



**NEPTUNE ANNOUNCES HALF YEARLY RESULT
(FOR THE 6 MONTHS TO 30 SEPTEMBER 2013)**

PERTH, Western Australia: Neptune Marine Services Limited (ASX: NMS, **Neptune** or the **Company**) has reported a profit from continuing operations before tax of \$3.183 million for the 6 months to 30 September 2013 (Dec 2012: loss \$21.952 million). The consolidated profit of Neptune for that period after providing for income tax amounted to \$2.871 million (Dec 2012: loss \$22.446 million).

The half year ended on 30 September 2013 as a result of the decision to change the annual reporting balance date to 31 March to align with that of Neptune's parent entity, MTQ Corporation Ltd.

Revenue for the half was \$72.557 million (Dec 2012: \$41.613 million), with the main drivers of this significant increase in revenue being a vessel campaign involving multiple divisions from January to early June and NEPSYS® work both in the domestic Australian market and Asia.

Neptune's Chief Executive Officer, Robin King said:

"It is pleasing to report a profitable half and a significant increase in revenue. It has been very encouraging to see the increased interest that NEPSYS®, our patented underwater welding technology, has generated in the past 12 months. Despite the significantly higher revenues, Neptune managed to keep its overheads stable and rationalised some locations in Perth by centralising some of our operations.

The next half is not expected to be as strong. Although activity in our business remains solid across many of our areas of operation, the first half benefitted from the vessel campaign and multiple NEPSYS® campaigns."

- ENDS -

About Neptune Marine Services Limited

Neptune is a leading provider of services and integrated engineered solutions to the international oil and gas, marine and renewable energy industries. Its services include asset integrity, commercial diving, geophysical and geotechnical survey, manufacturing, testing and assembly, dry underwater welding (including NEPSYS®), pipeline stabilisation and protection, remotely operated vehicles, subsea and pipeline engineering, surface and subsea positioning, and topside inspection, repair and maintenance.

Further information:

Colin Napier

Chief Financial Officer

Neptune Marine Services Ltd

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Robin King

Chief Executive Officer

Neptune Marine Services Ltd

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Results for announcement to the market

30 September 2013

Financial Results		Sep 2013 \$'000	Dec 2012 \$'000
Revenue from ordinary activities	<i>Up 74.36%</i>	72,557	41,613
Profit / (loss) from continuing operations after income tax	<i>N/A</i>	2,871	(22,436)
Net profit / loss for the period attributable to members	<i>N/A</i>	2,871	(22,446)

Dividends	Amount per Ordinary Security	Franked amount per security
2013 interim dividend	Nil	Nil
2012 interim dividend	Nil	Nil

Record date for determining entitlements to the 2013 interim dividends	N/A
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Net Tangible Asset Backing	Sep 2013	Dec 2012
Net tangible asset backing per ordinary security	\$0.033	\$0.027

Other explanatory notes:

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**NEPTUNE MARINE SERVICES LIMITED
AND CONTROLLED ENTITIES**

ABN: 76 105 665 843

**Interim Financial Report for the Half Year Ended
30 September 2013**

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NEPTUNE MARINE SERVICES LIMITED AND CONTROLLED ENTITIES

30 September 2013

ABN: 76 105 665 843

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CORPORATE INFORMATION

Directors

Mr Boon Wee Kuah
Chairman

Mr Peter Wallace
Non-Executive Director

Mr Robin King
Executive Director

Mr Dominic Siu
Non-Executive Director

Company Secretary

Mr John Loudon (appointed 28 October 2013)

Registered Office

Neptune Marine Services Limited
Level 16, 140 St George's Terrace
Perth Western Australia 6000

Principal Place of Business

Neptune Marine Services Limited
Level 16, 140 St George's Terrace
Perth Western Australia 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
Perth Western Australia 6000

Auditors

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

DIRECTORS' REPORT

Your Directors present their report on Neptune Marine Services Limited and its controlled entities ('the Group') for the half year ended 30 September 2013.

Directors

The names of the Group Directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Mr Boon Wee Kuah
Mr Peter Wallace
Mr Jeff Dowling (resigned 25 June 2013)
Mr John Cooper (resigned 25 June 2013)
Mr Robin King (appointed 25 June 2013)
Mr Dominic Siu (appointed 25 June 2013)

Review and Results of Operations

On the 30 October 2012, MTQ Corporation Limited announced its off-market takeover offer of Neptune by its wholly owned subsidiary Blossomvale Investments Pte Ltd. Following the achievement of ownership of more than 50% of Neptune on 10 December 2012, Blossomvale gained effective control of the company. Subsequent to this, Neptune changed its financial year-end date to 31 March 2013 to align with that of MTQ Corporation. As a result, this half year runs from 1 April 2013 to 30 September 2013 whereas the comparative half year period for the Consolidated Income Statement and Statements of Cash Flows was 1 July 2012 to 31 December 2012.

The profit from continuing operations before tax amounted to \$3.183m (Dec 2012: loss \$21.952m), the consolidated profit of the Group after providing for income tax amounted to \$2.871m (Dec 2012: loss \$22.446m).

The Group performed strongly during the period with both a healthy profit and a strong positive cash flow.

The main drivers of the revenue were a vessel campaign involving multiple divisions which ran from January finishing in early June and NEPSYS work both in the domestic Australian market and Asia. Although revenue was up strongly compared to the December 2012 half year, margins were weaker. This is to be expected as the vessel campaign involved significant third party equipment as part of the contract and this provides lower margins than our traditional revenue streams.

The engineering segment performed solidly during the half and benefitted from the NEPSYS work. After a quiet few years, it has been very encouraging to see the interest NEPSYS has generated in the past 12 months.

Despite the significantly higher revenues, the Group managed to keep its overheads stable. The Group has rationalised some of its locations in Perth by subletting excess space and centralising some of its operations.

Reinvestment in the businesses continued during the half with \$3.0m being spent on developing and acquiring capital assets. The most significant element here is our involvement in the construction of a vessel and associated equipment for Apache Energy. Bhagwan Marine is providing the vessel and we are providing permanent diving and survey equipment on board under a minimum 5 year contract. A significant investment has also been made in Gladstone with our purchase of a new inshore dive vessel to service this region.

The working capital of the Group has improved in the past half with the ratio of Current Assets/Current Liabilities going from 2.29 to 2.91. Interest Bearing Debt also remains at very low levels with a total outstanding of \$0.771m. The Group has been able to convert the improvement in earnings into a stronger cash position with Cash improving by \$5.942m to end the half at \$15.683m.

The next half is not expected to be as strong. Although activity in our business remains solid across many of our areas of operation, the first half benefitted from the vessel campaign and multiple NEPSYS campaigns.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Earnings per Share

The basic and diluted profit per share is 0.16 and 0.15 cents respectively (2012: basic and diluted loss per share of 1.23 cents).

Dividends

No dividend has been declared or paid by the Group to the date of this report and no dividend is proposed in respect of the half-year ended 30 September 2013.

Significant Changes in State of Affairs

No significant changes in the state of affairs occurred during the half-year ended 30 September 2013.

Future Developments, Prospects and Business Strategies

The Group will be focussing on the following key strategies in 2014 aimed at consolidating the Group's profit performance and achieving business growth:

- (i) Organic growth and continued expansion of service lines in established geographical regions.
- (ii) Integration of services and focus on creating awareness of the 'Total Service Solutions' provided by Neptune.
- (iii) Developing strategic relationships with key partners.
- (iv) Exploring synergistic benefits following from the takeover of Neptune by MTQ Corporation Ltd

These strategies, together with an ongoing focus on minimising corporate overheads and streamlining business processes, are expected to provide ongoing earnings.

Auditor Independence Declaration

Section 307(c) of the Corporations Act 2001 require the Company's auditors, Ernst & Young to provide the directors with a written Independence Declaration in relation to their review of the financial report for the half year ended 30 September 2013. The written Auditor's Independence Declaration on page 7 forms part of this Directors' report.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.

Chairman



Mr Boon Wee Kuah

Dated this 22 day of November 2013

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Neptune Marine Services Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2013 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporation Regulations 2001*; and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Chairman



Mr Boon Wee Kuah

Dated this 22 day of November 2013

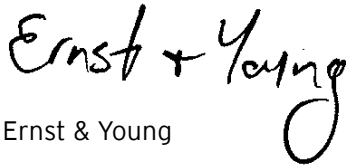


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Auditor's Independence Declaration to the Directors of Neptune Marine Services Limited

In relation to our review of the financial report of Neptune Marine Services Limited for the half-year ended 30 September 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.


Ernst & Young



P McIver
Partner
22 November 2013

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**CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2013**

	Note	Consolidated Group	
		6 months ended 30 September 2013 \$000	6 months ended 31 December 2012 \$000
Continuing operations			
Revenue from rendering of service	4(a)	72,557	41,613
Other revenue	4(a)	97	69
Total revenue		72,654	41,682
Cost of sales and services rendered		(52,628)	(27,582)
Gross profit		20,026	14,100
Other income	4(b)	187	51
Marketing expenses		(170)	(146)
Occupancy expenses		(1,940)	(1,899)
Corporate, shared service and Board expenses	5(a)	(4,947)	(4,878)
Business operating expenses	5(b)	(9,651)	(10,403)
Takeover related costs	5(c)	-	(1,187)
Technical expenses		(129)	(126)
Finance costs		(186)	(152)
Goodwill impairment	5(d)	-	(16,515)
Other expenses	5(d)	(7)	(797)
Profit/(loss) from continuing operations before income tax		3,183	(21,952)
Income tax expense	6	(312)	(484)
Profit/(loss) from continuing operations after income tax		2,871	(22,436)
Discontinued operations			
Loss from discontinued operations after income tax		-	(10)
Net profit/(loss) for the period		2,871	(22,446)
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents per share)	7	0.16	(1.23)
Diluted earnings/(loss) per share (cents per share)	7	0.15	(1.23)
Earnings/(loss) per share for profit from continuing operations			
Basic earnings/(loss) per share (cents per share)	7	0.16	(1.23)
Diluted earnings/(loss) per share (cents per share)	7	0.15	(1.23)

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2013

	Consolidated Group	
	6 months ended 30 September 2013 \$000	6 months ended 31 December 2012 \$000
Net profit/(loss) for the period	<u>2,871</u>	<u>(22,446)</u>
Other Comprehensive Income		
Items in other comprehensive income that maybe recycled subsequently through profit and loss		
Foreign currency translation of continuing operations	3,529	(62)
Foreign currency reserve from discontinued operation recycled to the Income Statement	-	(47)
Other comprehensive income/(loss) for the period, net of tax	<u>3,529</u>	<u>(109)</u>
Total comprehensive income/(loss) for the period	<u>6,400</u>	<u>(22,555)</u>
Total comprehensive income/(loss) for the period attributable to members of the parent	<u>6,400</u>	<u>(22,555)</u>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

	Note	Consolidated Group	
		30 September 2013 \$000	31 March 2013 \$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	15,683	9,741
Trade and other receivables	9	24,387	25,663
Inventories		4,275	4,081
Other current assets		4,866	12,783
TOTAL CURRENT ASSETS		49,211	52,268
NON-CURRENT ASSETS			
Trade and other receivables	9	1,908	1,116
Property, plant and equipment	10	25,420	23,090
Deferred tax assets		2,740	2,677
Intangible assets and goodwill	11	14,367	13,858
TOTAL NON CURRENT ASSETS		44,435	40,741
TOTAL ASSETS		93,646	93,009
CURRENT LIABILITIES			
Trade and other payables	12	14,341	21,125
Current tax liability		750	347
Interest bearing loans and borrowings		617	114
Provisions		1,196	1,194
TOTAL CURRENT LIABILITIES		16,904	22,780
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings		154	164
Deferred tax liabilities		727	800
Provisions		332	256
TOTAL NON-CURRENT LIABILITIES		1,213	1,220
TOTAL LIABILITIES		18,117	24,000
NET ASSETS		75,529	69,009
EQUITY			
Contributed equity	13	273,804	273,804
Reserves		(18,564)	(22,213)
Accumulated losses		(179,711)	(182,582)
TOTAL EQUITY		75,529	69,009

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2013

	Ordinary Shares	Accumulated Losses	Foreign Currency Translation Reserve	Employee Equity Benefits Reserve	Hedge Reserve	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated Group						
Balance at 1 July 2012	273,031	(165,187)	(27,721)	6,302	170	86,595
Loss for the period	-	(22,446)	-	-	-	(22,446)
Other comprehensive income from continuing operations	-	-	(62)	-	-	(62)
Other comprehensive income from discontinued operation	-	-	(47)	-	-	(47)
Total comprehensive income for the year	-	(22,446)	(109)	-	-	(22,555)
Transactions with owners in their capacity as owners						
Rights conversion	771	-	-	(771)	-	-
Cost of share based payments	-	-	-	659	-	659
	771	(22,446)	(109)	(112)	-	(21,896)
Balance at 31 December 2012	273,802	(187,633)	(27,830)	6,190	170	64,699
Balance at 1 April 2013	273,804	(182,582)	(28,650)	6,267	170	69,009
Net profit for the period	-	2,871	-	-	-	2,871
Other comprehensive income	-	-	3,529	-	-	3,529
Total comprehensive income for the year	-	2,871	3,529	-	-	6,400
Transactions with owners in their capacity as owners						
Retention Rights cancelled & compensation paid	-	-	-	(230)	-	(230)
Cost of share based payments	-	-	-	350	-	350
	-	2,871	3,529	120	-	6,520
Balance at 30 September 2013	273,804	(179,711)	(25,121)	6,387	170	75,529

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2013

	Consolidated Group	
	6 months ended 30 September 2013 \$000	6 months ended 31 December 2012 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	82,960	47,600
Interest received	97	69
Payments to suppliers and employees	(75,023)	(45,331)
Interest paid	(186)	(154)
Income tax paid	(59)	(60)
Net cash flows from operating activities	<u>7,789</u>	<u>2,124</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	-	5
Purchase of property, plant and equipment	(3,021)	(1,416)
Net cash flows used in investing activities	<u>(3,021)</u>	<u>(1,411)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment from promissory note	-	736
Payment for cancelled retention rights	(230)	-
Proceeds from borrowings	1,210	-
Repayment of borrowings	(760)	(1,366)
Payment of deposits for bank guarantee	(797)	(57)
Net cash flows used in financing activities	<u>(577)</u>	<u>(687)</u>
Net decrease in cash and cash equivalents held	4,191	26
Cash and cash equivalents at beginning of financial period	9,741	7,786
Net foreign exchange difference	1,751	(178)
Cash and cash equivalents at end of financial period	<u>8</u> <u>15,683</u>	<u>7,634</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Corporate Information

The interim financial report of Neptune Marine Services Limited ("Group") for the half-year ended 30 September 2013 was authorised for issue in accordance with a resolution of the Director's on 22nd November 2013.

The interim financial report covers the consolidated Group of Neptune Marine Services Limited and its controlled entities. Neptune Marine Services Limited is a listed public company, incorporated and domiciled in Australia.

The nature of the operations and principal activities are described in Note 3.

2. Basis of Preparation and Changes to the Group's Accounting Policies

Base of Preparation

This interim financial report for the half year ended 30 September 2013 has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

On the 30 October 2012, MTQ Corporation Limited announced its off-market takeover offer of Neptune by its wholly owned subsidiary Blossomvale Investments Pte Ltd. Following the achievement of ownership of more than 50% of Neptune on 10 December 2012, Blossomvale gained effective control of the company. Subsequent to this, Neptune changed its financial year-end date to 31 March 2013 to align with that of MTQ Corporation. As a result, this half year runs from 1 April 2013 to 30 September 2013 whereas the comparative half year period for the Consolidated Income Statement and Statements of Cash Flows was 1 July 2012 to 31 December 2012.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the 9 months ended 31 March 2013 and considered together with any public announcements made by Neptune Marine Services Limited during the half year ended 30 September 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

New Standards, Interpretations and Amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

The Group did not early adopt any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group did not adopt any new and or revised standards, amendments or interpretations from 1 April 2013 which had any effect on the financial position or performance of the Group.

3. Operating Segment Information

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of the services provided to customers. Discrete financial information about each of these operating businesses is reported to the Executive management on at least a monthly basis.

Types of Products and Services

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold and/or services provided, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Neptune Marine Services comprises the two distinct divisions of Offshore Services and Engineering Services. Globally, the company has operational bases in Australia, South East Asia, Qatar, the United States and the United Kingdom. The services provided to customers are on an Offshore and Engineering basis and can combine services from multiple regions.

Offshore Services

The Offshore Services division provides the oil and gas, marine and associated industries with a range of specialised services, including commercial diving; inspection, repair and maintenance support; difficult and confined area access via rope access, tension netting and modular platform; DP construction support vessels; remotely operated vehicles (ROVs); subsea pipeline/cable stabilisation and protection; hydro graphic surveying, positioning and geophysical support; and project management.

Engineering Services

The Engineering Services division provides the oil and gas, marine, renewable energy and associated industries with a range of specialised services, including subsea and pipeline engineering; fabrication; assembly and testing; refurbishment; installation; maintenance; the patented NEPSYS® dry underwater welding technology; and project management.

Accounting Policies and Inter-segment Transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in the annual report at 31 March 2013 and in the prior period except as detailed below:

Inter-entity Sales

Inter-entity sales are recognised based on an internally set transfer price. The price aims to reflect what the business operation could achieve if they sold their output and services to external parties at arm's length.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Finance costs
- Corporate overhead & administration expenses
- Technical expenses
- Share-based payments
- Foreign exchange gain/ (loss)
- Deferred tax assets and liabilities

3. Operating Segment Information (continued)

The following table presents revenue and profit information for the reportable segments:

	Continuing Operations					
	Engineering		Offshore Services		Total	
	September 2013	December 2012	September 2013	December 2012	September 2013	December 2012
	\$000	\$000	\$000	\$000	\$000	\$000
Revenue						
Sales to external customers	16,638	10,887	55,919	30,658	72,557	41,545
Intersegment sales	9,781	3,293	28,256	4,437	38,037	7,730
Other revenue	2	-	95	69	97	69
Total revenue	26,421	14,180	84,270	35,164	110,691	49,344
Internal sales elimination					(38,037)	(7,662)
					72,654	41,682
Result						
Segment result before impairments, asset write downs and items below:	1,324	184	7,466	982	8,790	1,166
Impairment of Goodwill	-	(1,481)	-	(15,034)	-	(16,515)
Segment results after impairment and before items below	1,324	(1,297)	7,466	(14,052)	8,790	(15,349)
Reconciliation of segment net profit before tax to net profit before tax						
Finance costs					(186)	(152)
Corporate overhead & administration expense					(4,995)	(4,954)
Takeover related costs					-	(1,187)
Technical expenses					(129)	(126)
Share-based payments					(350)	(256)
Foreign exchange gain					53	72
Net profit/(loss) before tax per the income statement					3,183	(21,952)

	Continuing Operations					
	Engineering		Offshore Services		Total	
	September 2013	March 2013	September 2013	March 2013	September 2013	March 2013
	\$000	\$000	\$000	\$000	\$000	\$000
Segment assets						
Segment operating assets	12,936	7,825	65,184	70,348	78,120	78,173
Goodwill	-	3,184	12,786	8,975	12,786	12,159
Segment assets	12,936	11,009	77,970	79,323	90,906	90,332
Reconciliation of segment assets to the statement of financial position						
Deferred tax assets					2,740	2,677
Total assets from continuing operations per the statement of financial position					93,646	93,009

4. Revenue and Other Income

	Consolidated Group	
	30 September	31 December
	2013	2012
	\$000	\$000
a) Revenue		
— Rendering of services revenue from operating activities	72,557	41,613
— Interest received	97	69
Total Revenue	<u>72,654</u>	<u>41,682</u>
b) Other Income		
— Other income	135	15
— Foreign exchange gain	52	36
Total Other Income	<u>187</u>	<u>51</u>

5. Expenses

	Consolidated Group	
	30 September	31 December
	2013	2012
	\$000	\$000
a) Corporate, shared service and Board expenses		
— Administrative costs	983	775
— Personnel expenses	3,825	3,934
— Depreciation expense	139	169
Total Corporate, shared service and Board expenses	<u>4,947</u>	<u>4,878</u>
b) Business operating expenses		
— Administrative costs	2,651	2,839
— Personnel expenses	5,850	6,078
— Depreciation expense	144	152
— Other	1,006	1,334
Total Business operating expenses	<u>9,651</u>	<u>10,403</u>
c) Takeover related costs		
— Legal costs	-	183
— Secretarial and Accounting	-	600
— Accelerated share based payment	-	404
Total Takeover costs	<u>-</u>	<u>1,187</u>
d) Other Expenses		
— Loss on sale/Impairment of property, plant and equipment	7	780
— Goodwill impairment	-	16,515
— Other	-	17
Total Other Expenses	<u>7</u>	<u>17,312</u>

5. Expenses (continued)

e) Depreciation and Amortisation:		
i) Included in cost of sales		
— Depreciation	1,651	1,648
Total	<u>1,651</u>	<u>1,648</u>
ii) Included in administrative expenses		
— Depreciation	283	321
— Amortisation	118	119
Total	<u>401</u>	<u>440</u>
Total Depreciation and Amortisation	<u>2,052</u>	<u>2,088</u>

6. Income Tax

The major components of income tax expense in the income statement for the half-year are:

	Consolidated Group	
	30 September	31 December
	2013	2012
	\$000	\$000
Income taxes		
Current income tax expense	752	655
Deferred income tax benefit related to origination and reversal of deferred taxes	<u>(440)</u>	<u>(171)</u>
Income tax expense	312	484
Income tax recognised in other comprehensive income	<u>-</u>	<u>-</u>
Total income taxes from continuing operations	<u>312</u>	<u>484</u>

7. Earnings per Share

	Consolidated Group	
	30 September	31 December
	2013	2012
	\$000	\$000
(a) Earnings used in calculating earnings per share		
For basic earnings per share		
Net profit/(loss) from continuing operations attributable to ordinary equity holders of the parent	2,871	(22,436)
Loss attributable to discontinued operations	<u>-</u>	<u>(10)</u>
Net profit/(loss) attributable to ordinary equity holder of the parent	<u>2,871</u>	<u>(22,446)</u>
For diluted earnings per share		
Net profit/(loss) from continuing operations attributable to ordinary equity holders of the parent	2,871	(22,436)
Loss attributable to discontinued operations	<u>-</u>	<u>(10)</u>
Net profit/(loss) attributable to ordinary equity holder of the parent	<u>2,871</u>	<u>(22,446)</u>
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	1,849,505,508	1,824,615,848
Dilutive effect of rights	<u>29,270,427</u>	<u>6,497,891</u>
Weighted average number of ordinary shares outstanding during the period used in calculating dilutive EPS	<u>1,878,775,935</u>	<u>1,831,113,739</u>

8. Cash and Cash Equivalents

	Consolidated Group	
	30 September	31 March
	2013	2013
	\$000	\$000
Cash at bank and in hand	11,183	9,741
Short term deposits	4,500	-
	<u>15,683</u>	<u>9,741</u>

9. Trade and Other Receivables

	Consolidated Group	
	30 September	31 March
	2013	2013
	\$000	\$000
CURRENT		
Trade receivables	25,432	26,796
Allowance for impairment loss	(1,624)	(1,472)
	<u>23,808</u>	<u>25,324</u>
Other receivables	579	339
	<u>24,387</u>	<u>25,663</u>
NON-CURRENT		
Property Deposit	265	30
Deposits for bank Guarantee	1,643	1,086
	<u>1,908</u>	<u>1,116</u>

10. Property, Plant and Equipment

	Office Furniture, Equipment & Software \$000	Leasehold Improvements \$000	Plant and Equipment \$000	Leased Vehicle \$000	ROV's & Vessels \$000	Construction in Progress \$000	Total \$000
Consolidated Group:							
Balance at 31 March 2013							
Cost	3,431	1,885	15,913	382	21,178	1,115	43,904
Accumulated depreciation and impairment	(1,993)	(1,042)	(7,233)	(182)	(10,364)	-	(20,814)
Net carrying amount	1,438	843	8,680	200	10,814	1,115	23,090
Balance at 30 September 2013							
Cost	3,634	1,861	17,060	382	23,002	2,902	48,841
Accumulated depreciation and impairment	(2,234)	(1,097)	(8,120)	(202)	(11,768)	-	(23,421)
Net carrying amount	1,400	764	8,940	180	11,234	2,902	25,420

11. Intangible Assets and Goodwill

	Consolidated Group	
	30 September	31 March
	2013	2013
	\$000	\$000
Goodwill		
Opening balance	12,159	28,782
Foreign exchange differences	627	(108)
Impairment	-	(16,515)
Closing balance	<u>12,786</u>	<u>12,159</u>
Development costs		
Opening balance	1,699	1,875
Amortisation	(118)	(176)
Closing balance	<u>1,581</u>	<u>1,699</u>
Total Intangible Assets	<u>14,367</u>	<u>13,858</u>

Description of the Group's Intangible Assets and Goodwill

(i) Development costs

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight line method. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

(ii) Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

12. Trade and Other Payables

	Consolidated Group	
	30 September	31 March
	2013	2013
	\$000	\$000
CURRENT		
Unsecured liabilities		
Trade payables	3,986	7,957
Sundry payables and accrued expenses	<u>10,355</u>	<u>13,168</u>
	<u>14,341</u>	<u>21,125</u>

13. Contributed Equity

	Consolidated Group	
	30 September	31 March
	2013	2013
	\$000	\$000
1,849,505,508 (March: 1,849,505,508) fully paid ordinary shares	273,804	273,804
	<u>273,804</u>	<u>273,804</u>

Ordinary Shares

	Consolidated Group	
	No.	\$000
At 1 July 2012	1,815,307,946	273,031
Movements during the prior year		
— LTI & retention right conversion	34,197,562	773
At 31 March 2013	1,849,505,508	273,804
Movements during the current period		
— LTI and Retention rights exercised	-	-
At 30 September 2013	<u>1,849,505,508</u>	<u>273,804</u>

Neptune Marine Services in accordance with the Neptune Employee Performance Rights Plan, has recently bought back 7,182,074 of its unlisted Employee Retention Rights at a value of 3.2 cents per right. The acquired unlisted Employee Retention Rights have subsequently been cancelled.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

14. Capital and Leasing Commitments

	Consolidated Group	
	30 September	31 March
	2013	2013
	\$000	\$000
(a) Finance Lease Commitments		
Payable — minimum lease payments		
— not later than 12 months	372	136
— between 12 months and 5 years	436	173
Minimum lease payments	808	309
Less future finance charges	(37)	(31)
Present value of minimum lease payments	<u>771</u>	<u>278</u>
Finance leases for continuing operations	771	278
Finance leases for discontinuing operations	-	-
	<u>771</u>	<u>278</u>

14. Capital and Leasing Commitments (continued)

	Consolidated Group	
	30 September	31 March
	2013	2013
(b) Operating Lease Commitments	\$000	\$000
Payable — minimum lease payments		
— not later than 12 months	2,358	1,849
— between 12 months and 5 years	2,176	2,500
	<u>4,534</u>	<u>4,349</u>
Operating leases for continuing operations	4,534	3,993
Operating leases for discontinuing operations	-	356
	<u>4,534</u>	<u>4,349</u>

15. Contingencies**Financial Guarantees**

The Group has provided the following financial guarantees to its business associates which commit the group to make payments on behalf of these entities upon failure to perform under the terms of the relevant contracts.

	Consolidated Group	
	30 September	31 March
	2013	2013
	\$000	\$000
Guarantees related to leases	1,319	533
Performance guarantees	324	553
	<u>1,643</u>	<u>1,086</u>

The guarantees are secured by cash.

16. Related Parties**Subsidiaries**

The consolidated financial statements include the financial statements of Neptune Marine Services Limited and its controlled entities. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Ultimate parent

MTQ Corporation Limited is the ultimate parent entity and the parent of the Group is Neptune Marine Services Limited.

Transactions with related parties

There were no related party transactions during the period.

17. Events after Balance Sheet Date

There were no material subsequent events.

To the members of Neptune Marine Services Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying condensed half-year financial report of Neptune Marine Services Limited, which comprises the consolidated statement of financial position as at 30 September 2013, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 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 31 December 2012 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 Neptune Marine Services Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 Neptune Marine Services 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 30 September 2013 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*.


Ernst & Young



P McIver
Partner
Perth
22 November 2013

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