

Director of the Clough Group and a highly experienced and talented executive. Richard has appointed an alternate director, Mr Chris Sutherland, a senior Clough Executive, with engineering qualifications and associated business skills to assist him.

Captain Jim Carver, Mermaid's founder continues to play a significant role in Mermaid's operations, paying particular attention to our business at sea. Under 20 years of Jim's leadership, Mermaid developed an enviable reputation as a "can do" company, and in our drive for new engineering expertise and professionalism, we have no intention of allowing that attitude to be lost.

Last year we identified Broome as our next strategic position. No oil and gas work had been supported out of Broome for seventeen years and with the valuable cooperation and assistance of the Broome Port Authority, we secured Inpex, the large Japanese resource company as our first client. The base was then established early this year.

A new focus has developed in the Browse Basin and it is pleasing to report that after only seven months operation, our Base is profitable, housing Inpex, BHP, Woodside and Sedco in support of their current drilling programs. All the holes drilled from the Broome Base have been designated as commercial finds by the explorers and the very major increase in the reserves at Brecknock, Woodside's permit 500 kilometres north of Broome creates optimism for future production based in the Broome area.

Darwin was next on our list, enabling involvement in Timor Sea oil and gas activity. The Bayu Undan project operated by Phillips, is well advanced and will impact Darwin's offshore activity quite soon. Pursuing the formula for a strategic sea/land interface, we reached agreement with Perkins Shipping in Darwin, to set up an office at their Frances Drive facility. Perkins Shipping is synonymous with Darwin's history. Set up by V.B. Perkins in the late 40's, it has grown to significant size, operating its ships across the top of Australia and into South East Asia. There are many synergies which Mermaid shares with Perkins and we look forward to developing our Darwin business in close association with that fine old Company.

Our ambitions for the support of the oil and gas industry now go beyond bases and vessels. Early in the current financial year, Mermaid acquired 50% of the OIS MOC Joint Venture Pty Ltd, to be paid for by the issue of 800,000 Mermaid shares. OIS MOC owns the highly successful labour hire business operated by Kevin Ponga and Rick De Franck. Kevin Ponga is now General Manager of Mermaid Labour & Management Pty Limited and Mr De Franck becomes a Director. With their reputation and talent added to Mermaid's experienced team, this labour hire company has become a significant force and can be expected to be in the final when major labour hire contracts are let.