased to announce a 63% increase in net profit after tax (NPAT) to $20.0 million for the six months ended 31 December 2009.

The result continues MMA's record of strong earnings growth over the last four years and reflected MMA's investment in four new vessels and significant developments to key infrastructure. This ongoing strategic expansion is fundamental to supporting the Company's ongoing growth targets and satisfying the increase in demand flowing from MMA's successful tendering programme.

Financial Highlights

	December '09	December '08	Variance
Revenue	$92.9M	$78.9M	⇧ 18%
EBITDA	$30.9M	$24.1M	⇧ 28%
NPAT	$20.0M	$12.2M	⇧ 63%
EPS	10.8 cents	6.7 cents	⇧ 61%
Interim Dividend	3 cps	2 cps	⇧ 50%

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

"While there has clearly been an improvement in the overall economy, recent market weakness has highlighted ongoing issues associated with the Global Financial Crisis.

"In this environment, the MMA board believes the Company's first half performance is a strong result and that there is potential for further improved performance in the second half.

"The result clearly reflects the benefit of the strategic Dampier Supply Base assets linked to our fleet of vessels. We are able to provide a unique integrated service to our clients".

MMA Managing Director, Mr Jeffrey Weber, commented:

"Utilisation of our vessels and supply base facilities remained consistent throughout the first half of the financial year.

"We invested in four new vessels which were delivered throughout the first half and this is expected to enhance vessel earnings in the second half.

"On the International front, MMA successfully extended the contract for the Mermaid Discovery for an additional 12 months, the Chartered vessel, Swissco Sovereign, for an additional six months and secured a contract for the new 70 metre PSV, Mermaid Vigilance, for 18 months, commencing in April 2010.

"Upgrade work on the Dampier Supply Base is in the final stages of completion, with cargo volumes for the Gorgon Project scheduled to increase progressively during the remainder of this year.

"The combination of these factors points towards a positive second half".

MERMAID MARINE
AUSTRALIA LTD

ABN 21 083 185 693

Financial Report and Appendix 4D for the Half-Year Ended 31 December 2009

Table of Contents

Results for Announcement to the Market

Current Reporting Period : Half-year ended 31 December 2009
Previous Reporting Period : Half -year ended 31 December 2008

Earnings	% Change	Amount $'000
Revenue from ordinary activities	+17.7%	92,906
Profit from ordinary activities after tax attributable to members	+63.0%	20,010
Net profit attributable to members	+63.0%	20,010

Information regarding the increase in revenue and profit for the period is set out in the covering announcement accompanying this Report and in the Review of Operations in the Directors' Report on Page 4.

Dividends	Amount per share	Franked Amount per Share
Interim dividend for 2010	3 cents	3 cents
Final dividend for 2009	4 cents	4 cents

The Company has declared a fully franked interim dividend with respect to the year ended 30 June 2010 of 3 cents per share.

The Company paid a final fully franked dividend for the 2009 financial year of 4 cents per share on 7 October 2009.

The record date for entitlement to the interim dividend is 10 March 2010.
The payment date for the interim dividend is 29 March 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 29 March 2010 must be received by the Company's share registry, Computershare Investor services Pty Ltd, by the record date of 10 March 2010.

Net Tangible Asset Backing	31 Dec 2009	31 Dec 2008
Net tangible asset backing per share	95 cents	91 cents

Details of Entities Where Control Has Been Gained or Lost During the Period
MMAL has not gained or lost control of any entities during the period up to the release of this Report.

Directors' Report

The Directors of Mermaid Marine Australia Limited (MMA) submit herewith the Financial Report of the Company for the half-year ended 31 December 2009. 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 J Howarth AO
- Mr J A Weber
- Mr J H Carver
- Mr M F Bradley
- Mr J A S Mews (Resigned 25 November 2009)
- Mr A Edwards (Appointed 18 December 2009)

Review of Operations

The Company achieved another solid first half result reflecting ongoing demand for our Australian vessels, improved contributions from the Dampier Supply Base and Slipway and steady earnings from our international operations.

As compared to the previous corresponding period:

- Revenue increased by 18% to a total of $92.9 million.
- Profit before tax increased by 31% to $20.3 million.
- Net profit after tax increased by 63% to $20.0 million.
- Growth in earnings resulted in an earnings per share increase of 61%.
- The Board approved a fully franked interim dividend of 3 cents per share, up from 2 cents per share.

The net profit after tax during the first half was impacted by a low effective tax rate of 1.5% due to the benefit of the Federal Government's Investment Allowance. The Company was entitled to claim an additional 30% deduction on the purchase of eligible depreciable assets which were committed to between 13 December 2008 and 30 June 2009 and, an additional 10% deduction on the purchase of eligible depreciable assets which were committed to between 1 July 2009 and 31 December 2009, and installed and ready for use by 31 December 2009. The effective tax rate for the first half excluding the benefit from the Investment Allowance was 23.9%.

Vessel Operations

As compared to the previous corresponding period:

- Revenue from vessel operations increased by 12% with EBIT contribution increasing by 6%.
- Margins decreased slightly, primarily as a result of higher crew numbers on our vessels, but improved compared to the 2009 full year result. Broadly speaking, margins are in line with those achieved in previous years.
- Return on assets dropped slightly to 18.5% reflecting the reduced age of the fleet and the retirement of some of our older vessels.

During the first half the Company took delivery of four new vessels for a total investment of $71 million:

Vessel	Type	BHP	Delivery
Mermaid Vision	DPII AHTS	8000	July 2009
Mermaid Voyager	DPI AHTS	5150	October 2009
Mermaid Vantage	DPI AHTS	5150	December 2009
Mermaid Vigilance	DPII PSV	5000	December 2009

Directors' Report

Review of Operations (continued)

The results reflect approximately six months contribution from the Mermaid Vision and three months contribution from the Mermaid Voyager. The Mermaid Vantage and the Mermaid Vigilance did not contribute during the first half. However, the Mermaid Vantage is now contracted for the next 12 months and will contribute in the second half. The Mermaid Vigilance is contracted for 18 months of international operations commencing in April 2010.

The Company has improved the level of visibility over forward earnings by virtue of the robust combination of contracted work and spot work, including the following recent successes:

- A three year Offtake Support contract at the BHP Billiton Pyrenees FPSO;
- A two year Standby contract for Woodside Energy;
- A 12 month contract with Apache Energy for the Mermaid Voyager with options for extension; and
- A 12 month contract with Woodside Energy for the Mermaid Vantage.

Internationally, the Company continues to operate four vessels for its client, Geokinetics, as follows:

- The Mermaid Discovery operating in Egypt. The contract has recently been extended for another 12 months to November 2010.
- The Crest Diamond, owned by MMA, and the chartered vessels, the Miclyn Glory and the Swissco Sovereign operating in Angola for the first half of the year and expecting to move to another region over the next few weeks for ongoing work. The charter of the Swissco Sovereign has been extended for a further six months and negotiations with Geokinetics are ongoing in relation to the mix of vessels required in the future.

Overall, the international operation has continued to perform well. However, earnings in the first half have decreased from the previous corresponding period. This is due to the strength of the Australian dollar and higher than expected repair and maintenance costs.

The International offshore vessel market has not fully recovered from the effects of the Global Financial Crisis. However, the outlook has certainly improved from 12 months ago. In this environment, we have achieved a solid first half performance from our vessels with a higher contribution expected from the new vessels in the second half of the financial year.

Supply Bases

Upgrade work at the Dampier Supply Base for the Gorgon Contract continued through the first half of the year with the majority of the work now complete. In the first half, capital expenditure on the Dampier Supply Base infrastructure and plant and equipment totalled approximately $17 million.

The first of the upgraded facilities was handed over to our client in September and MMA was awarded the Contract for Stevedoring and Related Services in November 2009. The level of activity on the Supply Base is expected to increase during the second half of the financial year as cargo volumes for the Gorgon Project increase.

As compared to the previous corresponding period:

- Revenue on the Dampier Supply Base increased by 85%, with EBIT increasing by 101% to $8.5 million.
- Margins improved slightly as a result of higher rental returns.

The final, major piece of infrastructure under construction is the barge berth which is planned to be handed over to our client during February 2010. This facility is designed to safely berth barges up to 100 metres in length which are used to transport cargo across to Barrow Island for the Gorgon Project.

Directors Report

Review of Operations (continued)

The main wharf has been utilised for early project cargo requirements. Utilisation of the wharf remained consistent over the first half with a number of offshore exploration programmes being supported out of the Dampier Supply Base.

The Joint Venture Broome Operation, TMLB, performed above budget for the first half of the financial year as a result of higher than expected activity combined with a cost reduction programme. However, earnings were still down by 19% on the previous corresponding period. Activity in the second half is scheduled to reduce with a commensurate reduction in contribution. While the Broome business remains leveraged solely to exploration programmes, there are good prospects for fields in the region to be developed into production facilities. In summary, an acceptable return on investment is currently being achieved from this business, with an expectation of strong growth in the medium to longer term.

The Dampier Slipway performed broadly in line with expectations with revenue increasing by 7.6% and EBIT increasing by 17% on the previous corresponding period. This business remains critical to the efficient operation of our continually expanding fleet in the North West and is constantly pressured by cost issues in the region, particularly accommodation costs for the staff. We are unlikely to see this pressure ease in the near future.

Outlook

The Company’s performance in the first half highlighted the value of the integrated nature of our service offering and the value of the investments made in new vessels and infrastructure in recent years. In addition, MMA has been successful in securing longer term contracts during the first half, which enables a higher level of visibility over future earnings.

The recent purchase of four new vessels and the investment in the Dampier Supply Base will contribute to earnings in the second half. Increased activity around the Gorgon Project will be a major contributory factor to ongoing growth. We remain confident that pre-tax earnings will continue to grow as we move into the second half of the 2010 financial year.

Dividends

Full details of the dividends are set out on page 3 of this Financial Report.

Auditor’s Independence Declaration

The Auditor’s Independence Declaration is included on page 7 of this Financial Report.

Rounding off of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors’ Report and the Half-year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the Directors

TONY HOWARTH AO
Chairman

Perth, 17 February 2010

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

DX 206
Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

The Board of Directors
Mermaid Marine Australia Limited
20 Mews Road
Fremantle
WA 6160

17 February 2010

Dear Board Members

Mermaid Marine Australia Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mermaid Marine Australia Limited.

As lead audit partner for the review of the financial statements of Mermaid Marine Australia Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Kathleen Bozanic

Kathleen Bozanic
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

DX 206
Tel: +61 (0) 8 9365 7000
Fax: +61 (0) 8 9365 7001
www.deloitte.com.au

Independent Auditor's Review Report to the Members of Mermaid Marine Australia Limited

We have reviewed the accompanying half-year financial report of Mermaid Marine Australia Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2009, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 10 to 24.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mermaid Marine Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Deloitte.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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 the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Kathleen Bozanic

Kathleen Bozanic
Partner
Chartered Accountants
Perth, 17 February 2010

Directors' Declaration

The Directors declare that:

a) 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; and

b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Directors

TONY HOWARTH AO
Chairman

Perth, 17 February 2010

Condensed consolidated statement of comprehensive income for the half-year ended 31 December 2009

	Note	Half-year ended 31 Dec 2009 $'000	Half-year ended 31 Dec 2008 $'000
Revenue	3	92,906	78,949
Share of profits of associates		627	773
Vessel expenses		(55,018)	(47,882)
Supply base expenses		(7,887)	(4,408)
Slipway expenses		(2,688)	(3,044)
Administration expenses		(3,546)	(4,726)
Finance costs	3	(4,083)	(4,140)
Profit before tax		**20,311**	**15,522**
Income tax expense	5	(301)	(3,247)
Profit for the period		**20,010**	**12,275**
Other comprehensive income			
Exchange differences on translation of foreign operations		(7,784)	8,336
Loss on cashflow hedges		(729)	(199)
Transfer to initial carrying amount of non financial hedged item on cashflow hedge		1,972	894
Income tax relating to components of other comprehensive income		(373)	-
Other comprehensive income for the period (net of tax)		**(6,914)**	**9,031**
Total comprehensive income for the period		**13,096**	**21,306**
Profit attributable to owners of the parent		**20,010**	**12,275**
Total comprehensive income attributable to owners of the parent		**13,096**	**21,306**
Earnings per share			
- Basic (cents per share)	4	10.82	6.73
- Diluted (cents per share)	4	10.61	6.61

The accompanying notes form part of these half-year financial statements.

Condensed consolidated statement of financial position as at 31 December 2009

	Note	31 Dec 2009 $'000	30 June 2009 $'000
Current Assets			
Cash and cash equivalents		23,193	38,383
Trade and other receivables	6	39,885	40,718
Inventories		828	1,560
Other	7	1,813	1,891
Total Current Assets		**65,719**	**82,552**
Non-Current Assets			
Investments accounted for using the equity method	8	4,219	3,591
Property, plant and equipment	9	292,014	211,963
Total Non-Current Assets		**296,233**	**215,554**
Total Assets		**361,952**	**298,106**
Current Liabilities			
Trade and other payables	10	18,115	19,625
Borrowings	11	21,036	13,272
Other financial liabilities		-	1,243
Provisions	12	2,234	1,779
Current tax liabilities		837	818
Total Current Liabilities		**42,222**	**36,737**
Non-Current Liabilities			
Borrowings	11	136,295	84,895
Provisions	12	547	493
Deferred tax liabilities		5,958	7,742
Total Non-Current Liabilities		**142,800**	**93,130**
Total Liabilities		**185,022**	**129,867**
Net Assets		**176,930**	**168,239**
Equity			
Issued capital	13	111,070	108,489
Reserves	14	(7,078)	(592)
Retained earnings	15	72,938	60,342
Total Equity		**176,930**	**168,239**

The accompanying notes form part of these half-year financial statements.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2009

	Ordinary Shares $'000	Employee equity settled benefits reserve $'000	Hedging Reserve $'000	Revaluation Reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2008	**106,242**	**635**	**(695)**	**-**	**41,125**	**147,307**
Profit for the period	-	-	-	-	12,275	12,275
Exchange difference arising on translation of foreign operations	-	-	-	8,336	-	8,336
Loss on cashflow hedges	-	-	(199)	-	-	(199)
Transfer to initial carrying amount of non financial hedged item on cash flow hedge	-	-	894	-	-	894
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**695**	**8,336**	**12,275**	**21,306**
Recognition of share based payments	-	234	-	-	-	234
Shares issued	1,196	-	-	-	-	1,196
Shares issues cost	(22)					(22)
Foreign currency translation	(12)					(12)
Dividends Paid	-	-	-	-	(3,643)	(3,643)
Balance at 31 December 2008	**107,404**	**869**	**-**	**8,336**	**49,757**	**166,366**
Balance at 1 July 2009	**108,489**	**670**	**(870)**	**(392)**	**60,342**	**168,239**
Profit for the period	-	-	-	-	20,010	20,010
Exchange difference arising on translation of foreign operations	-	-	-	(7,784)	-	(7,784)
Loss on cashflow hedges	-	-	(729)	-	-	(729)
Transfer to initial carrying amount of non financial hedged item on cash flow hedge	-	-	1,972	-	-	1,972
Income tax relating to components of other comprehensive income	-	-	(373)	-	-	(373)
Total comprehensive income for the period	**-**	**-**	**870**	**(7,784)**	**20,010**	**13,096**
Recognition of share based payments	-	428	-	-	-	428
Shares issued	2,575	-	-	-	-	2,575
Dividends Paid	-	-	-	-	(7,414)	(7,414)
Deferred income tax	6	-	-	-	-	6
Balance at 31 December 2009	**111,070**	**1,098**	**-**	**(8,176)**	**72,938**	**176,930**

The accompanying notes form part of these half-year financial statements.

Condensed consolidated statement of cash flow for the half-year ended 31 December 2009

	Half-year ended 31 Dec 2009 $'000	Half-year Ended 31 Dec 2008 $'000
Cash flows from Operating Activities		
Receipts from customers	100,200	88,274
Interest received	227	1,431
Payments to suppliers and employees	(66,083)	(64,917)
Income tax paid	(2,388)	(4,874)
Interest and other costs of finance paid	(4,070)	(4,119)
Net cash provided by Operating Activities	**27,886**	**15,795**
Cash flows from Investing Activities		
Payments for property, plant and equipment	(80,350)	(24,113)
Proceeds from sale of property, plant and equipment	44	300
Loans (to)/received from related parties	550	(550)
Net cash used in Investing Activities	**(79,756)**	**(24,363)**
Cash flows from Financing Activities		
Proceeds from issue of shares	748	71
Payment for share issue costs	-	(22)
Proceeds from borrowings	50,827	3,872
Repayment of borrowings	(9,002)	(4,465)
Dividends paid	(5,588)	(2,518)
Net cash provided by / (used in) Financing Activities	**36,985**	**(3,062)**
Net decrease in cash and cash equivalents	(14,885)	(11,630)
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	(305)	-
Cash and Cash Equivalents at the end of the Half Year	**23,193**	**44,587**

The accompanying notes form part of these half-year financial statements.

Notes to the condensed consolidated half-year financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2009 annual financial report for the financial year ended 30 June 2009, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised Accounting Standards

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

New and revised Standards and Interpretations effective for the current reporting period that are relevant to the Group include:-

- AASB 101 Presentation of Financial Statements
- AASB 8 Operating Segments
- AASB 127 Consolidated and Separate Financial Statements

The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements in the following areas:-

- AASB 101 Presentation of financial statements. The revised Standard separates owner and non-owner changes in equity and requires all non-owner changes in equity ('comprehensive income') to be presented in either one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The Group has elected to present its Statement of Comprehensive Income using the single statement approach.
- Information about the Group's segments. The adoption of AASB 8 "Operating Segments" and AASB 2007-3 "Amendments to Australian Accounting Standards arising from AASB 8" has resulted in both re-designation of the Group's reportable segments and amended segment disclosures.
- AASB 127 "Consolidated and Separate Financial Statements" (2008) has been adopted in the current period and applies prospectively. The revised Standard has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in its subsidiaries. In prior years, in the absence of specific requirements in the Australian Accounting Standards, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under AASB 127(2008), all increases or decreases in such interests are recognised in equity, with no impact on goodwill or profit or loss.

2. Dividends

During the period, Mermaid Marine Australia Limited made the following dividend payments:

	Half-year ended 31 December 2009		Half-year ended 31 December 2008	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Final Dividend (fully franked at a 30% tax rate)	4	7,414	2	3,643

On 16 February 2010, the directors declared a fully franked interim dividend in respect to the year ending 30 June 2010 of 3 cents per share to the holders of fully paid ordinary shares, to be paid on 29 March 2010. The dividend will be paid to all shareholders on the register of members on 10 March 2010. This dividend has not been included as a liability in these financial statements.

3. Profit from Operations

	Half-year ended 31 Dec 2009 $'000	Half-year ended 31 Dec 2008 $'000
a) Revenue from continuing operations consisted of the following items:		
Rendering of services	87,258	75,013
Rental revenue	5,421	2,505
Interest – other entities	227	1,431
	92,906	78,949
b) Profit for the year before income tax		
Profit for the year before income tax has been arrived at after crediting/(charging) the following gains and losses:		
Net foreign exchange gain	146	1,141
Gain/(loss) on disposal of :		
Property, plant and equipment	(74)	(251)
c) Other expenses		
Profit for the year includes the following expenses:		
Depreciation of non-current assets:		
Leasehold buildings and improvements	1,423	664
Vessels	3,207	1,069
Vessels – hire purchase	1,444	2,360
Plant and equipment	241	198
Plant and equipment – hire purchase	243	134
	6,558	4,425
Bad and doubtful debts arising from:		
Other entities	-	92

Profit from Operations (continued)

	Half-year ended 31 Dec 2009 $'000	Half-year ended 31 Dec 2008 $'000
Interest expense – other entities	2,647	976
Finance charges – lease finance charges	1,683	3,432
Total interest expenses	4,330	4,408
Less: amounts included in the cost of qualifying assets	(247)	(268)
	4,083	4,140
Operating leases – minimum lease payments	729	247
Employee benefit expense:		
Post employment benefits:		
Defined contribution plans	1,501	1,119
Share based payments:		
Equity settled share-based payments	428	234
Other employee benefits	36,099	32,245
	38,028	33,598

4. Earnings Per Share

	Half-year ended 31 Dec 2009 Cents per Share	Half-year ended 31 Dec 2008 Cents per Share
Basic earnings per share	10.82	6.73
Diluted earnings per share	10.61	6.61

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:

	Half-year ended 31 Dec 2009 $'000	Half-year ended 31 Dec 2008 $'000
Net Profit	20,010	12,275

	Half-year ended 31 Dec 2009 No.'000	Half-year ended 31 Dec 2008 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	185,002	182,381

Earnings Per Share (continued)

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:

	Half-year ended 31 Dec 2009 $'000	Half-year ended 31 Dec 2008 $'000
Net Profit	20,010	12,275

	Half-year ended 31 Dec 2009 No.'000	Half-year ended 31 Dec 2008 No.'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	185,002	182,381
Shares deemed to be issued for no consideration in respect of:		
Employee options	3,578	2,674
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	188,580	185,055

5. Income Tax

	Half-year ended 31 Dec 2009 $'000	Half-year ended 31 Dec 2008 $'000
Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax expense in respect of the current year	2,581	1,360
Deferred tax expense relating to origination and reversal of temporary differences	(2,151)	2,011
Adjustment recognised in the current year in relation to the current tax of prior years	(129)	(124)
Total tax expense	301	3,247
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	20,311	15,552
Income tax expense calculated at 30%	6,094	4,666
Effect of revenue that is exempt from taxation	(1,353)	(3,029)
Effect of expenses that are not deductible in determining taxable profit	146	1,755
Effect of tax deductible items not included in accounting profit	(28)	(21)
Effect of investment allowance	(4,429)	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	-
	430	3,371
Adjustment recognised in the current year in relation to the current tax of prior years	(129)	(124)
	301	3,247

Income Tax (continued)

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 period of 1.5% has been impacted by the income tax deduction allowable to the Company during the current reporting period from the Federal Government's investment allowance on eligible capital expenditure incurred by the Company.
The effective tax rate for the period, excluding the impact from the investment allowance is 23.9%.

6. Trade & Other Receivables

	31 Dec 2009 $'000	30 June 2009 $'000
Trade receivables	35,433	35,535
Allowance for doubtful debts	(276)	(276)
Other receivables	3,773	4,316
Goods and services tax recoverable	955	1,143
	39,885	40,718

7. Other Current Assets

Prepayments	1,813	1,891

8. Investments Accounted For Using the Equity Method

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest		Consolidated Carrying Amount	
			2009 %	2008 %	31 Dec 2009 $'000	30 June 2009 $'000
Toll Mermaid Logistics Broome Pty Ltd (i)	Supply base services in Broome for the offshore oil and gas industry	Australia	50	50	4,219	3,591
					4,219	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 meetings.

9. 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	76,465	76,858	71,659	8,469	6,054	239,505
Additions	15,593	74,642	538	390	2,651	93,814
Disposals	-	-	-	(140)	(51)	(191)
Net currency exchange differences	-	(7,372)	-	(10)	-	(7,382)
Transfers	-	10,882	(10,882)	-	-	-
Balance at 31 December 2009	92,058	155,010	61,315	8,709	8,654	325,746
Accumulated depreciation:						
Balance at 1 July 2009	(7,835)	(7,871)	(7,303)	(3,595)	(938)	(27,542)
Disposals	-	(14)	-	67	22	75
Transfers	-	(3,034)	3,034	-	-	-
Depreciation expense	(1,423)	(3,207)	(1,444)	(241)	(243)	(6,558)
Depreciation capitalised in Assets	(4)	-	-	-	-	(4)
Net currency exchange differences	-	310	(12)	(1)	-	297
Balance at 31 December 2009	(9,262)	(13,816)	(5,725)	(3,770)	(1,159)	(33,732)
Net book value:						
As at 30 June 2009	68,630	68,987	64,356	4,874	5,116	211,963
As at 31 December 2009	82,796	141,194	55,590	4,939	7,495	292,014

10. Trade & Other Payables

	31 Dec 2009 $'000	30 June 2009 $'000
Trade payables	7,015	5,695
Other payables and accruals	9,407	12,328
GST payable	1,693	1,602
	18,115	19,625

11. Borrowings

Secured – at amortised cost

CURRENT		
Hire purchase liability	5,874	5,441
Bank loan	15,162	7,831
	21,036	13,272
NON CURRENT		
Hire purchase liability	37,769	37,627
Bank loan	98,526	47,268
	136,295	84,895

During the period, the Group obtained new long term bank loans totalling $65,290,000 (2008: $1,346,000). The loans bear interest at variable market rates and are repayable over 5 years. The proceeds of the loans have been used to fund the purchase of new vessels and infrastructure improvements at the Group's Dampier supply base.

12. Provisions

CURRENT	31 Dec 2009 $'000	30 June 2009 $'000
Employee benefits – Annual Leave	2,234	1,779
NON CURRENT		
Employee benefits – Long Service Leave	547	493

13. Issued Capital

186,109,338 fully paid ordinary shares (30 June 2009: 183,701,113)	111,070	108,489

Issue of equity securities

During the period, the Company issued 1,730,000 ordinary shares (2008: 669,200) for consideration of $748,000 (2008:$72,000) following the exercise of options issued under the Company's executive and employee share option plans. In addition the Company issued 678,225 ordinary shares (2008: 770,779) through the dividend reinvestment plan in relation to the final dividend for the year ended 30 June 2009.

During the period the Company also issued 5,076,110 share options and rights (2008:2,663,016) over ordinary shares to various employees under its executive and employee share option and rights plans. These options and rights had an average fair value at grant date of $0.55 per option/right (2008:$0.17).

14. Reserves

	31 Dec 2009 $'000	30 June 2009 $'000
Employee equity-settled benefits	1,098	670
Hedging	-	(870)
Foreign currency translation	(8,176)	(392)
	(7,078)	(592)

15. Retained Earnings

Balance at beginning of financial year	60,342	41,125
Net profit attributable to members of the parent entity	20,010	26,524
Dividend provided for or paid	(7,414)	(7,307)
Balance at end of financial year	72,938	60,342

16. Segment Information

The Group has adopted AASB 8 “Operating Segments” and AASB 2007-3 “Amendments to Australian Accounting Standards arising from AASB 8” 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 segment and to assess its performance. In contrast the predecessor Standards (AASB 114 “Segment Reporting”) required an entity to identify two sets of segments (business and geographical), using a risks and rewards 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.

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 segment segments under AASB 8 are therefore as follows:

- Vessel Operations
- Supply Base
- Slipway

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of AASB 8. The accounting policies of the new reportable segments are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

Segment Information (continued)	Vessels		Supply Base		Slipway		Total	
	Half-year ended 31 Dec 2009 $'000	Half-year ended 31 Dec 2008 $'000	Half-year ended 31 Dec 2009 $'000	Half-year ended 31 Dec 2008 $'000	Half-year ended 31 Dec 2009 $'000	Half-year ended 31 Dec 2008 $'000	Half-year ended 31 Dec 2009 $'000	Half-year ended 31 Dec 2008 $'000
Segment Revenues								
Sales to outside customers	73,393	65,228	16,452	8,660	3,094	3,395	92,939	77,283
Inter-segment revenue	66	235	1,220	863	4,649	3,805	5,935	4,903
Total	73,459	65,463	17,672	9,523	7,743	7,200	98,874	82,186
Eliminations							(5,935)	(4,903)
Unallocated							(33)	1,666
Consolidated segment revenue for the period							92,906	78,949
Segment Profit								
Segment profit	14,883	13,568	7,990	3,928	432	365	23,305	17,861
Eliminations							(35)	(27)
Total							23,270	17,834
Investment revenue							227	1,431
Unallocated Foreign Currency Gain / (Loss)							(260)	235
Central administration costs							(3,546)	(4,726)
Share of profit of associates							627	773
Unallocated finance costs							(7)	(25)
Profit before tax							20,311	15,522
Income tax Expense							(301)	(3,247)
Consolidated segment profit for the period							20,010	12,275

Segment profit represents the profit earned by each segment without allocation of investment revenue, share of profits of associate's income tax expense. In prior years, segment results excluded finance costs, however, upon adoption of AASB 8 in the current period, finance costs, except for various unallocated corporate 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.

Segment Information (continued)

The following is an analysis of the Group's assets by reportable operating segment:

	Vessels		Supply Base		Slipway		Unallocated		Total	
	31 Dec 2009 $'000	30 Jun 2009 $'000	31 Dec 2009 $'000	30 Jun 2009 $'000	31 Dec 2009 $'000	30 Jun 2009 $'000	31 Dec 2009 $'000	30 Jun 2009 $'000	31 Dec 2009 $'000	30 Jun 2009 $'000
Segment assets	229,646	167,753	93,930	74,439	9,324	11,763	29,052	44,151	361,952	298,106

The following is an analysis of other segment information by reportable operating segment:

	Vessels		Supply Base		Slipway		Unallocated		Total	
	31 Dec 2009 $'000	31 Dec 2008 $'000	31 Dec 2009 $'000	31 Dec 2008 $'000	31 Dec 2009 $'000	31 Dec 2008 $'000	31 Dec 2009 $'000	31 Dec 2008 $'000	31 Dec 2009 $'000	31 Dec 2008 $'000
Other segment information										
Depreciation and amortisation of segment assets	4,695	3,461	1,539	745	231	150	93	69	6,558	4,425
Finance Costs	3,492	3,778	574	324	10	13	7	25	4,083	4,140