

OPERATIONS REVIEW

MERMAID LABOUR AND MANAGEMENT LIMITED

During 2000 Mermaid Marine formed a new business unit Mermaid Labour and Management Limited. The focus of this unit will be labour supply and industrial relations management to the marine, offshore construction industry and onshore resources projects in the NW of Australia. The Directors and Management of the new entity are very experienced, well known and regarded by the industry in general. The company has high expectations for Mermaid Labour and Management Limited.

SAFETY

Mermaid remains dedicated to ensuring a safe environment in all areas where we operate or have responsibility.

In April 2000, following the regular six monthly Quality Assurance audit, the Company's accreditation under AS/NZS/ISO 9002 was reconfirmed. Mermaid's quality assurance and compliance team continues with a continuous day to day effort to improve our health, safety and environmental performance. Stringent charterer requirements, which are a pre requisite of increased vessel usage, must be met to the letter and are the subject of regular and demanding audits. Although time consuming and expensive, we are grateful to certain of the large producers, who while demanding the highest levels of compliance, have also been prepared to give their time, sharing their safety expertise with us and in that way assisting in the very major advances our company has made in this all important area.

At the time of writing this report, Mermaid had accumulated 348 days without a Lost Time Injury. A fine achievement and a continuing record.