



**NEPTUNE ANNOUNCES HALF YEAR PROFIT
(FOR THE 6 MONTHS TO 30 SEPTEMBER 2014)**

PERTH, Western Australia: Neptune Marine Services Limited (ASX: NMS, **Neptune** or the **Company**) has reported a profit from continuing operations before tax of \$2.343 million for the 6 months to 30 September 2014 (September 2013: profit of \$3.183 million). The consolidated profit of Neptune for that period after providing for income tax amounted to \$1.764 million (September 2013: profit of \$2.871 million).

Revenue for the half was \$66.883 million, slightly down on the prior corresponding period (September 2013: \$72.557 million) due to the absence of a major vessel campaign. Gross profit margin improved and overall gross profit was almost identical to the prior corresponding period.

Neptune's Chief Executive Officer, Robin King said:

"It is pleasing to report another profitable half. The working capital of the Group remains strong and there is very little interest bearing debt. The Group remains committed to its tendering activity, continued expansion of our core capabilities into our other established geographical locations and ongoing investment in new equipment and assets. However the market is becoming increasingly competitive and this will impact the outlook for the second half."

- ENDS -

Further information:

Ashley Muirhead
Chief Financial Officer
Neptune Marine Services Ltd
Tel: +61 8 9424 1111

Robin King
Chief Executive Officer
Neptune Marine Services Ltd
Tel: +61 8 9424 1111



Results for announcement to the market

30 September 2014

Financial Results			Sep 2014 \$'000	Sep 2013 \$'000
Revenue from ordinary activities	Down	7.82%	66,883	72,557
Profit from continuing operations after income tax	Down	38.56%	1,764	2,871
Net profit for the period attributable to members	Down	38.56%	1,764	2,871

Dividends	Amount per Ordinary Security	Franked amount per security
2014 interim dividend	Nil	Nil
2013 interim dividend	Nil	Nil

Record date for determining entitlements to the 2014 interim dividends	N/A
--	-----

Net Tangible Asset Backing	Sep 2014	Sep 2013
Net tangible asset backing per ordinary security	\$1.077	\$1.038

Other explanatory notes:

In August 2014, Neptune undertook a 30:1 share consolidation (as approved by shareholders at the Company's Annual General Meeting on 30 July 2014). Broadly, this had the effect of reducing the total number of shares on issue to approximately 1/30th of the pre-consolidation amount. The Company had 1,849,505,508 shares on issue pre-consolidation and 61,651,610 shares post-consolidation (the post-consolidation balance is not exactly 1/30th due to rounding up of fractional entitlements when each shareholder's holding was divided by 30). Accordingly, net tangible asset backing for the prior half year period ending 30 September 2013 have been adjusted for the share consolidation for comparative purposes.

NEPTUNE MARINE SERVICES LIMITED AND CONTROLLED ENTITIES

ABN: 76 105 665 843

**Interim Financial Report for the Half Year Ended
30 September 2014**

NEPTUNE MARINE SERVICES LIMITED AND CONTROLLED ENTITIES

30 September 2014

ABN: 76 105 665 843

CONTENTS

CORPORATE INFORMATION	3
DIRECTORS' REPORT	4
DIRECTORS' DECLARATION	6
AUDITOR'S INDEPENDENCE DECLARATION	7
CONSOLIDATED INCOME STATEMENT	8
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	9
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	10
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	11
CONSOLIDATED STATEMENT OF CASH FLOWS	12
INDEPENDENT AUDITOR'S REVIEW REPORT	21

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

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 2014.

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 Robin King
Mr Dominic Siu

Review and Results of Operations

The profit from continuing operations before tax amounted to \$2.343m (Sep 2013: \$3.183m), the consolidated profit of the Group after providing for income tax amounted to \$1.764m (Sep 2013: \$2.871m).

Revenue was down compared to the same period in the previous financial year due to the absence of a major vessel campaign. However, the arrival of the Air Dive and ROV Support Vessel, the Bhagwan Dryden, during this period and subsequent commencement of works should help to support revenues in the second half.

The Australian businesses were awarded several significant contracts. These included; a framework agreement for Inpex and an ensuing rig positioning and survey services scope of work, a Master Services Agreement (MSA) for Eni and a 12 month contract extension by Monadelphous for inspection and maintenance works.

The Stabilisation businesses in Australia and Singapore were awarded scopes of work on the Ichthys LNG project. Further works in Vietnam concluded a steady half for this business.

In the UK, the offshore services division signed a framework agreement with a major oil and gas operator in the region for the provision of integrated engineering, manufacturing, assembly and testing services. Works will commence in the second half and continue into 2015.

Renewed interest in the Company's Dry Underwater Welding technology, NEPSYS®, continued with the completion of another repair project in Australia and ongoing preparation for an international project, which is expected to commence in 2015/2016.

The working capital of the Group remains strong with the Current Assets/Current Liabilities ratio of 2.49 compared to 2.71 at March year end. Interest Bearing Debt also remains at very low levels with a total outstanding of \$0.438m. The Group is also in a stronger cash position compared to March year end with cash improving by \$4.444m to end the half year at \$16.399m.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) 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 2.86 and 2.81 cents respectively (2013: basic and diluted profit per share of 4.66 and 4.57 cents respectively).

In August 2014, Neptune undertook a 30:1 share consolidation (as approved by shareholders at the Company's Annual General Meeting on 30 July 2014). Broadly, this had the effect of reducing the total number of shares on issue to approximately 1/30th of the pre-consolidation amount. The Company had 1,849,505,508 shares on issue pre-consolidation and 61,651,610 shares post-consolidation (the post-consolidation balance is not exactly 1/30th due to rounding up of fractional entitlements when each shareholder's holding was divided by 30). Accordingly, earnings per share for the prior half year period ending 30 September 2013 has been adjusted for the share consolidation for comparative purposes.

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 2014.

Significant Changes in State of Affairs

No significant changes in the state of affairs occurred during the half-year ended 30 September 2014.

Future Developments, Prospects and Business Strategies

The Group will be focussing on the following key strategies in 2015:

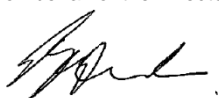
- (i) Relocation of all Perth based businesses into a single facility for improved integration
- (ii) Utilisation of the Bhagwan Dryden vessel by other key clients
- (iii) Continued expansion of our core capabilities into our other established geographical locations
- (iv) Ongoing investment in new equipment and assets

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 2014. 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 28th day of November 2014

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 2014 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

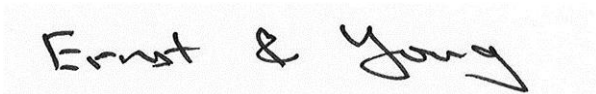


Mr Boon Wee Kuah

Dated this 28th day of November 2014

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 2014, 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



T G Dachs
Partner
28 November 2014

CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2014

Consolidated Group			
		6 months ended 30 September	6 months ended 30 September
	Note	2014	2013
		\$000	\$000
Continuing operations			
Revenue from rendering of service	4(a)	66,883	72,557
Other revenue	4(a)	52	97
Total revenue		66,935	72,654
Cost of sales and services rendered		(46,932)	(52,628)
Gross profit		20,003	20,026
Other income	4(b)	8	187
Marketing expenses		(193)	(170)
Occupancy expenses		(2,084)	(1,940)
Corporate, shared service and board expenses	5(a)	(4,258)	(4,947)
Business operating expenses	5(b)	(10,211)	(9,651)
Technical expenses		(127)	(129)
Finance costs		(146)	(186)
Other expenses	5(c)	(649)	(7)
Profit from continuing operations before income tax		2,343	3,183
Income tax expense	6	(579)	(312)
Net profit for the period		1,764	2,871
Earnings per share			
Basic earnings per share (cents per share)	7	2.86	4.66
Diluted earnings per share (cents per share)	7	2.81	4.57

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 2014**

	Consolidated Group	
	6 months ended 30 September 2014 \$000	6 months ended 30 September 2013 \$000
Net profit for the period	1,764	2,871
Other Comprehensive Income		
Items in other comprehensive income that maybe recycled subsequently through profit and loss		
Foreign currency translation	1,171	3,529
Other comprehensive income for the period, net of tax	2,935	3,529
Total comprehensive income for the period	2,935	6,400
Total comprehensive income for the period attributable to members of the parent	2,935	6,400

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 2014**

		Consolidated Group	
		30 September	31 March
	Note	2014	2014
		\$000	\$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	16,399	11,955
Trade and other receivables	9	24,199	23,662
Inventories		806	1,028
Other current assets		14,967	12,079
TOTAL CURRENT ASSETS		56,371	48,724
NON-CURRENT ASSETS			
Trade and other receivables	9	357	2,643
Property, plant and equipment	10	30,047	29,085
Deferred tax assets		3,779	2,825
Intangible assets and goodwill	11	14,561	14,489
TOTAL NON CURRENT ASSETS		48,744	49,042
TOTAL ASSETS		105,115	97,766
CURRENT LIABILITIES			
Trade and other payables	12	18,125	15,138
Current tax liability		2,681	975
Interest bearing loans and borrowings		238	434
Provisions		1,596	1,449
TOTAL CURRENT LIABILITIES		22,640	17,996
NON-CURRENT LIABILITIES			
Trade and other payables	12	48	-
Interest bearing loans and borrowings		200	123
Deferred tax liabilities		754	723
Provisions		522	462
TOTAL NON-CURRENT LIABILITIES		1,524	1,308
TOTAL LIABILITIES		24,164	19,304
NET ASSETS		80,951	78,462
EQUITY			
Contributed equity	13	273,804	273,804
Reserves		(16,785)	(17,510)
Accumulated losses		(176,068)	(177,832)
TOTAL EQUITY		80,951	78,462

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 2014

	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 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
Balance at 1 April 2014	273,804	(177,832)	(24,240)	6,560	170	78,462
Net profit for the period	-	1,764	-	-	-	1,764
Other comprehensive income	-	-	1,171	-	-	1,171
Total comprehensive income for the year	-	1,764	1,171	-	-	2,935
Transactions with owners in their capacity as owners						
Retention/Performance Rights cancelled & compensation paid	-	-	-	(560)	-	(560)
Cost of share based payments	-	-	-	114	-	114
	-	1,764	1,171	(446)	-	2,490
Balance at 30 September 2014	273,804	(176,068)	(23,069)	6,114	170	80,951

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 2014

Consolidated Group		
	6 months ended 30 September 2014 \$000	6 months ended 30 September 2013 \$000
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	64,488	82,960
Interest received	52	97
Payments to suppliers and employees	(58,503)	(75,023)
Interest paid	(146)	(186)
Income tax paid	(25)	(59)
Net cash flows from operating activities	5,866	7,789
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,492)	(3,021)
Net cash flows used in investing activities	(3,492)	(3,021)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for cancelled retention rights	(560)	(230)
Proceeds from borrowings	-	1,210
Repayment of borrowings	(119)	(760)
Receipt/(payment) of deposits for bank guarantee	2,275	(797)
Net cash flows used in financing activities	1,596	(577)
Net increase in cash and cash equivalents held	3,970	4,191
Cash and cash equivalents at beginning of financial period	11,955	9,741
Net foreign exchange difference	474	1,751
Cash and cash equivalents at end of financial period	8 <u>16,399</u>	<u>15,683</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 2014 was authorised for issue in accordance with a resolution of the Director's on 25th November 2014.

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

Basis of Preparation

This interim financial report for the half year ended 30 September 2014 has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

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 12 months ended 31 March 2014 and considered together with any public announcements made by Neptune Marine Services Limited during the half year ended 30 September 2014 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 2014.

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 2014 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 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 platforms, 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 note 2 to the annual report at 31 March 2014 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.

3. Operating Segment Information (continued)

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

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

	Continuing Operations					
	Engineering		Offshore Services		Total	
	September 2014	September 2013	September 2014	September 2013	September 2014	September 2013
	\$000	\$000	\$000	\$000	\$000	\$000
Revenue						
Sales to external customers	19,725	16,638	47,158	55,919	66,883	72,557
Intersegment sales	7,556	9,781	6,892	28,256	14,448	38,037
Other revenue	-	2	52	95	52	97
Total revenue	27,281	26,421	54,102	84,270	81,383	110,691
Internal sales elimination					(14,448)	(38,037)
					66,935	72,654
Result						
Segment results before items below	1,808	1,324	5,477	7,466	7,285	8,790

Reconciliation of segment net profit before tax to net profit before tax

Finance costs	(146)	(186)
Corporate overhead & administration expense	(4,258)	(4,995)
Technical expenses	(127)	(129)
Share-based payments	(289)	(350)
Foreign exchange gain	(122)	53
Net profit before tax per the income statement	2,343	3,183

	Continuing Operations					
	Engineering		Offshore Services		Total	
	September 2014	March 2014	September 2014	March 2014	September 2014	March 2014
	\$000	\$000	\$000	\$000	\$000	\$000
Segment assets						
Segment operating assets	20,445	14,568	67,826	67,435	88,271	82,003
Goodwill	4,085	3,959	8,980	8,979	13,065	12,938
Segment assets	24,530	18,527	76,806	76,414	101,336	94,941

Reconciliation of segment assets to the statement of financial position

Deferred tax assets	3,779	2,825
Total assets from continuing operations per the statement of financial position	105,115	97,766

4. Revenue and Other Income

		Consolidated Group	
		30 September	30 September
		2014	2013
		\$000	\$000
a)	Revenue		
—	Rendering of services revenue from operating activities	66,883	72,557
—	Interest received	52	97
	Total Revenue	66,935	72,654
b)	Other Income		
—	Other income	8	135
—	Foreign exchange gain	-	52
	Total Other Income	8	187

5. Expenses

		Consolidated Group	
		30 September	30 September
		2014	2013
		\$000	\$000
a)	Corporate, Shared Service and Board expenses		
—	Administrative costs	770	983
—	Personnel expenses	3,346	3,825
—	Depreciation expense	142	139
	Total Corporate, Shared Service and Board expenses	4,258	4,947
b)	Business operating expenses		
—	Administrative costs	2,830	2,651
—	Personnel expenses	6,531	5,850
—	Depreciation expense	178	144
—	Other	672	1,006
	Total Business operating expenses	10,211	9,651
c)	Other Expenses		
—	Loss on sale of property, plant and equipment	527	7
—	Foreign exchange loss	122	-
	Total Other Expenses	649	7
d)	Depreciation and Amortisation:		
i)	Included in cost of sales		
—	Depreciation	2,069	1,651
	Total	2,069	1,651
ii)	Included in administrative expenses		
—	Depreciation	320	283
—	Amortisation	123	118
	Total	443	401
	Total Depreciation and Amortisation	2,512	2,052

6. Income Tax

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

	Consolidated Group	
	30 September	30 September
	2014	2013
	\$000	\$000
Income taxes		
Current income tax expense	1,669	752
Deferred income tax benefit related to origination and reversal of deferred taxes	(1,090)	(440)
Income tax expense	579	312
Income tax recognised in other comprehensive income	-	-
Total income taxes from continuing operations	579	312

7. Earnings per Share

	Consolidated Group	
	30 September	30 September
	2014	2013
	\$000	\$000
(a) Earnings used in calculating earnings per share		
For basic earnings per share		
Net profit from continuing operations attributable to ordinary equity holders of the parent	1,764	2,871
Net profit attributable to ordinary equity holder of the parent	1,764	2,871
For diluted earnings per share		
Net profit from continuing operations attributable to ordinary equity holders of the parent	1,764	2,871
Net profit attributable to ordinary equity holder of the parent	1,764	2,871
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	61,651,610	61,651,610
Dilutive effect of rights	1,113,016	1,113,016
Weighted average number of ordinary shares outstanding during the period used in calculating dilutive EPS	62,764,626	62,764,626 ¹

In August 2014, Neptune undertook a 30:1 share consolidation (as approved by shareholders at the Company's Annual General Meeting on 30 July 2014). Broadly, this had the effect of reducing the total number of shares on issue to approximately 1/30th of the pre-consolidation amount. The Company had 1,849,505,508 shares on issue pre-consolidation and 61,651,610 shares post-consolidation (the post-consolidation balance is not exactly 1/30th due to rounding up of fractional entitlements when each shareholder's holding was divided by 30). Accordingly, earnings per share for the prior half year period ending 30 September 2013 have been adjusted for the share consolidation for comparative purposes.

¹ Earnings per share for the prior half year period ending 30 September 2013 have been adjusted for the share consolidation for comparative purposes.

8. Cash and Cash Equivalents

	Consolidated Group	
	30 September	31 March
	2014	2014
	\$000	\$000
Cash at bank and in hand	15,757	9,573
Short term deposits	642	2,382
	<u>16,399</u>	<u>11,955</u>

9. Trade and Other Receivables

	Consolidated Group	
	30 September	31 March
	2014	2014
	\$000	\$000
CURRENT		
Trade receivables	24,959	24,461
Allowance for impairment loss	(867)	(816)
	<u>24,092</u>	<u>23,645</u>
 Other receivables	 107	 17
	<u>24,199</u>	<u>23,662</u>
 NON-CURRENT		
Security Deposit	265	265
Deposits for Bank Guarantee	92	2,378
	<u>357</u>	<u>2,643</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 2014							
Cost	3,622	1,861	18,476	446	23,310	5,939	53,654
Accumulated depreciation and impairment	(2,216)	(1,181)	(8,300)	(222)	(12,650)	-	(24,569)
Net carrying amount	1,406	680	10,176	224	10,660	5,939	29,085
 Balance at 30 September 2014							
Cost	4,162	1,873	26,780	431	23,089	434	56,769
Accumulated depreciation and impairment	(2,392)	(1,268)	(9,440)	(194)	(13,428)	-	(26,722)
Net carrying amount	1,770	605	17,340	237	9,661	434	30,047

11. Intangible Assets and Goodwill

	Consolidated Group	
	30 September	31 March
	2014	2014
	\$000	\$000
Goodwill		
Opening balance	12,938	12,159
Foreign exchange differences	127	779
Closing balance	<u>13,065</u>	<u>12,938</u>
Development costs		
Opening balance	1,551	1,699
Additions	63	87
Amortisation	(118)	(235)
Closing balance	<u>1,496</u>	<u>1,551</u>
Total Intangible Assets	<u>14,561</u>	<u>14,489</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
	2014	2014
	\$000	\$000
CURRENT		
Unsecured liabilities		
Trade payables	8,112	5,001
Sundry payables and accrued expenses	10,013	10,097
Deferred Revenue	-	40
	<u>18,125</u>	<u>15,138</u>
NON CURRENT		
Unsecured liabilities		
Sundry payables and accrued expenses	48	-
	<u>48</u>	<u>-</u>

13. Contributed Equity

	Consolidated Group	
	30 September	31 March
	2014	2014
	\$000	\$000
61,651,610 (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 30 September 2013	1,849,505,508	273,804
Movements during the prior year	-	-
At 31 March 2014	1,849,505,508	273,804
Movements during the current period		
— Share Consolidation	(1,787,853,898)	-
At 30 September 2014	<u>61,651,610</u>	<u>273,804</u>

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.

In August 2014, Neptune undertook a 30:1 share consolidation (as approved by shareholders at the Company's Annual General Meeting on 30 July 2014). Broadly, this had the effect of reducing the total number of shares on issue to approximately 1/30th of the pre-consolidation amount. The Company had 1,849,505,508 shares on issue pre-consolidation and 61,651,610 shares post-consolidation (the post-consolidation balance is not exactly 1/30th due to rounding up of fractional entitlements when each shareholder's holding was divided by 30).

14. Capital and Leasing Commitments

	Consolidated Group	
	30 September	31 March
	2014	2014
	\$000	\$000
(a) Finance Lease Commitments		
Payable — minimum lease payments		
— not later than 12 months	249	267
— between 12 months and 5 years	<u>211</u>	<u>317</u>
Minimum lease payments	460	584
Less future finance charges	<u>(22)</u>	<u>(28)</u>
Present value of minimum lease payments	<u>438</u>	<u>556</u>

	Consolidated Group	
	30 September	31 March
	2014	2014
	\$000	\$000
(b) Operating Lease Commitments		
Payable — minimum lease payments		
— not later than 12 months	3,137	2,422
— between 12 months and 5 years	7,278	1,269
— longer than 5 years	<u>5,374</u>	<u>-</u>
	<u>15,789</u>	<u>3,691</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
	2014	2014
	\$000	\$000
— Guarantees related to leases	2,124	1,966
— Performance guarantees	1,088	803
	<u>3,212</u>	<u>2,769</u>

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

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	\$000	\$000	\$000	\$000
Entities with significant influence over the Group*:				
Premier Estate Pte Ltd	-	52	-	10
Premier Sea & Land Pte Ltd	-	162	-	3
MTQ Corporation	-	669	-	124
MTQ Oilfield Services WLL	2	-	3	-
MTQ Engineering Pte Ltd	6	-	4	-
Total	<u>8</u>	<u>883</u>	<u>7</u>	<u>137</u>

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Any outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

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 half-year financial report of Neptune Marine Services Limited, which comprises the consolidated statement of financial position as at 30 September 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 30 September 2014 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.

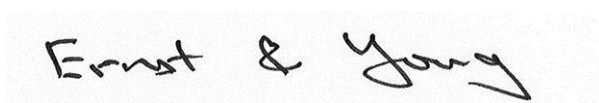
Independence

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 2014 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



T G Dachs
Partner
Perth
28 November 2014