



NEPTUNE EGM: \$80.6m Entitlement Offer

ROBIN KING, CEO



Important Notice and Disclaimer

This presentation has been prepared by Neptune Marine Services Limited ABN 76 105 665 843 (**Neptune or Company**) for the benefit of potential investors and not as specific advice to any particular party or person. This presentation is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or under any other law. It is for information purposes only and is not an invitation nor offer of securities for subscription, purchase or sale in any jurisdiction. In relation to the new shares to be offered under the entitlement offer (and shortfall offer) referred to in this document, a prospectus will be made available to shareholders following its lodgement with the Australian Securities and Investments Commission, which is expected to be available on 31 January 2011 from the Company as the issuer. Any person considering acquiring securities as part of the entitlement offer should consider the prospectus in deciding whether to apply under that offer. Anyone who wishes to apply for new shares pursuant to the offer will need to apply in accordance with the instructions on either the entitlement and acceptance form or the shortfall offer application form which will accompany the prospectus.

This presentation does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in the Company nor does it contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. Prospective investors should conduct their own independent investigation and assessment of the offer and their own independent investigation of the information contained in, or referred to in, this presentation.

The information in this presentation does not constitute financial product advice (nor investment, tax, accounting or legal advice) and has been prepared without taking into account any person's investment objectives, financial situation or particular needs. The information is based on publicly available information, internally developed data and other sources. No independent verification of those sources has been undertaken and where any opinion is expressed in this document it is based on the assumptions and limitations mentioned herein and is an expression of present opinion only. No warranties or representations can be made as to the origin, validity, accuracy, completeness, currency or reliability of the information. The Company disclaims and excludes all liability (to the extent permitted by law), for losses, claims, damages, demands, costs and expenses of whatever nature arising in any way out of or in connection with the information, its accuracy, completeness or by reason of reliance by any person on any of it.

Forward looking statements

This presentation contains certain "forward looking statements", which are statements that can generally be identified by the use of forward looking words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "will", "could", "may", "target", "plan" and other similar expressions within the meaning of securities laws of applicable jurisdictions.

The forward looking statements contained in this presentation involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Company, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Readers are cautioned not to place undue reliance on forward looking statements and the Company assumes no obligation to update or revise such information to reflect any change in expectations or assumptions.



Important Notice and Disclaimer (cont'd)

Where the Company expresses or implies an expectation or belief as to the economic viability of future contracts, such expectation or belief is based on management's current predictions, assumptions and projections. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. However, such forecasts are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed, projected or implied by such forecasts. **Please see the list of Key Risks in the Appendix of this presentation for further details** (and also refer to the Company's other Australian Securities Exchange announcements and filings).

Acceptance

By attending an investor presentation or briefing, or accepting, assessing or reviewing this document, you acknowledge and agree to the above.

Distribution

The distribution of this document in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. In particular, this document (or any copy thereof) may not be transmitted into the United States or distributed, directly or indirectly, to any US Persons and does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to US persons (within the meaning of Regulation S under the US Securities Act 1933, as amended (**Securities Act**) (**US Persons**)). The securities to which this document relates have not been registered and will not be registered, under the Securities Act or any US state or other securities laws, and may not be offered, sold or otherwise transferred in the United States or to, or for the benefit of, US Persons, except in transactions exempt from the registration requirements of the Securities Act. By accepting this document you hereby represent and warrant that you are not a US Person and are not acting on account of a US Person. The securities referred to in this document will not be registered under the US Securities Act 1933, as amended and there will be no offering of securities by the Company in the United States. This document has not been filed, registered or approved in any jurisdiction. No action has been taken or proposed to be taken to register or qualify this document, any securities or offer of securities referred to in this document, or otherwise permit a public offering of securities, in any jurisdiction outside Australia.



Executive Summary

⚡ Re-positioning Neptune for profit

- **Short-term focus** (Cost reduction)
 - Approximately \$9.5 million per annum reduction in overheads
 - Anticipated \$2.0 - \$4.0 million per annum saving from rationalisation and/or sale of under performing businesses and assets
- **Medium - Longer-term** (Organic Earnings Growth)
 - Focus on organic earnings growth generated from our core services and strategic partnerships servicing key client base in a growing Oil & Gas market

⚡ Pro-rata entitlement offer

- 3.6 for 1 entitlement issue to existing shareholders at an issue price of \$0.05 per share to raise a minimum of \$60m and up to \$80.6m
- Neptune has 12,139 shareholders.
- Shareholders will be afforded the opportunity to subscribe for any shortfall

⚡ Strengthened Balance Sheet

- Equity capital raising (assuming \$80.6m raising) will:
 - Allow the Company to fully pay term debt
 - Enable Neptune to meet deferred vendor consideration payments
 - Provide additional working capital of \$18.3m to fund future contract opportunities
- \$79.7m write-down of intangibles and \$19.8m write down of tangible carrying values

How the Business Will Change

✚ Neptune's new management team has recently completed a major restructuring review in conjunction with PWC, the key outcomes of which comprise:

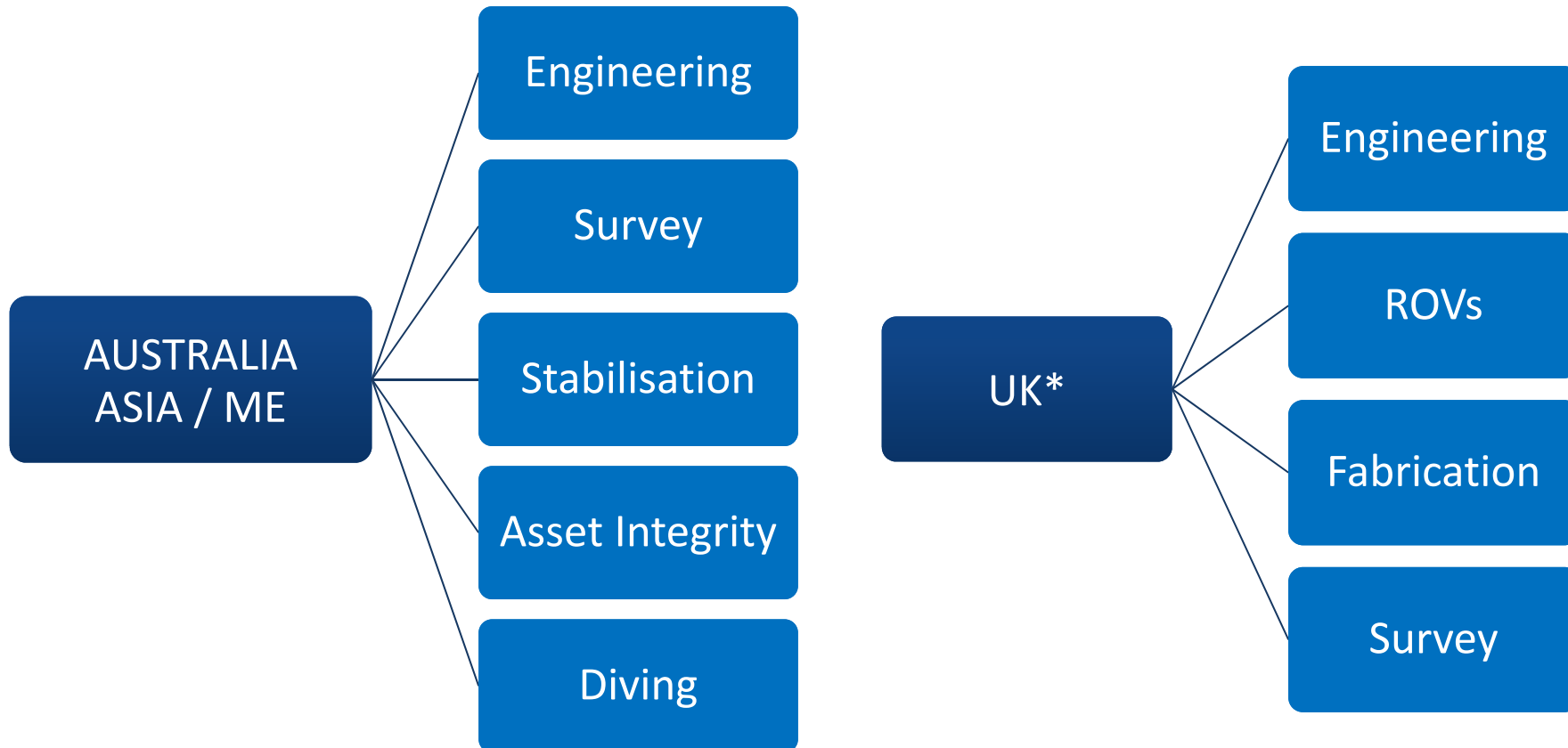
Focus on revenue	➡	Focus on profit and shareholder value
Acquisitions for growth	➡	Lower risk organic growth
Lack of focus on individual business growth	➡	Refocus on successful businesses plus improved integrated tender offer to key clients
High overheads	➡	Significant overhead reduction (\$9.5m)
Geographic expansion	➡	Refocus on Australian base
Asset owning focus	➡	Asset relationships as opposed to outright ownership
Geared balance sheet	➡	De-geared balance sheet

Identified Cost Savings and Recovery

	ANNUAL SAVING
OVERHEADS	
Phase 1	
Reduction in Personnel ¹	\$5,011,000
Reduction in General Overheads ¹	\$3,406,000
Phase 2	
Expected cost savings	\$1,000,000
BUSINESSES	
Rationalising and divesting businesses	\$2,000,000 - \$4,000,000
TOTAL SAVING	\$11, 417,000 - \$13,417,000

¹ Actioned Jan 2011

The Business Post Rationalisation



*Subject to further strategic review

Summary

- ⇒ The Board and Management of Neptune have a single minded focus on returning the business to profitability.
- ⇒ Decisive steps have been taken to:
 - Reduce operating costs
 - Restructure or rationalise underperforming businesses and assets
 - Restructure the balance sheet
 - Focus on organic growth from the profitable business units
- ⇒ The capital raise will provide the platform for growing future shareholder value