2020

ANNUAL REPORT

TOGETHER, WE MAKE IT HAPPEN

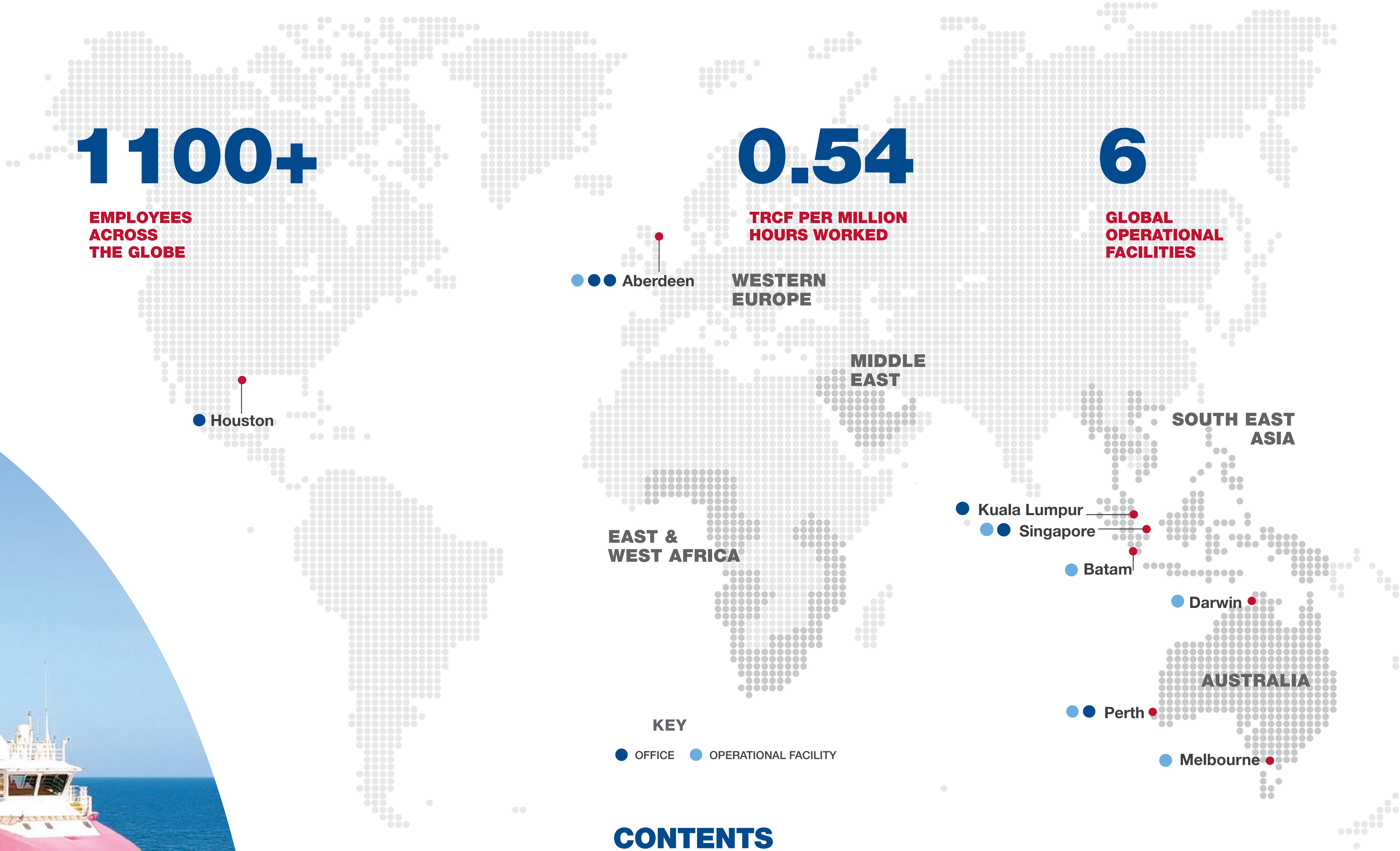
MMA OFFSHORE

30+
VESSELS OPERATING INTERNATIONALLY

1100+
EMPLOYEES ACROSS THE GLOBE

0.54
TRCF PER MILLION HOURS WORKED

6
GLOBAL OPERATIONAL FACILITIES



HIGH-SPECIFICATION VESSELS AND A COMPREHENSIVE SUITE OF MARINE AND SUBSEA SERVICES

CONTENTS

ABOUT MMA

At MMA Offshore, we specialise in providing high-specification vessels and a comprehensive suite of marine and subsea services to the offshore energy sector and wider maritime industry.

Our combination of high-quality vessels, strategically located onshore facilities, specialised subsea services and in-house technical marine expertise enables us to partner with our clients to deliver innovative, fit-for-purpose marine solutions.

We pride ourselves on the world class safety, quality and reliability of our operations underpinned by our Target 365 safety culture which strives for "A Perfect Day, Every Day".

STRONG SERVICES CAPABILITY WITH PROVEN TRACK RECORD IN DELIVERING COMPLEX PROJECTS

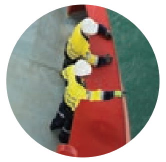
OUR KEY VALUES

PEOPLE

We provide a workplace built on trust, cooperation and mutual respect where our people care about their safety and the safety of those around them.

CUSTOMER RELATIONSHIPS

We understand our customers' requirements by building long-term collaborative relationships. We provide safe and proactive solutions that deliver beyond expectations.



TEAM WORK

We share knowledge, resources and services across our business. We work together as one team to achieve our common goals.

THE MARKETS WE SERVICE

OFFSHORE WIND

OIL & GAS

INFRASTRUCTURE MAINTENANCE

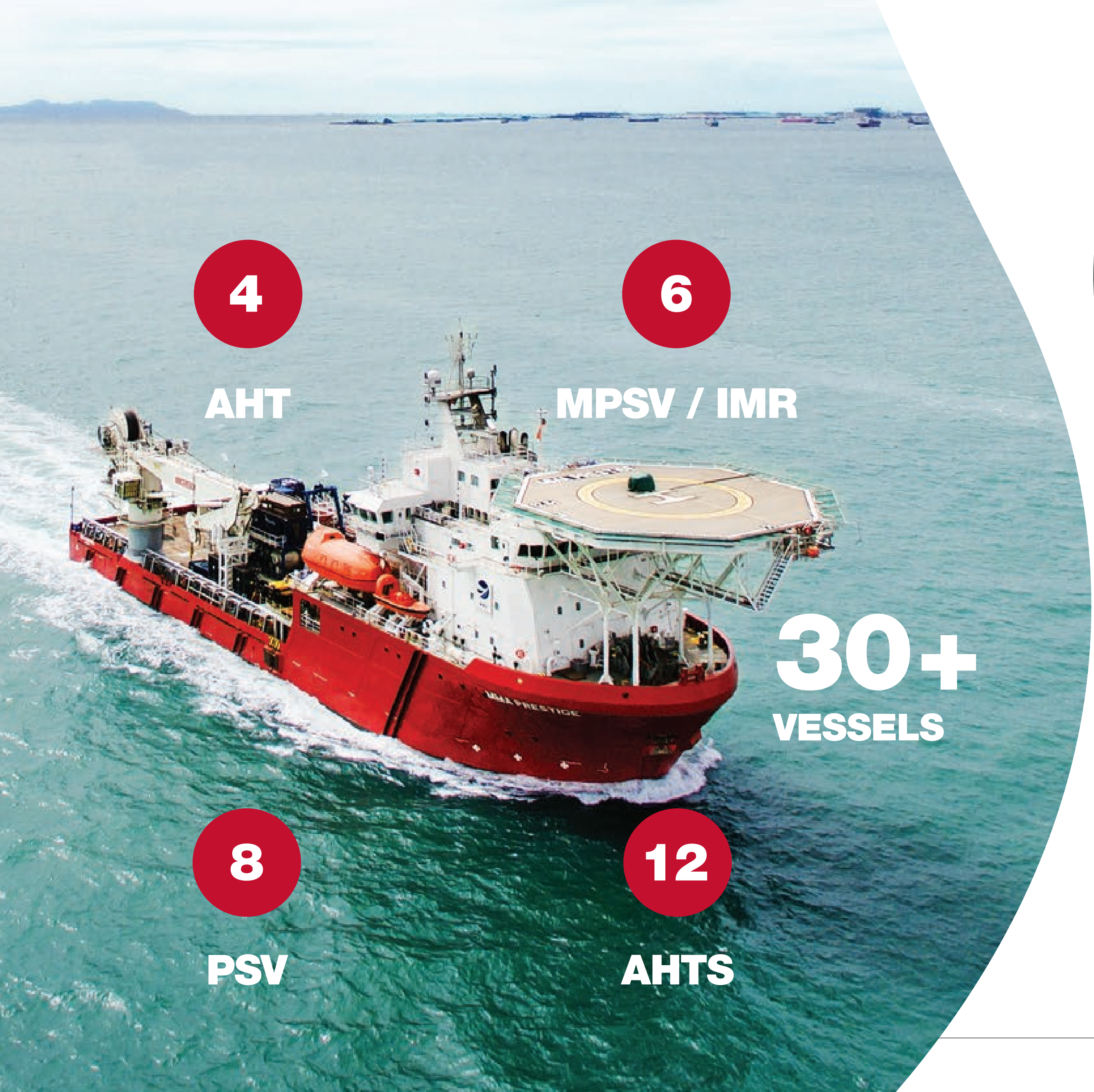
GOVERNMENT & DEFENCE

OUR OPERATIONS

VESSEL SERVICES

MMA owns and operates 30+ offshore vessels capable of supporting a range of offshore marine, renewables and subsea projects.

Our assets have the capability to serve a wide range of work scopes – from subsea construction and maintenance, through to ongoing production support and heavy towing operations.



SUBSEA SERVICES

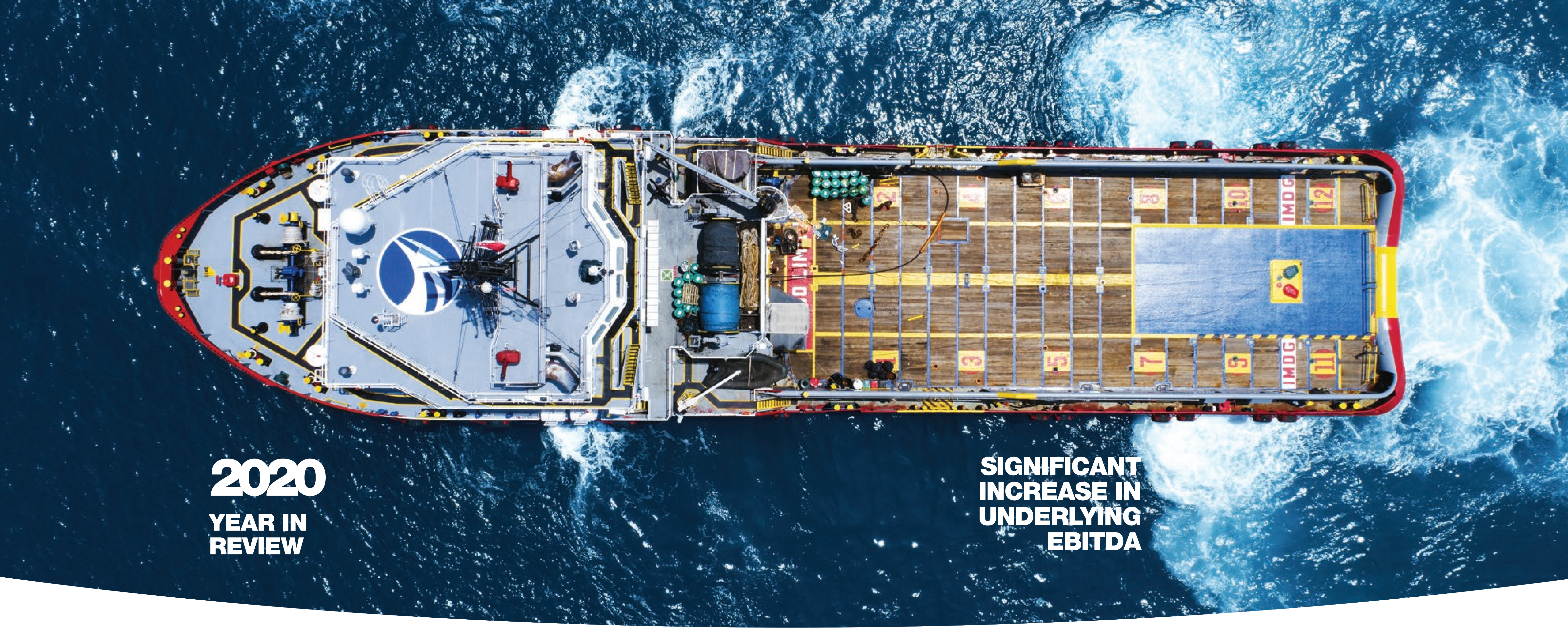
Combining state-of-the-art equipment and highly experienced personnel, MMA provides a range of subsea services including integrated maintenance and construction project delivery, commercial diving services, survey, geophysical and geotechnical services, and ROV services.

Our extensive scope of services ranges from subsea stabilisation, specialised subsea engineering solutions, and manufacturing to testing and assembly, and dry underwater welding.

PROJECT LOGISTICS

Supporting global projects is a key service offering at MMA. Our dedicated personnel meet the challenge of managing complex marine and vessel spreads, logistics to remote greenfield sites, and integrated marine logistics.

Our project logistics team operates land-based facilities in Singapore and Batam to support MMA's internal and external customers.



2020 YEAR IN REVIEW

SIGNIFICANT INCREASE IN UNDERLYING EBITDA

Revenue
$273.0M

Underlying EBITDA[1]
$48.9M

Operating Cashflow
$38.5M

LVR (Net Debt to Fixed Assets)
45%

Reported EBITDA (pre-impairment)[2]
$26.1M

NPAT (pre-impairment)[2]
$(36.5)M

Cash at Bank
$86.6M

NTA per Share
$0.25

[1] Underlying EBITDA of $48.9M has been adjusted for the impacts of Provisions for doubtful debts ($13.2M) / Provisions for Legal Settlements ($9.0M) / Acquisition and Restructuring costs ($4.5M) and Government Subsidies $3.9M

[2] During the year MMA reclassified a number of vessels and ROVs as “held for sale” resulting in an asset impairment charge of $57.7M

CHAIRMAN'S REPORT

I am pleased to report that MMA delivered improved underlying earnings in FY2020 with EBITDA prior to one-off items and pre-AASB16 up 52.8% on the prior year.

This was a strong result for the business, particularly in light of the COVID-19 pandemic, which significantly impacted activity during the last quarter of the financial year and continues to impact the business into FY2021.

The pandemic has been a challenge both financially and operationally. Demand for our services has been significantly affected with projects delayed and work scopes suspended as a result of the significant fall in the oil price due to the drop in oil demand caused by COVID-19. In addition, the complexity of our operations has increased significantly due to restrictions on personnel and asset movements both within Australia and internationally.

The health and wellbeing of our employees has been paramount through the pandemic and we quickly implemented a range of COVID-19 protocols to protect both the physical and mental wellbeing of our employees. I am pleased to say that, to date, we have remained COVID-19 free on all of our vessels, sites and offices globally. We continue to monitor the ever-evolving situation closely and amend our protocols accordingly.

Whilst the offshore industry had clearly been on a recovery trajectory prior to the onset of COVID-19, a level of uncertainty now prevails in the Oil and Gas markets with ongoing suppressed activity levels. This is expected to continue through FY2021.

AN UNWAVERING COMMITMENT

Notwithstanding the current market conditions, MMA is fortunate to have a solid base of long-term contracts underpinning revenue, with 61% of forecast FY2021 vessel revenue under contract as at 1 July 2020.

We continue to progress our strategy to expand and diversify our service offering.

In November 2019, we completed the acquisition of Neptune Marine Services, a key platform in this strategy. The acquisition has enabled us to expand into a range of subsea services capturing a greater portion of the value chain and adding value to our vessel business. We are already seeing the benefits of being able to offer a more comprehensive suite of services to our clients and completed a number of work scopes during the year utilising our vessels and subsea capability.

We also enhanced our project logistics business with the acquisition of Premium Project Services, a small start-up business with an experienced management team and an established corporate structure in Mozambique, a key target region for our projects business.

We reviewed and refined our strategic direction during the year and conducted a comprehensive assessment of a range of markets outside of Oil and Gas where MMA can deploy its marine capability to diversify and enhance its earnings base.

In terms of diversification, the Offshore Wind market is a key target market for MMA, with significant growth projected in our operating regions over the coming years. Pleasingly we have already had success in securing a number of offshore wind contracts and currently have all three of our service lines engaged in supporting the development of new wind projects in Taiwan.

We are also targeting the Government and Defence sectors as well as select infrastructure maintenance contracts to further diversify our revenue base. Our subsea business was recently selected as a partner in the Australian Department of Defence's Hydroscheme Industry Partnership Program ("HIPP") which will deliver hydrographic data to Defence for charting over the next five years, an important first step in our strategy to expand in this area. The subsea business also has a number of infrastructure maintenance contracts which we hope to build on.

Our Balance Sheet continues to be a key focus area. Due to the impacts of COVID-19 on our earnings, we received covenant relief from our banking syndicate with testing of a number of key covenants waived until 31 December 2020 as well as a waiver of the cash sweep for the same period, enabling MMA to retain any cash above $70 million within the business to support operations.

With the term of our debt facilities due to expire in September 2021, we recently commenced detailed discussions with our Banking Syndicate to refinance or extend the current facilities beyond September 2021. At the time of this report, discussions remain ongoing.

Having regard to the Company's substantial asset backing and the ongoing discussions with our Banking Syndicate, MMA's Board and management are confident that the Company's debt position will be adequately resolved prior to the facility expiry date and we are focused on resolving the matter as soon as practicable.

At Board level, we welcomed Ian Macliver as a Non-Executive Director in January 2020. I sincerely thank my fellow board members for their valuable contribution to the business over the past 12 months.

I would like to conclude by thanking the management and staff of MMA for their perseverance and dedication to the business in these challenging times.

Whilst the market remains uncertain in the short term, we are confident in our strategy and expect that once activity resumes the business will be well positioned to deliver improved returns for our shareholders.

Andrew Edwards
Chairman

MANAGING DIRECTOR'S REPORT

REVIEW OF OPERATIONS

MMA's underlying result for the financial year was strong, confirming that the business was on a recovery trajectory prior to the onset of COVID-19.

MMA reported Revenue of $273.0 million, up 14.1% on the prior year. Underlying EBITDA was $48.9 million, up 76% on the prior year. EBITDA for FY2020 was inclusive of a $6.0m benefit from the reclassification of lease costs to depreciation under the new accounting standard for leases AASB16. Excluding the impact of AASB16, Underlying EBITDA increased 54.3% on the prior year.

Cash at bank increased by $16.4 million or 23% to $86.6 million.

Reported EBITDA was $26.1 million which included the impact of provisions for legacy doubtful debts and legal settlements and a number of other one-off restructuring and transaction costs incurred during FY2020. The reported result also included the impact of AASB16.

The improvement in MMA's underlying performance was driven by a number of factors, including an increase in the provision of integrated services to our customers on our MPSV and PSV fleet which increased margins. MMA also benefited from the removal of overhead costs in the second half of the financial year, with the full benefit of these cost reductions to be realised in FY2021 and beyond. The improvement in earnings is a positive endorsement of our strategy to expand our higher margin service offerings, utilising our assets and skill base to deliver complex marine solutions for our customers.

MMA's activities were impacted by COVID-19 in the fourth quarter of the financial year with demand for our assets and services reducing from March 2020 and continuing to impact the business into FY2021.

Market Conditions

Until March 2020, market conditions for the offshore Oil and Gas markets had been improving. Activity was increasing and the outlook for new project approvals was looking strong.

The impact of COVID-19 on the Oil and Gas market has been severe with demand dropping dramatically and the oil price falling to levels not seen for some years. The reaction by Oil and Gas companies has been swift with production levels and spending reduced. Operations have continued throughout this period, however, numerous new projects have been deferred or cancelled, FIDs have been pushed out and overall expenditure budgets slashed for 2020/2021, putting pressure on supplier margins. Whilst there have been some improvements in recent weeks, the outlook for the Oil and Gas markets remains uncertain while the pandemic continues to constrain oil and gas demand.

The impact on the Offshore Wind industry has been less pronounced particularly in MMA's focus region of Taiwan where key projects have already been approved and are under development. Significant new capacity is forecast to be installed in our operational regions over the next 10 years and, as a vessel intensive industry, this market is a key focus area of MMA's longer-term growth strategy for both the construction and longer-term maintenance phases.

Other segments such as Government / Defence and Infrastructure, where our subsea business has a foothold have seen less of an impact where delays have been more directly related to travel and border restrictions both internationally and in Australia.

Strategy

During the financial year, we progressed our strategy to expand our marine services offering with the acquisition of Neptune Marine Services, a leading provider of topside and subsea inspection, maintenance and repair solutions to the Oil and Gas, Marine and Renewable Energy industries. The subsea business has been integrated into MMA's operations and we are beginning to see the benefit of having a broader service offering and skill base within the business.

Our project logistics division is also starting to gain traction in East Africa and Taiwan where it is focused on providing large-scale logistics management for the LNG and renewables construction sectors. The strategy is based on an asset-light model, utilising third party assets to deliver discrete logistics scopes.

The strategy for our vessel business is focused on providing specialised vessel solutions to our clients and we will progressively exit out of the more commoditised sectors of the market where the returns are suboptimal. We will continue to supplement our fleet with third-party chartered vessels to improve our return on assets as we have successfully done in FY2020 with the MMA Responder, MWV Falcon, and Normand Australis.

Whilst the business has traditionally been focused solely on Oil and Gas, a major platform in our growth strategy is the expansion of our services into alternative market segments such as Offshore Wind, Government / Defence and Infrastructure Maintenance. Although in the early stages, we are building our Offshore Wind services business in Taiwan and have recently been successful in winning a number of contracts.

The subsea business already has some exposure to Defence and Infrastructure Maintenance which we intend to build upon to expand those sectors of the business, allowing MMA to diversify our revenue streams and build a more stable business.

Underpinning the strategy is the marine expertise within our business which we have been careful to preserve and which enables us to deliver innovative marine solutions to our clients to differentiate us from our competitors.

Balance Sheet

MMA increased its Cash at Bank as at 30 June 2020 to $86.6 million, providing stability in the current economic climate.

In line with our strategy to reduce our exposure to the more commoditised assets, MMA reclassified a number of its vessels and Remote Operated Vehicles ("ROVs") as "held for sale" as at 30 June 2020 and reviewed the estimated realisable value of these assets in the current market resulting in an asset impairment charge of $57.7 million. There was no impairment on the core remaining fleet of vessels or on the residual subsea assets.

MMA's Net Debt (Interest Bearing Liabilities Less Cash) as at 30 June 2020 was $186.8 million.

MMA has made significant progress in improving its debt metrics over the past two years with the Company's Net Debt to EBITDA ratio reducing from 9.6x at 30 June 2018 to 4.4x at 30 June 2020 (on a normalised basis and excluding the impact of AASB16). Notwithstanding this improvement, MMA's Net Debt to EBITDA ratio remains well above our targeted gearing level of 2.5x. We are currently exploring options to improve our debt metrics given our earnings are likely to continue to be impacted by COVID-19 through FY2021.

We have also commenced formal negotiations with our Banking Syndicate regarding our debt facilities which are due to expire in September 2021.

Given the impacts of COVID-19 on the business, MMA's banking syndicate have agreed to waive the testing of key financial covenants until 31 December 2020 as well as waiving the cash sweep for the same period. MMA made principal payments totalling $5.8 million on the facility during the year.

FY2020 HIGHLIGHTS

Strong underlying result - EBITDA $48.9m before one-off items

Cash at bank increased to $86.6m

Operations continuing whilst COVID-19 is delaying work-scopes, impacting new project approvals and complicating project delivery

64% **Average utilisation - with stronger contribution from AHT, PSV and MPSV fleet**

Subsea impacted by project delays but scopes being rescheduled

Making inroads into the Offshore Wind market in Taiwan

Maintained world-class safety performance (IMCA top quartile)

Strategy realigned with clear path to maximise core business and diversify and grow earnings base

$ **Obtained covenant relief from Banking Syndicate and commenced refinancing discussions**

One-Off Items

MMA incurred a number of one-off items during the year, totalling $22.8 million.

Provisions for doubtful debts contributed a total of $13.2 million to one-off costs. Of this amount, MMA has provided for an additional credit loss of $11.9 million for a major debtor in the Kingdom of Saudi Arabia ("KSA"), which has resulted in the full outstanding amount from this debtor being provided for in the FY2020 accounts.

As disclosed in the half year accounts, a portion of the debt (US$6.1 million) is secured by Promissory Notes which are a form of Court enforceable security in KSA. MMA is currently enforcing the payments under the Promissory Notes in the KSA Execution Courts, however, the impact of the COVID-19 pandemic, being either Court closures or Court delays, is affecting our ability to enforce the Court orders and collect the outstanding amounts due.

MMA also has a number of ongoing legal claims relating to contractual disputes and has raised provisions totalling $9.0 million for potential costs associated with these claims.

The balance of $0.6 million comprises restructuring and acquisition costs which were offset by Government support via the JobKeeper Scheme in Australia and employee support in Singapore.

Cost Control

Cost control remains an ongoing key focus for MMA whilst ensuring we never compromise on the quality or safety of our operations.

During the financial year, we identified, and are delivering on, annualised savings of approximately $10.0 million which include synergies from the Neptune acquisition.

In the current environment it is critical that we have the ability to flex the operating costs of our vessels in line with market demand. We have a well-documented protocol for transferring vessels into a controlled lay-up mode immediately on completion of contract work. These protocols ensure that the vessels remain in a well maintained, controlled state which enables them to be reactivated in a short timeframe to meet new contract requirements as they present.

We continue to monitor our cost base closely to ensure it matches our activity levels.

Operational Update

Vessel Services

Vessel revenue for the year was $228.9 million, down 4% on FY2019. Vessel EBITDA was up 35.6% at $47.6 million, including a $2.1 million benefit from AASB16.

Average utilisation for the year was 64%, down from 72% in FY2019. First half utilisation was stronger at 70% with the impacts of COVID-19 impacting utilisation in the last quarter, particularly in June 2020 where utilisation fell to 46%. Utilisation for the commoditised AHTS fleet averaged 41% for the year, and 15% for June 2020 bringing down the average significantly and reinforcing our strategy to reduce exposure to this segment.

As at 30 June 2020, MMA had 16 of its 30 vessels under short and long-term contracts with the remaining vessels being maintained at the Company's Singapore and Indonesian facilities and in Fremantle, Western Australia. The remaining vessels are available for work in the spot market when demand justifies activating them with a number of them also being marketed for sale as part of MMA's strategy to divest underperforming assets.

As at 30 June 2020, 32% of available vessel days for FY2021 were contracted, increasing to 44% taking into account highly probable contract awards and extension periods. This compares to 27% and 43% at the same time last year. On a revenue basis, 61% of our forecast revenue was under contract for FY2021, (79% including highly probable) as at 30 June 2020.

COVID-19 has had a twofold impact on the vessel business, firstly in terms of demand with projects cancelled and suspended and secondly in terms of increased operational complexity and cost due to restrictions on personnel movements across borders which has significantly impacted our seagoing personnel and crewing logistics.

During the year, our vessels were active on a number of key work scopes:

The MMA Vision, MMA Coral and MMA Leeuwin supported the Noble Tom Prosser rig for most of the financial year, initially with Santos providing a range of services including rig tows to field, infield rig moves and supply duties. Following completion of the Santos scope, the vessels were contracted by AGR to support the rig on the CarbonNet Project off the coast of Victoria. Subsequently, the vessels continued to support the rig with Esso in the Bass Strait on a multiple well programme. The rig was suspended for a period due to COVID-19 in late March 2020 and the vessels were placed on standby through to mid-July when work recommenced. The MMA Leeuwin has recently been fitted with a full time ROV to facilitate various subsea operations for Esso.

The MMA Pinnacle completed its second Walk-to-Work scope with Woodside on the North Rankin Platform in September 2019, receiving positive feedback from the client. Woodside have stated their intention to utilise Walk-to-Work technology for future platform maintenance operations in Australia which is a positive for future demand for vessels such as the Pinnacle. Outside of the Woodside scope, the Pinnacle continues on its three-year firm contract with iTech 7, Subsea 7's Life of Field business unit, performing a range of work scopes in Australia, South East Asia and the North Sea, where it is currently operating.

MMA recently secured a contract for the Mermaid Searcher with Upstream Production Solutions providing support services for the Northern Endeavour FPSO which is currently being operated in lighthouse mode for the Australian Government. The contract is firm through to Q2 FY2021 with further options to extend.

MMA continued to have a number of vessels on long-term contracts, supporting production activities in Australia. The MMA Plover and MMA Brewster continued their long-term contract with INPEX supporting the Ichthys LNG Project. The MMA Inscription is on contract with Santos supporting the Bayu-Undan project and recently had its contract term extended to December 2021. The MMA Cove's contract with BHP / Santos came to an end during the year and the vessel has recently been contracted by Woodside (replacing the Mermaid Sound) alongside the MMA Strait, with the firm contract period for both vessels extended to March 2022.

The MMA Pride continues to operate as an Accommodation and Walk-to-Work vessel for Shell Brunei and had its contract extended during the year through to November 2020.

The MMA Privilege completed its contract in Cote d'Ivoire in May 2020 after a very successful four years operating as an Accommodation and Walk-to-Work vessel in the region. During this period, the vessel completed over 250,000 passenger transfers with an exemplary safety and performance record, achieving zero down time or incidents. The vessel has now been relocated back to Singapore and has completed docking and maintenance tasks. Following the maintenance period, the vessel is likely to transfer to Malaysia / Brunei for a short-term accommodation support scope.

The MMA Prestige completed various short-term ROV and diving scopes in Malaysia during the first half of the year, transferring to Saudi Arabia for the second half for further diving and ROV work. The contract in Saudi Arabia completed in the latter part of the financial year, with the vessel returning to Singapore to mobilise for an Offshore Wind project in Taiwan.

The MMA Monarch and MMA Majestic, our 12,000 BHP AHTS vessels operated mainly in Malaysia during the year, supporting Petronas and Shell Sabah on a range of work scopes. Activity in Malaysia has been severely impacted by COVID-19 and utilisation on these vessels reduced dramatically during the last quarter. The Majestic is currently in Singapore and available for spot work whilst the Monarch recently completed a short-term towing contract from Indonesia to Australia.

The MMA Vigilant completed a number of seismic scopes including a project for SAExploration deploying seismic nodes to the seabed floor utilising our survey and ROV equipment as a packaged service. This vessel is currently supporting an offshore wind project in Taiwan supporting piling works for the pre-installation of Offshore Wind turbines.

The MMA Leveque completed several drilling support contracts in both Australia and South East Asia during the year and the vessel more recently secured a work scope in Taiwan supporting an Offshore Wind farm development.

The MMA Valour operated with Benthic on a range of seismic and geotechnical projects in Australia, South East Asia, East Africa and Guyana during the year.

Our Middle Eastern vessels completed their long-term contract with Makamin Offshore in January 2020 and have completed a range of short-term scopes since then. Operating in the Middle East has become very difficult with the impacts of COVID-19 affecting crew movements into the region. The MMA Cavalier has secured a medium-term contract, whilst the MMA Centurion and MMA Chieftain are currently available in the spot market.

MMA had two third-party chartered vessels in its fleet during the financial year, the MWV Falcon, an MPSV vessel fitted with a Walk-to-Work gangway, and the MMA Responder, a high-quality PSV. The Responder was active on a number of projects in Australia during the year and has recently completed a contract with Esso in the Bass Strait. The Falcon has completed a number of Walk-to-Work scopes in both India and Malaysia and has recently secured further work in India. Chartering in additional high-quality vessels remains a key part of MMA's strategy and subject to market conditions and contractual positions our long-term goal is to expand our fleet of chartered vessels to enhance our return on assets, balance risk and provide flexibility in the fleet.

Subsea Services

MMA has been operating in the subsea sector for some time as a vessel operator, however, we significantly enhanced our subsea capability with the acquisition of Neptune Marine Services, which completed in November 2019.

The business has been successfully integrated, with office locations combined and systems and processes aligned. We have also completed a restructuring of the business to better meet client requirements and align to the renewed strategy. Annualised cost synergies of approximately $5 million have been achieved, in excess of the original estimated $2 million per annum.

Subsea revenue for the period from November 2019 was $46.0 million with EBITDA loss of $(0.7) million which included a $0.6 million benefit from AASB16 but excluded the full benefits of cost reductions due to timing of when these were realised.

UNIQUE SOLUTIONS TO SOLVE COMPLEX MARINE CHALLENGES

REFINED STRATEGY

Our goal is to be the leading diversified marine services provider in the Asia Pacific region

1 MAXIMISE CORE BUSINESS

- Vessels
- Subsea
- Project Logistics
- Engineering

2 DIVERSIFY INTO NEW MARKETS

- Offshore Wind
- Infrastructure Maintenance
- Government / Defence
- New Marine Markets

3 EXTEND SERVICE

- Innovation
- Sustainability
- Marine Expertise

LEVERAGING OUR ASSETS AND SKILLS

The subsea business was hit particularly hard by COVID-19 with a number of work scopes immediately suspended due to personnel restrictions on client sites and the general impact on the Oil and Gas markets which resulted in project timelines being deferred. Unfortunately, with the onset of COVID-19 in the third quarter, the restructure of the subsea business was not completed until May 2020 which did not allow sufficient time to recover the negative EBITDA result. Subject to COVID-19 restrictions, it is anticipated that the subsea business will significantly improve earnings in the coming years.

Notwithstanding the issues brought on by the COVID-19 crisis, we are seeing the benefits of being able to offer a more comprehensive suite of services to our clients and we have delivered a number of combined work scopes during the year. An example of this was a seismic survey scope undertaken for a client SAExploration in Malaysia. As part of this project MMA provided the vessel, the MMA Vigilant, as well as managed the ROV, survey and positioning services with a team of over 75 people across the Company delivering the project successfully and safely for the client.

We have also had some recent successes on Offshore Wind projects in Taiwan with the MMA Vigilant and MMA Prestige both set to commence survey and ROV contracts in this sector.

During the year, the subsea business secured long term survey contracts to provide rig positioning and subsea acoustic positioning services offshore. The first contract is with Chevron supporting three rigs for a period of three years with two one-year options to extend. The second contract is with INPEX supporting the Maersk Deliverer rig with the contract expected to run for up to five years in duration.

The business was also recently successful in securing a contract with the Australian navy under the Hydroscheme Industry Partnership Program ("HIPP"). The partnership between the Commonwealth and the Australian hydrographic survey industry aims to deliver an extensive program of nautical charting surveys in Australian waters. MMA's survey team will collect data north-east of Broome, Western Australia and will commence in late September for a duration of two-three months. MMA's strategy is to expand its services into Government and Defence and this is a key early win in this sector.

We also completed an inspection, maintenance and repair project in Papua New Guinea under our long-term frame agreement with Oil Search. The subsea business provided diving, survey, engineering and stabilisation services as part of the overall maintenance scope utilising a chartered vessel, the Normand Australis, to support the project.

The subsea business was also engaged on a number of infrastructure maintenance scopes during the year including a jetty refurbishment scope for South 32 on Groote Eylandt and an inspection and maintenance contract for Chevron on Barrow Island.

The UK engineering and fabrication businesses continued to perform well serving a number of key clients in the UK and globally. The engineering group has a number of Master Service Agreements in place with major operators and provided a range of specialised engineering, design and optimisation solutions under various work scopes during the year. These work scopes included the design and manufacture of valve suppression strakes to support a challenging deep-water drilling campaign in harsh marine conditions in the Southern Atlantic, as well as the delivery of our patented subsea valve reinstatement systems to support North Sea producing assets.

The fabrication business was awarded a contract by Baker Hughes to manufacture and deliver a total of 13 subsea vertical tree frames, guide funnels and ROV panels for a project in Australia. These were fully assembled in Scotland with the project expected to be completed by September 2020.

Project Logistics

During the year MMA established a dedicated Project Logistics division with the aim of targeting logistics scopes associated with large LNG and Offshore Wind projects in East Africa and Taiwan.

In December 2019, MMA acquired 80% of Premium Project Services, a small start-up company with an established corporate structure and contact base in East Africa and a management team with extensive experience and contacts in global project logistics.

The business is beginning to gain traction and currently has three third-party vessels engaged on contracts in East Africa predominantly supporting Total's Mozambique LNG Project as well as a third-party vessel under contract in Taiwan.

The project logistics segment generated revenue of $7.0 million for the financial year and delivered an underlying EBITDA loss of $(3.0) million which includes the operating costs associated with MMA's land-based facilities at Batam, Indonesia and Singapore. The reported result for the segment included an $8.4 million provision against legacy legal claims. Both the underlying and reported EBITDA result included a $0.6 million benefit from AASB16.

We are currently targeting the growing Offshore Wind industry with a particular focus on Taiwan and are looking to establish a suitable operating structure in the region.

Whilst the pipeline of major LNG and Offshore Wind projects has been delayed by the onset of COVID-19, tendering activity remains strong and we expect MMA to be well positioned to win a share of logistics scopes associated with project developments as they occur.

Health & Safety

The health and safety of our people remains fundamental to MMA. The onset of COVID-19 in all our operating areas has been a challenge for the entire organisation and we have been very clear that our priority is to protect the MMA team, their families and the communities in which we operate. To date we have managed to remain COVID-19 free on our vessels, operating sites and offices. This challenge will remain for the foreseeable future and we will continue to work to ensure the best practical practices are deployed and vigilantly adhered to across the business.

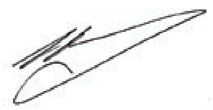
During FY2020, MMA maintained a strong safety performance with a Total Recordable Case Frequency ("TRCF") per million hours worked of 0.54, significantly better than the marine industry average of 2.1 as measured by the International Marine Contractors Association ("IMCA").

With the subsea acquisition completed during the year, our focus is on rolling out our Target 365 and our Critical Controls programme to our new employees to embed our culture of safety consciousness throughout the entire business.

We are proud of our people and of our safety performance and culture, but we recognise that safety is an area in which you can never become complacent and we constantly strive to be better.

Outlook for FY2020

The outlook for FY2021 remains difficult to forecast in the current environment, however, based on our forward order book and contract positions our present expectations are for an operating EBITDA of $30-35 million in FY2021 (inclusive of the impacts of AASB 16) and we are targeting to return to stronger and more diversified revenue growth in FY2022 and beyond.



David Ross
Managing Director

OUR GOAL IS TO BE THE LEADING DIVERSIFIED MARINE SERVICES PROVIDER IN THE ASIA PACIFIC REGION

2021 OUTLOOK

- **Outlook for FY2021 remains difficult to forecast in the current environment**
- **61% of vessel revenue for FY2021 contracted**
- **Targeting to return to stronger and more diversified revenue growth in FY2022 and beyond**
- **Present expectations are for an operating EBITDA of $30-35 million in FY2021**

HEALTH, SAFETY, ENVIRONMENT & QUALITY

In 2020 MMA maintained world class HSEQ performance

At MMA Offshore, protecting the health and safety of our people and the environment is fundamental to how we do business. In the past year, the commitment of our staff, crews and project personnel towards achieving excellence in health and safety standards has again resulted in world class performance, even while our teams worked together to manage and mitigate risks associated with the COVID-19 pandemic.

Our licence to operate is in excellent condition as we have navigated compliance with numerous legislative frameworks in shipping, oil and gas, diving and management systems.

In FY2020, our Total Recordable Case Frequency ("TRCF") was steady from the previous year at 0.54 per million hours worked. This result confirms we met our target of maintaining top quartile industry performance within the global International Marine Contractors Association ("IMCA").

At MMA we do not only use TRCF to determine our success. Key to our Target 365 programme, we continually strive for 'A Perfect Day Every Day' with a perfect day being a day free of recordable injuries or material incidents. In FY2020, we achieved 324 (89%) perfect days, which although an improvement on the previous year, did not meet our annual target of 92%. We continually strive for improvements to both leading and lagging measures in order to achieve our Target 365 goal.

In FY2020, we continued to undertake improvements on how we protect our people and the environment. To this end, we:

- Completed integration of our new Subsea Services business processes into MMA;
- Developed and implemented a new Management System platform and supporting software to assist our continuous improvement programme. We will complete the roll out of the new platform in FY2021 across our global operations;
- Introduced new operating standards by developing two oil and gas vessel Safety Cases and maintaining our technical input into an additional case;
- Undertook numerous health and safety campaigns including a major psychological health campaign prior to and during the global COVID-19 pandemic;
- Completed a comprehensive internal assurance programme to ensure our controls are adequately robust to prevent incidents, protect the environment and maintain our licence to operate; and
- Managed the challenges brought by the unprecedented global COVID-19 pandemic.

MMA was again active in contributing to the improvement of HSEQ management across our industry. Our Managing Director is the Co-Chair of the Marine Working Group of Safer Together WA / NT (Western Australia and Northern Territory) and our Executive General Manager of People and Safety continued as Chair of the International Marine Contractors Association Global Core HSSE Committee.

Environment

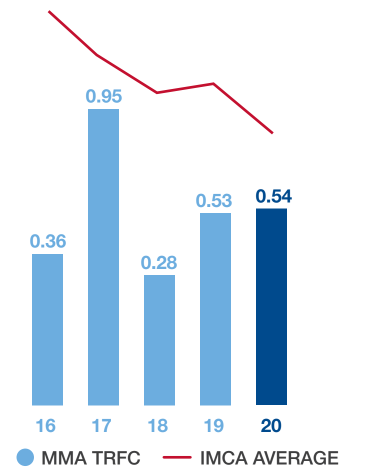
MMA remains committed to achieving the highest standard of environmental performance across all our business activities. MMA maintained environmental certification and all licences required during FY2020 and did not suffer any reportable or adverse environmental events. We continue to focus on the reduction of single use plastics across our operations and maintain critical systems designed to prevent spills and environmental impact.

Quality

MMA maintained global accreditation to the revised ISO 9001:2015 Standard and internationally maintains ISO 14001:2015 and OSHAS 18001:2007 accreditations. Our new management system platform is the result of our continuous improvement programme and will be the catalyst for completing integration of the new Subsea Services business and gaining global certification to ISO Standards 9001, 14001 and 45001 in conjunction with our licence to operate requirements in FY2021.

A PERFECT DAY EVERY DAY

TOTAL RECORDABLE CASE FREQUENCY
(PER MILLION HOURS)



* Statistics for FY2020 include only MMA original business units. Subsea Services statistics will be included following completion of integration activities in FY2021.

RESPONSE TO COVID-19 PANDEMIC

MMA was proactive in our response to the COVID-19 pandemic and in January 2020, our HSEQ Team initiated our prevention of transmissible disease procedures, and the Company's Crisis Management Team was engaged.

MMA's Executive Management Team regularly held crisis management meetings with a view to always act in the best interests of the health and safety of our people, clients, suppliers and the wider community, while consistently maintaining high operational standards for our clients.

A number of control measures were implemented during the pandemic response, including ceasing non-critical travel, working from home guidelines for all site-based personnel, restricting third party access to work sites and vessels, symptom screening/health monitoring of all personnel, increased hygiene measures, a mental health campaign aimed at promoting our Employee Assistance Program, regular health bulletins to update staff and the running of emergency drills to ensure our teams were prepared should they encounter a suspected case.

The rapidly changing nature of the pandemic and associated government and regulatory guidelines presented challenges to our employees, particularly regarding the restrictions in the movement of personnel globally. We have maintained close contact with all affected crews and project personnel to ensure these groups are kept up to date with the latest medical and travel advice.

Our staff, crews and project personnel are to be commended for their perseverance and commitment to the pandemic response. We continue to monitor and appropriately adjust our response to this ongoing situation.

OUR PEOPLE

We recognise our success is dependent on our people and our ability to attract and retain the best talent

At MMA, we are committed to fostering a diverse, engaging and high performance workplace. Our ability to attract and retain the best talent is supported by our strong cultural foundation built on trust, cooperation and mutual respect.

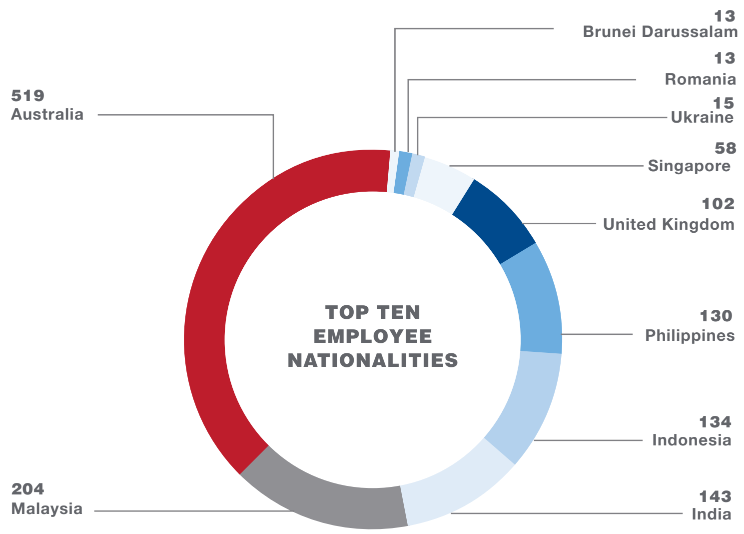
During FY2020, aligned to the integration of the acquired Neptune business, we have implemented major reviews of all Human Resource Standards, Policies and Procedures. This has included the updating of recruitment, performance management, industrial relations and training practices throughout the business.

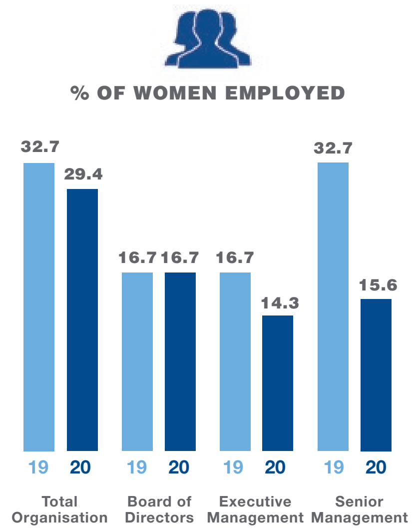
Industrially, MMA continued its operations without recording any interruption from workplace disputes. The current Enterprise Agreements covering Australian marine personnel will continue in place until at least May 2021.

A FOCUS ON EXCELLENCE

Diversity and Inclusion continues to be a priority for the Company as we believe in fostering a workforce that brings together a range of skills, backgrounds and experiences. While the share of women in management positions and the overall percentage of women employees (onshore) has decreased with the Neptune acquisition, the Company's focus will remain on increasing the percentage of women in all areas of the business.

The key areas of training and competency are one of the fundamental pillars of our strategic HR plan. MMA continues to provide training opportunities to Officer Cadets, Indigenous trainees and Timor-Leste nationals in Able Seaman roles. 896 unique employees accessed training during the past 12 months, completing over 6,500 individual training outcomes.





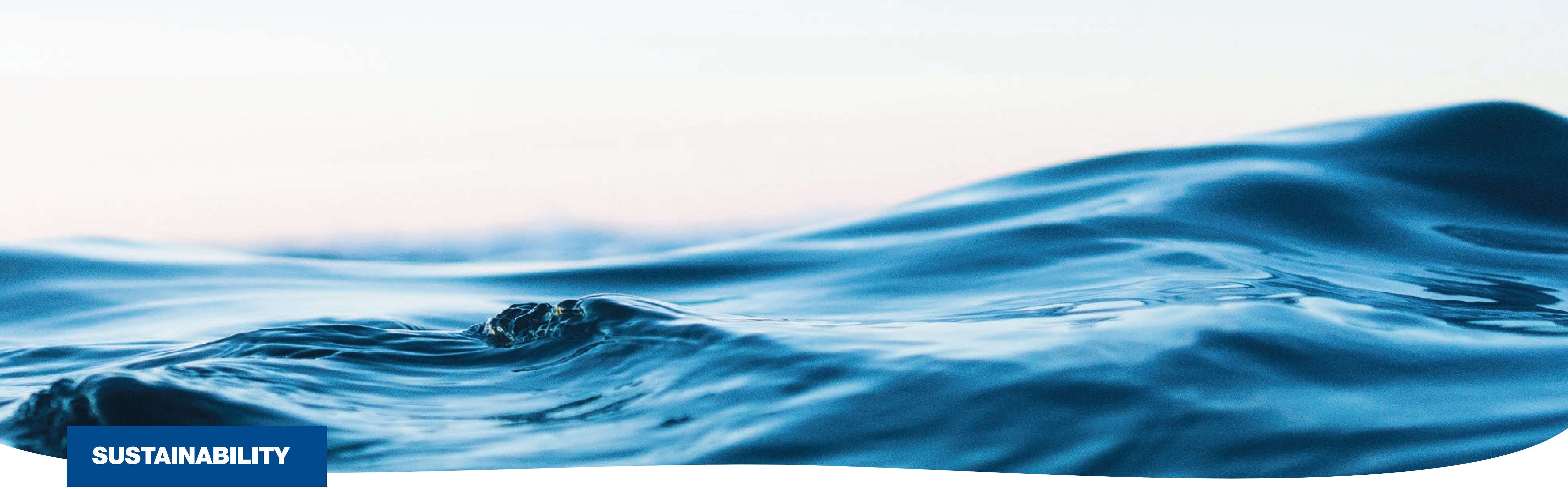
DIVERSITY AND INCLUSION

As a multicultural organisation with team members from a range of backgrounds and experiences, MMA's Diversity and Inclusion Committee plays a key role in the promotion of diversity and inclusion within the Company. During the year, the Committee held a number of engagement events and activities which were aimed at teaching MMA staff more about each other's experiences, cultures and traditions.

In February 2020, MMA's Diversity and Inclusion Committee brought our personnel together to share an insightful presentation on the history of the Lunar New Year and some of the traditions and customs celebrated. Our teams then shared a special meal of Chinese cuisine, with our Singapore office also taking part in a traditional "Prosperity Toss" ceremony.

As a part of MMA's International Women's Day celebrations held in March 2020, our teams across the world were able to tune into a live-streamed presentation from MMA Non-Executive Director, Eve Howell, held at our Australian Head Office. Eve shared her inspiring story of her extensive and illustrious career both within Australia and internationally, where she has held a number of management positions across multiple blue-chip companies and boards. Eve's inspiring presentation was followed by office functions held in celebration of International Women's Day.

While additional planned engagement activities were unfortunately withdrawn due to social distancing restrictions brought on by the COVID-19 pandemic, based on the significantly positive feedback received from our employees, MMA's Diversity and Inclusion Committee will seek to build upon these activities in FY2021.



SUSTAINABILITY

MMA is committed to achieving sustainable outcomes for our environment, and the communities in which we operate

Environment

MMA is committed to achieving the highest standard of environmental performance across all of its business activities.

- Our services across our business support the production of transitional energy solutions, with over 60% of our activity currently related to LNG. We also deliver solutions to the renewable energy sector, including the provision of services to support offshore windfarm development. We currently have three vessels supporting offshore wind projects in Taiwan along with associated subsea and project logistics services. A key part of our strategy is to expand this part of our business.
- We are focused on reducing our emissions through a range of energy saving initiatives, and engine optimisation and operational efficiency trials on our vessels to minimise fuel consumption.
- We have a dedicated research and development team at the forefront of new technologies, including LNG-fuelled and battery-powered vessels.
- We are committed to clean oceans and are targeting the elimination of single use water bottles on our vessels by 2024 through the implementation of new potable water systems on our vessels and providing multi-use drink containers across the fleet. We are also targeting a 10% reduction in general single use plastics year-on-year. We also promote the proper segregation and disposal of waste across our business, and conduct shipbuilding and ship repairs only in environmentally compliant facilities.
- MMA is certified to ISO 14001 in our international business.

Community

To support our community engagement goals, MMA is committed to:

- Investing in local community projects that have a positive and sustainable benefit;
- Seeking business opportunities with local suppliers and subcontractors;
- Striving to be good corporate citizens, conducting business in an ethical manner;
- Developing long-term relationships with local Indigenous communities in order to increase Indigenous participation in our workforce and promote opportunities for training and development; and
- Creating and maintaining cross-cultural awareness throughout the business.

A FOCUS ON RELATIONSHIPS

Sponsorships

MMA recognises that supporting community endeavours, either in kind or monetarily, is a responsibility we have to the communities in which we operate. During FY2020, MMA continued to support our communities through our Target 365 rewards programme, where business units that achieve exceptional safety performance are given the opportunity to donate monetary rewards to a range of registered charities and community initiatives. In FY2020, MMA donated over $35,000 to a range of charities including the Make a Wish Foundation, the Red Cross Foundation, the Salvation Army, and a number of New South Wales-based charities in support of the Australian Bushfire appeal.

Procurement

Supporting local contractors and vendors (including Indigenous businesses) is an ongoing priority for MMA. MMA continues to engage with Aboriginal and Torres Strait Islander (“ATSI”) enterprises to support its operations offshore Australia.

MMA is committed to ensuring we maintain our operating excellence and continue to provide the best service to our customers. To achieve this, MMA works with reliable and reputable suppliers to deliver solutions. Uptime on our vessels is critical to overall operating and financial performance so sourcing the right rather than the cheapest suppliers is critical to success.

Employment

As a business with a global focus, MMA aims to have a workforce that best represents the communities in which we operate. In the past 12 months, MMA has continued its focus on hiring from and supporting the communities within which we operate. As of July 2020, we employ over 1,100 employees from 29 countries, many of whom speak languages other than English.

MMA has in place four major employee development programs, each focusing on a specific region and/or demographic group. Traineeship programs are also in place for Timor Leste and Indigenous Australians, providing opportunities both within our Australian and International operations for nine seafaring and one HSEQ trainees.

The technical competence of our crew has been enhanced over the past 12 months with the continuation of an industry sponsored development program that has seen over 100 crew benefit from targeted development activities. All of these activities contribute to MMA’s capability to offer our clients a skilled and knowledgeable workforce.

RISKS

MMA recognises that risk is an inherent part of its business. Effectively identifying and managing risk is critical to MMA's success.

MMA operates an enterprise risk management framework aligned to ISO 31000 (2018), the international standard for risk management.

This section describes (in no order of significance) the material risks that have been identified and are being managed in order for the Company to deliver on its objectives. It is not intended to be all encompassing, nor is any of the information intended to be taken as a statement of fact. These risks can be affected by a variety of factors which can, in turn, impact the Company's performance.

Dependence on level of activity in the offshore oil and gas industry

The Company is dependent on the level of activity in the offshore oil and gas industry, particularly in the areas where the Company currently operates (including Australia, South East Asia, the United Kingdom, the Middle East and Africa).

The level of activity in the offshore oil and gas industry may vary and be affected by, amongst other things, prevailing or predicted future oil and gas prices and macro conditions, such as the impacts of the global COVID-19 pandemic.

A number of other factors also affect the offshore oil and gas industry, including economic growth, energy demand, the cost and availability of other energy sources and changes in energy technology and regulation. There can be no assurance that the current levels of offshore oil and gas activity will be maintained or increased in the future or that oil and gas companies will not further reduce their offshore activities and capital expenditure. Any prolonged period of low offshore oil and gas activity or demand or changes in energy technology will have an adverse effect on MMA's business.

The Company aims to mitigate the impact of lower oil and gas prices and lower offshore oil and gas activity by:

- differentiating itself though innovation and operational excellence;
- diversifying its contract portfolio across the exploration, construction and production phases and by providing maintenance / repair services;
- diversifying its geographic footprint across a number of key regional areas;
- expanding its service offering to include subsea and project logistics services; and
- expanding its service offering into alternative market sectors such as offshore wind, government and defence, infrastructure maintenance and other new marine markets.

COVID-19

COVID-19 has had a significant impact on the Company's activity from Q3 of FY2020. As a result of COVID-19, MMA has been impacted by:

- projects being delayed or cancelled and current work scopes being suspended;
- border closures and quarantine restrictions affecting the movement of our vessels, their crews and equipment and spares to and from our vessels;
- additional cost of quarantining personnel; and
- working from home and other Government restrictions.

To manage the COVID-19 risk:

- MMA has stood up the Company's Crisis Management Team (as per Company's Crisis Management Plan), which is led by Executive Management expertise;
- the Crisis Management Team met daily for the initial period of the crisis and currently meets every two business days to monitor the ever-changing situation and adjust the crisis management strategy as required;
- MMA has appointed expert medical advice to guide the Company's health response;
- MMA has implemented a Transmissible Disease (Prevention) Plan;
- MMA has developed specific plans based on global risk profile and changes to prevent disease transmission and to maintain operations;
- MMA has increased human resources to support the Crewing Team to ensure business continuity of assets and projects globally;
- MMA maintains regular health and business continuity communications with all staff globally; and
- MMA has (where possible) introduced specific COVID-19 or Force Majeure clauses in its contracts to try and limit its liability for non-performance due to COVID-19.

Debt Refinancing and Covenant breaches

Further decreases in industry activity or a lack of recovery in industry activity (as outlined above) may also increase the risk of the Company failing to comply with the covenants associated with its Banking Facility. In addition, the Company's current Banking Facility expires on 30 September 2021.

MMA seeks to manage these risks through proactively engaging with its lenders and by working with its external advisors to either extend or refinance its current facilities beyond 30 September 2021.

Competition, vessel oversupply and fleet composition misalignment with market demand

Demand for MMA's vessels is also affected by the number of vessels available in the market and the competitive landscape.

In the current market (which has been exacerbated due to COVID-19), there is an oversupply of vessels and a corresponding misalignment with demand. This has led to an increase in competition which adversely impacts vessel utilisation, rates and contract terms, thereby impacting MMA's earnings and profitability and increasing its risk exposure.

MMA seeks to manage this risk by:

- having a clear strategic plan, including an ongoing review of its asset mix and capability to meet market demand. MMA regularly reviews its fleet composition and disposes of vessels where returns are expected to be sub-optimal or where the vessel is considered non-core from a strategic perspective;
- focusing on regional strategies to position itself in the most advantageous areas to operate (both in terms of demand and clients) and in emerging markets (such as the offshore wind services sector in Taiwan);
- having an active lay-up programme to minimise holding costs for vessels between contracts with vessels either cold or warm stacked - predominantly at MMA's land-based facilities in Batam and Singapore to minimise costs;
- expanding its subsea services business through the acquisition of Neptune Marine Services - with the combined service offering likely to result in expanded vessel capability, increased asset utilisation and an enhanced return on assets;
- expanding its service offering into the growing offshore wind sector; and
- differentiating itself from its competitors through operational excellence, proactive and innovative solutions, long-term customer relationships and responsive account management.

Operational risks

The Company's operations are subject to various risks inherent in servicing the offshore energy and wider marine industry. Our international operations broaden our risk exposure in terms of both opportunities and threats.

Operational risks include (but are not limited to):

- Health and safety incidents;
- Epidemics / pandemics;
- Domestic and International border closures;
- Quarantine risks;
- Mental health risks in the current environment;
- Outbreak of COVID-19 on board vessel(s) or an on-shore site;
- Loss of key customers / contracts;
- Failure by customers to pay for services contracted and / or performed;
- Redeployment costs of assets that are unable to be used in their current geography for a period of time;
- Equipment damage, technical failures or human error;
- Industrial unrest;
- Capsizing, sinking, grounding, collisions, fires and explosions, piracy, vessel seizures or arrests and acts of terrorism;
- Environmental pollution / contamination and other related accidents;
- Regulatory and legislative non-compliance;
- Kidnap and ransom;
- Fraud and theft;
- Increases in input costs;
- Loss of key personnel; and
- Contractual assumptions of risk.

Potential consequences associated with these risks include the loss of human life or serious injury, pollution, environmental damage, significant damage to or loss of assets and equipment, business disruption, client dissatisfaction, loss of contracts, damage to our reputation and legal and regulatory action, including fines.

This could expose MMA to significant liabilities, a loss of utilisation, revenue and / or the incurrence of additional costs and therefore may have a materially adverse impact on the Company's financial position and profitability.

We employ a number of well executed controls to manage these risks, including, but not limited to, appropriate insurance coverage, hazard and risk management processes, crisis management processes, quality systems and audits, planned maintenance programmes, compliance programmes, tender and contract management processes, access to in-house and external legal expertise, industrial relations strategies, emergency preparedness and contingency plans, preferred supplier and subcontractor processes, counterparty risk assessments and a host of engineering and operational controls.

Geopolitical, government and regulatory factors

Our international operations are subject to more challenging geopolitical risks to varying degrees.

Changes in the geopolitical climate in our market areas, such as the outbreak or resolution of war, nationalisation of a customer's oil and gas projects and changes to industry related legislation, protectionist measures, economic sanctions and border closures or restrictions (due to COVID-19) may open up more advantageous areas to operate or could require us to discontinue operating in that area, leading to corresponding impacts on vessel and service utilisation.

MMA may face restrictions on its ability to win work in certain countries due to changing cabotage regulations or COVID controls and may be required to form joint ventures in some countries in order to access the local offshore oil and gas markets. Joint ventures may introduce a higher level of operational, financial and counterparty risk. The prevalence of bribery and/or corruption in some foreign jurisdictions also limits MMA's ability to operate in these areas.

MMA's strategic plan considers such risks and operationally we risk assess market areas and clients regularly to limit negative and optimise positive impacts. A comprehensive Anti-bribery and Corruption Policy and Group Whistleblower Policy have been implemented and are continually monitored to try and combat these risks.

Industry news, experienced personnel and industry relationships are leveraged to ensure we base our decisions on up to date geopolitical and market information. Contingency plans for fast emerging geopolitical risks are used to limit business disruption.

Foreign exchange

The majority of MMA's revenues are paid in either Australian or US Dollars and the Company's operating costs are primarily denominated in a combination of Australian, Singaporean and US Dollars, providing a natural hedge for our activities. MMA also has a combination of Australian Dollar and US Dollar debt.

Adverse movements in these currencies may result in a negative impact on MMA's earnings.

MMA's treasury policy and contract management processes further mitigate this risk. The Board also considers from time to time whether to manage currency fluctuation risk through appropriate hedging.

BOARD OF DIRECTORS

Mr Hugh Andrew Jon (Andrew) Edwards

Chairman
– Appointed 27 October 2017

Andrew was appointed as a Director of the Company on 18 December 2009 and as Chairman of the Company on 27 October 2017.

Andrew currently serves as Non-Executive Chairman of MACA Limited.

Andrew is a former Managing Partner of PriceWaterhouseCoopers' Perth Office (PwC), a former National Vice President of the Securities Institute of Australia (now the Financial Services Institute of Australasia) and a former President of the Western Australian division of that Institute. He is a Fellow of the Australian Institute of Company Directors, a Fellow of the Chartered Accountants Australia and New Zealand and has served as a State Councillor of that organisation. Andrew graduated from the University of Western Australia with a Bachelor of Commerce degree.

Andrew is a member of both the Company's Audit and Risk Committee and the Company's Nomination and Remuneration Committee.

Mr David Colin Ross

Managing Director
– Appointed 13 January 2020

David was appointed as CEO of the Company on 1 July 2019 and subsequently as Managing Director of the Company on 13 January 2020.

David has spent more than 30 years working in the maritime industry having started his career as a seagoing marine engineer and qualifying as an Engineer Class 1 – Motor (Marine Chief Engineer) in 1995.

In 1995, David moved to a shore based marine career – initially at BHP Transport in Melbourne and subsequently moving to operational and strategic roles at BHP Billiton freight group in the Netherlands.

David has extensive knowledge of MMA's operations, having held the roles of General Manager Operations, Chief Operating Officer and more recently relocating to Singapore as Chief Executive Officer to drive the Company's international growth.

David is currently a member of the Board of Directors of Maritime Industry Australia Limited (which represents the collective interests of maritime businesses in Australia) and director of all of the Company's international subsidiaries in Singapore, UK, USA, Indonesia, Malaysia and PNG.

As Managing Director of MMA, David is responsible for the financial and operational performance of all of the Company's business lines.

Ms Eva Alexandra (Eve) Howell

Non-Executive Director
– Appointed 27 February 2012

Eve has over 40 years of experience in the Australian and international oil and gas industry in a number of technical and managerial roles. Eve is currently a Non-Executive Director of Buru Energy Ltd and Chairperson of Role Models & Leaders Australia, a charity providing educational support programs to Aboriginal & Torres Strait Islander girls.

Eve was an Executive Vice President for Woodside Energy Ltd for over five years, initially as the executive in charge of the North West Shelf Project (Australia's largest petroleum resource project). In addition to her Woodside role, she was also CEO of the North West Shelf Venture (BP, BHP, Chevron, Shell, Woodside and Mitsubishi/Mitsui) from 2006 to 2010. In her final eighteen months with Woodside, she served as the Executive Vice President for Health, Safety & Security for all Woodside's activities worldwide. Prior to Woodside, she held the position of Managing Director at Apache Energy Ltd.

Eve has previously served on a number of Boards, including Downer EDI Ltd, Tangiers Petroleum Ltd, the Fremantle Port Authority, the Australian Petroleum Production & Exploration Association and was a Board member and President of the Australian Mines and Metals Association. Eve holds a Bachelor of Science (with Honours in Geology and Mathematics) from the University of London and an MBA from Edinburgh Business School and is a graduate of the Australian Institute of Company Directors. Eve is Chair of the Company's Audit and Risk Committee and a member of the Company's Nomination and Remuneration Committee.

Mr Chiang Gnee Heng

Non-Executive Director
– Appointed 5 July 2012

Chiang Gnee graduated as a Marine Engineer from the University of Newcastle Upon Tyne (UK) and spent some 30 years working in Singapore government linked companies and in various industries including shipyards, ordnance equipment manufacturing, aircraft engine component manufacturing, amusement and lifestyle businesses and environment management.

Chiang Gnee attended the Sloan School of Management at MIT (USA) and graduated with a Masters in Management in July 1990. He was formerly the CEO of Sembawang Shipyard for 10 years and CEO of Sembcorp Environment Management Pte Ltd for 2 years until August 2007. Chiang Gnee was also formerly the Executive Director of the Singapore Maritime Institute (SMI) focusing on the development of the Singapore maritime industry through research. Chiang Gnee was engaged in workplace health and safety management until 31 March 2018 when he stepped down as Chairman of the Singapore Workplace Safety and Health Council. In vocational training and education, Chiang Gnee was Deputy Chairman of the Institute of Technical Education (ITE) Board of Governors until 30 June 2018. Chiang Gnee is currently the Chairman of the Board of ITE Education Services Pte Ltd in Singapore.

Chiang Gnee is also a Director of MMA Offshore Asia Pte Ltd (Singapore) and all of its subsidiaries / related companies in Singapore, Malaysia and Indonesia.

In addition, Chiang Gnee is Chair of the Company's Nomination and Remuneration Committee.

Mr Peter Kennan

Non-Executive Director
– Appointed 22 September 2017

Peter is the founder and CIO of Black Crane Capital. He has 23 years of corporate finance experience across a diverse range of sectors and transactions with Black Crane and previously with UBS Asia and Australia.

The Black Crane Asia Opportunities Fund, managed by Black Crane Capital, is a major shareholder of MMA.

Peter founded Black Crane in 2009. Prior to that, he was the Head of Asian Industrials Group for UBS Asia, a corporate finance sector team covering energy, infrastructure, resources, consumer / retail and general industrial companies.

Peter was also the Head of Telecoms and Media sector team for UBS Australia specialising in M&A, advising on many large, complex transactions. Prior to UBS, Peter spent seven years with BP in a variety of engineering and commercial roles.

Peter graduated from Monash University with a Bachelor of Engineering (Honours). He also has completed a Graduate Diploma in Applied Corporate Finance with the Securities Institute of Australia.

Peter is a member of both the Company's Audit and Risk Committee and the Company's Nomination and Remuneration Committee.

Mr Ian Macliver

Non-Executive Director
– Appointed 20 January 2020

Ian is currently the Executive Chairman of Grange Consulting and Grange Capital Partners. Prior to establishing Grange, Ian held positions over nine years in a general manager or executive director position for various listed and corporate advisory companies.

His experience covers all areas of corporate activity including capital raisings, acquisitions, divestments, takeovers, business and strategic planning, debt and equity reconstructions, operating projects and financial reviews and valuations.

Ian is currently Chairman of Western Areas Limited and a Non-Executive Director of Sheffield Resources Limited, both of which are listed on the Australian Securities Exchange.

Ian holds a Bachelor of Commerce from the University of Western Australia and a Post Graduate Diploma from the Securities Institute of Australia. He is a Senior Fellow of the Financial Services Institute of Australasia and a Fellow of both the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

Ian is a member of both the Company's Audit and Risk Committee and the Company's Nomination and Remuneration Committee.

AN INNOVATIVE APPROACH

CORPORATE GOVERNANCE

Corporate Governance

The Board of Directors ("Board") of MMA Offshore Limited ("Company" or "MMA") is responsible for the corporate governance of the consolidated entity. The Board is a strong advocate of good corporate governance.

Compliance with Australian Corporate Governance Standards

The Board believes that the Company follows the 3rd edition of the Corporate Governance Principles and Recommendations ("3rd Edition ASX Principles") set by the ASX Corporate Governance Council, or where it does not, has sound reasons for not doing so as explained in the Company's Corporate Governance Statement.

Access to Corporate Governance Statement

The Company's Corporate Governance Statement which outlines the Company's corporate governance policies and practices for the year ended 30 June 2020, can be found on the Company's website at www.mmaoffshore.com/investor-centre/corporate-governance.

The Company's Corporate Governance Statement is current as at 29 September 2020 and has been approved by the Board.

ASX Corporate Governance Council Recommendations Checklist

ASX Listing Rule 4.10.3 requires companies to disclose the extent to which they have complied with the 3rd Edition ASX Principles and the reason for any departure from the 3rd Edition ASX Principles.

The table below lists each of the 3rd Edition ASX Principles and the Company's assessment of its compliance with these for the year ended 30 June 2020. The Company's Corporate Governance Statement and Annual Report set out in greater detail the Company's assessment of its compliance with the 3rd Edition ASX Principles.

3rd Edition ASX Corporate Governance Principles and Recommendations		Comply
Principle 1: Lay solid foundations for management and oversight		
1.1	A listed entity should disclose:	
	(a) the respective roles and responsibilities of its board and management; and	Yes
	(b) those matters expressly reserved to the board and those delegated to management.	Yes
1.2	A listed entity should:	
	(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and	Yes
	(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes
1.5	A listed entity should:	
	(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;	Yes
	(b) disclose that policy or a summary of it; and	Yes
	(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:	Yes
	(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or	Yes
	(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Yes

3rd Edition ASX Corporate Governance Principles and Recommendations		Comply
1.6	A listed entity should:	
	(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	Yes
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes
1.7	A listed entity should:	
	(a) have and disclose a process for periodically evaluating the performance of its senior executives; and	Yes
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes
Principle 2: Structure the Board to add value		
2.1	The board of a listed entity should:	
	(a) have a nomination committee which:	Yes
	(1) has at least three members, a majority of whom are independent directors; and	Yes
	(2) is chaired by an independent director,	Yes
	and disclose:	
	(3) the charter of the committee;	Yes
	(4) the members of the committee; and.	Yes
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes
	(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	N/A
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes
2.3	A listed entity should disclose:	
	(a) the names of the directors considered by the board to be independent directors;	Yes
	(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 (Factors relevant to assessing the independence of a director) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and.	Yes
	(c) the length of service of each director.	Yes
2.4	A majority of the board of a listed entity should be independent directors.	Yes
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes
2.6	A listed entity should have a programme for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes

3rd Edition ASX Corporate Governance Principles and Recommendations		Comply
Principle 3: Act Ethically and Responsibly		
3.1	A listed entity should:	
	(a) have a code of conduct for its directors, senior executives and employees; and	Yes
	(b) disclose that code or a summary of it.	Yes
Principle 4: Safeguard Integrity in Corporate Reporting		
4.1	The board of a listed entity should:	
	(a) have an audit committee which:	Yes
	(1) has a least three members, all of whom are non-executive directors and a majority of whom are independent directors; and	Yes
	(2) is chaired by an independent director who is not the chair of the board,	Yes
	and disclose:	
	(3) the charter of the committee;	Yes
	(4) the relevant qualifications and experience of the members of committee; and	Yes
	(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes
	(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	N/A
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes
Principle 5: Make timely and balanced disclosure		
5.1	A listed entity should:	
	(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and	Yes
	(b) disclose that policy or a summary of it.	Yes
Principle 6: Respect the rights of shareholders		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes
6.2	A listed entity should design and implement an investor relations programme to facilitate effective two-way communications with investors.	Yes
6.3	A listed entity should disclose the policies and procedures it has in place to facilitate and encourage participation at meetings of security holders.	Yes
6.4	A listed entity should give security holders the option to receive communication from and send communications to, the entity and its security registry electronically.	Yes

3rd Edition ASX Corporate Governance Principles and Recommendations		Comply
Principle 7: Recognise and manage risk		
7.1	The board of a listed entity should:	
	(a) have a committee or committees to oversee risk, each of which:	Yes
	(1) has at least three members, a majority of whom are independent directors; and;	Yes
	(2) is chaired by an independent director,	Yes
	and disclose:	
	(3) the charter of the committee;	Yes
	(4) the members of the committee; and;	Yes
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes
	(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	N/A
7.2	The board or a committee of the board should:	
	(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and	Yes
	(b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes
7.3	A listed entity should disclose:	
	(a) if it has an internal audit function, how the function is structured and what role it performs; or	Yes
	(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	N/A
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks, and if it does, how it manages or intends to manage those risks.	Yes
Principle 8: Remunerate fairly and responsibly		
8.1	The board of a listed entity should:	
	(a) have a remuneration committee which:	Yes
	(1) has at least three members, a majority of whom are independent directors; and	Yes
	(2) is chaired by an independent director,	Yes
	and disclose:	
	(3) the charter of the committee;	Yes
	(4) the members of the committee; and;	Yes
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Yes
	(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	N/A
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes
8.3	A listed entity which has an equity-based remuneration scheme should:	
	(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and	Yes
	(b) disclose that policy or a summary of it.	Yes

DIRECTORS' REPORT

The Directors of MMA Offshore Limited ("Company" or "MMA") present their Directors' Report (including the Remuneration Report) together with the Financial Statements of the consolidated entity, being the Company and its controlled entities, for the financial year ended 30 June 2020.

Directors

With the exception of Mr Jeffrey Andrew Weber (who ceased to be a Director on 21 November 2019), the names and particulars of the Company's Directors in office during or since the end of the financial year are set out on pages 24 to 25 (including their qualifications, experience and special responsibilities).

The above-named Directors of the Company held office during the whole of the financial year and since the end of the financial year, except for:

- Mr J Weber – who resigned on 21 November 2019;
- Mr D Ross – who was appointed on 13 January 2020; and
- Mr I Macliver – who was appointed on 20 January 2020.

Directorships of Other Listed Companies

Directorships of other listed companies held by the Directors in the three years immediately before and since the end of the financial year are as follows:

Name	Company	Period of Directorship
Mr A Edwards	Nido Petroleum Limited (delisted 26 June 2017)	December 2009 - December 2018
	MACA Limited	Since October 2010
Ms E Howell	Downer EDI Limited	January 2012 – November 2017
	Buru Energy Limited	Since July 2014
Mr I Macliver	Western Areas Limited	Since October 2011
	Sheffield Resources Limited	Since August 2019
	Otto Energy Limited	January 2004 – November 2019

Directors' Shareholdings

The following table sets out each current Director's relevant interest in the securities of the Company as at the date of this report:

Name	Fully paid ordinary shares direct	Fully paid ordinary shares indirect	Performance rights direct
Mr A Edwards	-	331,360	-
Mr D Ross	917,264	614,306	5,111,714
Ms E Howell	-	372,058	-
Mr C G Heng	200,000	-	-
Mr I Macliver	-	-	-
Mr P Kennan	-	182,408,152	-

The Directors do not have any interests in shares, options or rights of any related body corporate of the Company as at the date of this report.

Remuneration of Key Management Personnel

Information about the remuneration of key management personnel is set out in the Remuneration Report section of this Directors' Report on pages 36 to 46. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity (i.e. the MMA group), directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

Rights Granted to Directors and Senior Management

During and since the end of the financial year, an aggregate of 9,831,734 performance rights were granted to the following Director and to the five highest remunerated officers of the Company as part of their remuneration:

Name	Number of rights granted	Issuing entity	Number of ordinary shares under rights
Mr D Ross	3,511,454	MMA Offshore Limited	3,511,454
Mr D Cavanagh	1,708,000	MMA Offshore Limited	1,708,000
Mr D Roberts	1,186,112	MMA Offshore Limited	1,186,112
Mr R Furlong	1,186,111	MMA Offshore Limited	1,186,111
Mr D Thomas	1,121,724	MMA Offshore Limited	1,121,724
Mr T Radic	1,118,333	MMA Offshore Limited	1,118,333

Company Secretary

Dylan Darbyshire-Roberts, solicitor, held the position of Company Secretary of the Company at the end of the financial year.

Dylan joined the Company in May 2007 in the role of Commercial Manager and was appointed as Company Secretary of MMA Offshore Limited on 19 August 2008.

Previously, he was a Senior Associate with the law firm DLA Piper where he practised in the areas of insurance, corporate and marine law. After obtaining a Bachelor of Commerce degree and a LLB degree at the University of Natal (PMB), Dylan qualified as a Solicitor in South Africa, New South Wales and Western Australia. Dylan has worked in a legal capacity in all of these jurisdictions as well as the UK over the past 22 years. He holds a Graduate Diploma of Applied Corporate Governance and is a Fellow of the Institute of Chartered Secretaries and Administrators and a Fellow of The Governance Institute of Australia.

Principal Activities

The principal activities and operations of the consolidated entity during the financial year were the provision of marine, logistics and subsea services to the offshore energy and wider maritime industries.

Other than as previously referred to in this Annual Report (including the acquisition of the business of Neptune Marine Services Limited on 7 November 2019), there were no other significant changes in the nature of the activities of the consolidated entity during the financial year.

Review of Operations

A review of the operations of the consolidated entity during the financial year and the results of those operations are set out in the Chairman's Address and the Managing Director's Report on pages 8 - 15.

Changes in State of Affairs

The Chairman's Address and the Managing Director's Report (on pages 8 - 15) sets out a number of matters which have had a significant effect on the state of affairs of the consolidated entity. Other than those matters and the acquisition of the business of Neptune Marine Services Limited on 7 November 2019, there was no significant change in the state of affairs of the consolidated entity.

Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

In general terms, the Chairman's Address and the Managing Director's Report (on pages 8 -15) gives an indication of likely developments and the expected results of those operations.

Environmental Regulations

The Company continues to conduct its operations within the parameters of the Department of Environmental and Conservation Licence and Ministerial requirements. There were no known breaches of licence conditions for the year ended 30 June 2020.

Dividends

In respect of the financial year ended 30 June 2019, as detailed in the Directors' Report for that financial year, the Directors suspended the payment of dividends (both interim and final) in order to retain cash to support business operations until market conditions improve.

This position remains the same in respect of the financial year ended 30 June 2020. Accordingly, no interim or final dividend has been recommended, declared or paid for the 2020 financial year.

Unissued Shares under Rights

Details of unissued shares under rights as at the date of this report are:

Issuing entity	Number of unissued shares under rights	Class of shares	Exercise price of rights $	Vesting date of rights
MMA Offshore Limited	10,625,634	Ordinary	0.00 (a)	1 Jul 2021
MMA Offshore Limited	2,581,441	Ordinary	0.00 (a)	1 Jul 2021
MMA Offshore Limited	18,469,539	Ordinary	0.00 (b)	1 Jul 2022
MMA Offshore Limited	3,511,454	Ordinary	0.00 (b)	1 Jul 2022

(a) These performance rights vest on 1 July 2021 subject to the performance criteria as detailed in note 5.2 and have a two year exercise period to 1 July 2023.

(b) These performance rights vest on 1 July 2022 subject to the performance criteria as detailed in note 5.2 and have a two-year exercise period to 1 July 2024.

The holders of these performance rights do not have the right, by virtue of the issue of the performance right, to participate in any share issue of the Company.

Shares Issued on Vesting of Rights

No shares were issued during or since the end of the financial year as a result of the vesting of rights.

Insurance and Indemnification of Directors and Officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all Executive Officers of the Company and of any related body corporate against a liability incurred in acting in their capacity as a Director, Company Secretary or Executive Officer of the Company to the extent permitted by the Corporations Act 2001 (Cth). The relevant contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company's Constitution requires the Company, so far as permitted under applicable law and to the extent the person is not otherwise indemnified, to indemnify each officer of the Company and its wholly owned subsidiaries, and may indemnify its auditors, against a liability incurred as such by an officer or auditor to any person (other than the Company or a related body corporate) including a liability incurred as a result of appointment or nomination by the Company or subsidiary as trustee or as an officer of another corporation, unless the liability arises out of conduct involving a lack of good faith. The Company has entered into Deeds of Indemnity, Insurance and Access with each of the Directors of the Company and its wholly owned subsidiaries in terms of the indemnity provided under the Company's Constitution.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against any liability incurred in acting in their capacity as such an officer of the Company.

No indemnity payment has been made under any of the documents referred to above during or since the end of the financial year.

Indemnification of Auditors

The Company's auditor is Deloitte.

The Company has agreed with Deloitte, as part of its terms of engagement, to indemnify Deloitte against certain liabilities to third parties arising from the audit engagement. The indemnity does not extend to any liability resulting from the wilful misconduct or fraudulent act or omission by Deloitte.

During the financial year:

- The Company has not paid, or agreed to pay, any premium in relation to any insurance for Deloitte or a body corporate related to Deloitte;
- No indemnity payment has been made under any of the documents referred to above during or since the end of the financial year; and
- There were no officers of the Company who were former partners or directors of Deloitte, whilst Deloitte conducted audits of the Company.

Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee member). During the financial year, eight Board meetings, four Audit and Risk Committee meetings and three Nomination and Remuneration Committee meetings were held.

	Board of Directors		Audit and Risk Committee		Nomination and Remuneration Committee	
Name	Held	Attended	Held	Attended	Held	Attended
Mr A Edwards	8	8	4	4	3	3
Mr J Weber(1)	4	4	2	2	1	1
Mr D Ross(2)	3	3	2	2	2	2
Ms E Howell	8	8	4	4	3	3
Mr CG Heng	8	8	4	4	3	3
Mr P Kennan	8	8	4	4	3	3
Mr I Macliver(3)	3	3	2	2	2	2

(1) *Ceased as an Executive Director on 21 November 2019*
(2) *Appointed as an Executive Director on 13 January 2020*
(3) *Appointed as a Non-Executive Director on 20 January 2020*

Proceedings on Behalf of the Company

No proceedings have been brought on behalf of the Company, nor has any application been made in respect of the Company, under section 237 of the Corporations Act 2001 (Cth).

Non-Audit Services

Details of the amounts paid or payable to the external auditor for non-audit services provided during the year are outlined in note 5.5 to the Financial Statements.

During the year, the Company paid Deloitte the sum of $40,894 for the provision of non-audit services (being the provision of tax compliance services and transaction advice) and the sum of $552,035 for the provision of audit services. The Directors are satisfied that the provision of non-audit services during the year by the external auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth).

The Directors are of the opinion that the services as disclosed in note 5.5 to the Financial Statements do not compromise the external auditor's independence, based on advice received from the Audit and Risk Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 47 of this Annual Report.

Rounding Off of Amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the Directors' Report and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Remuneration Report

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of the Company's key management personnel for the financial year ended 30 June 2020.

The Company's 'key management personnel' are those persons who have authority and responsibility for planning, directing and controlling the activities of the consolidated entity, either directly or indirectly, including any Director (whether executive or otherwise) of the consolidated entity.

The prescribed details for each person covered by this Remuneration Report are detailed below under the following headings:

- Key Management Personnel;
- Remuneration Policy;
- Relationship between the Remuneration Policy and Company Performance;
- Remuneration of Key Management Personnel; and
- Key Terms of Employment Contracts.

Key Management Personnel

The Directors and other key management personnel of the consolidated entity during and since the end of the financial year were:

Executive Director	Non-Executive Directors
Mr D Ross (Managing Director)(1)	Mr A Edwards (Chairman)
Mr J Weber (Managing Director)(2)	Ms E Howell
	Mr CG Heng
	Mr P Kennan
	Mr I Macliver(3)

Other Key Management Personnel
Mr D Cavanagh (Chief Financial Officer)
Mr D Roberts (Executive General Manager Legal/Company Secretary)
Ms L Buckey (Executive General Manager Corporate Development)
Mr D Thomas (Executive General Manager People and Safety)
Mr R Furlong (Executive General Manager Operations)
Mr S Edgar (Executive General Manager Project Logistics)
Mr T Radic (Executive General Manager Subsea Services) (4)

(1) Appointed as an Executive Director on 13 January 2020
(2) Ceased as an Executive Director on 21 November 2019
(3) Appointed as a Non-Executive Director on 20 January 2020
(4) Appointed as Executive General Manager Subsea Services on 3 February 2020

Apart from Mr D Ross, Mr J Weber, Mr I Macliver and Mr T Radic (who only held their respective positions for part of the financial year), the above named persons held their current position for the whole of the financial year and since the end of the financial year.

Remuneration Policy

The Nomination and Remuneration Committee is delegated responsibility by the Board for reviewing the remuneration packages of all Directors and key management personnel on an annual basis and making recommendations to the Board in this regard. The specific responsibilities of the Nomination and Remuneration Committee are set out in the Committee's Charter, which can be found on the Corporate Governance page of our website at www.mmaoffshore.com/investor-centre/corporate-governance.

Remuneration packages are typically reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries and are adjusted to reflect changes in the performance of the Company.

Given current financial constraints, the Nomination and Remuneration Committee carried out an internal review of the remuneration packages of the Managing Director and non-director key management personnel for the 2020 financial year, without engaging the services of an independent remuneration consultant. The Board is satisfied that the remuneration recommendations made by the Nomination and Remuneration Committee were free from undue influence by any member of the key management personnel to whom the recommendations relate.

Key Remuneration Outcomes

Having regard to the overall performance of the Company and current market conditions, the key remuneration outcomes for the Company's key management personnel in 2020 were as follows:

Fixed Annual Remuneration (FAR)

- The Managing Director, Chief Executive Officer, Chief Financial Officer and other Senior Management of the Company did not receive an increase in FAR for the 2020 financial year.

Short-term Incentive (STI)

- The Board exercised its discretion to suspend the STI component in relation to the Managing Director and other key management personnel for the 2020 financial year.

Long-term Incentive (LTI)

- The Board exercised its discretion to reinstate the LTI component in relation to the Managing Director (Mr D Ross) and other key management personnel for the 2020 financial year.

Remuneration Report 2019

MMA Offshore Limited's Remuneration Report for the 2019 financial year was adopted at the Annual General Meeting on 21 November 2019 with a clear majority of 450,152,758 votes in favour of the motion (representing 98% of the votes received).

Non-Executive Directors' Remuneration

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool which is periodically recommended for approval by shareholders. The maximum fees payable to Non-Executive Directors are currently $950,000 per annum in aggregate (as approved by shareholders at the Company's AGM on 22 November 2012).

Non-Executive Directors are paid fixed fees for their services in accordance with the Company's Constitution. Fees paid to Non-Executive Directors are set at levels which reflect both the responsibilities of, and time commitments required from each Non-Executive Director to discharge their duties. Non-Executive Directors' fees are reviewed annually by the Board to ensure they are appropriate for the duties performed, including Board committee duties, and are in line with the market. Non-Executive Directors do not receive performance-based remuneration. Other than statutory superannuation, Directors are not entitled to retirement allowances.

For the 2020 financial year, there was no increase in Non-Executive Directors' fees.

Other Key Management Personnel

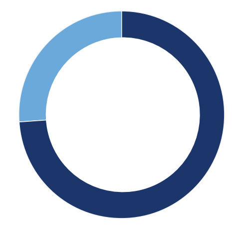
Remuneration of the Managing Director and other executive key management personnel generally comprises both a fixed component and an incentive or "at-risk" component, which is designed to remunerate key management personnel for increasing shareholder value and for achieving financial targets and business strategies set by the Board.

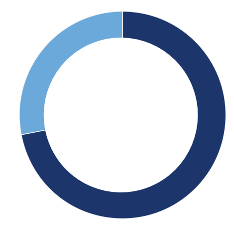
The remuneration of the Managing Director and other key management personnel has the following three components:

No.	Remuneration Component	Details
1	Fixed Annual Remuneration (FAR)	• Comprising base salary and superannuation. • In setting FAR, consideration is given to current market rates and industry benchmarking against appropriate comparator groups (including the median market rates within the sector and industry peers), current market conditions, Company performance and individual performance. • As previously reported, the Managing Director, Chief Executive Officer, Chief Financial Officer and other Senior Management of the Company did not receive an increase in FAR for the 2020 financial year.
2	Short-term Incentive (STI)	• An annual "at-risk" cash component designed to reward performance against the achievement of key performance indicators (KPIs) set by the Board. • The invitation to participate in the STI is at the absolute discretion of the Board and is subject to such conditions which the Board may prescribe from time to time. • As previously reported, given the performance of the Company and current market conditions, the Board exercised its discretion to suspend the STI component for the 2020 financial year.
3	Long-term Incentive (LTI)	• The Company grants rights over its ordinary shares under the LTI. • The vesting of these rights is based on the achievement of stipulated performance criteria targets over a three year period. • The LTI also aims to align executives' long-term interests with those of shareholders and to retain executives. • As previously reported, the Board exercised its discretion to reinstate the LTI component for 2020 Financial year. The FY2020 LTI Plan has a three-year performance period (commencing 1 July 2019 and expiring on 1 July 2022) and includes performance hurdles relating to Relative TSR (50% weighting) and EBITDA Return on Assets (50% weighting). The FY2020 LTI Plan was approved by shareholders at the Company's AGM on 21 November 2019.

Allocation of Executive Remuneration between Fixed and Variable Remuneration

The allocation of total executive remuneration between fixed and variable remuneration for the 2020 financial year is as follows:





Relationship between the Remuneration Policy and Company Performance

The table below summarises information about the Company's earnings for the 2020 financial year and the Company's earnings and movements in shareholder wealth for the five years to 30 June 2020, which is a key factor in the Board's decision not to grant any increase in FAR and to suspend the STI remuneration component for the 2020 financial year.

	30 June 2020 $'000	30 June 2019 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2016 $'000
Revenue	273,011	239,259	200,444	256,396	481,123
Net profit/(loss) before tax	(93,657)[3]	(35,879)[3]	(27,376)[3]	(379,791)[3]	(155,262)[3]
Net profit/(loss) after tax	(94,187)	(37,373)	(27,909)	(378,032)	(143,962)
Share price at start of the year	$0.18	$0.25	$0.15	$0.31	$0.54
Share price at end of the year	$0.065	$0.18	$0.25	$0.15	$0.31
Interim dividend[1]	0cps	0cps	0cps	0cps	0cps
Final dividend[1]	0cps	0cps	0cps	0cps	0cps
Basic earnings per share	(10.44cps)	(4.36cps)	(4.11cps)	(93.86cps)[4]	(38.64 cps)
Diluted earnings per share	(10.44cps)	(4.36cps)	(4.11cps)	(93.86cps)[4]	(38.64 cps)
3 year compound annual TSR[2]	(24%)	(16%)	(21%)	(49%)	(46%)

(1) Franked to 100% at 30% corporate income tax rate.

(2) TSR comprises share price growth and dividends.

(3) This includes a non-cash impairment charge of $57.7 million against the carrying value of the Company's assets as at 30 June 2020 [2019: $10.4 million impairment charge; 2018: $8.4 million impairment reversal; 2017: $312 million impairment charge; and 2016: $139 million impairment charge].

(4) The calculations of the 30 June 2017 basic and diluted earnings per share have been retrospectively adjusted to reflect the impact of the capital raising during this reporting period.

Remuneration of Key Management Personnel

In this Annual Report, remuneration outcomes are presented based on the requirements of accounting standards (which has the benefit of being readily comparable with other companies) rather than the actual "take-home" pay received by executive key management personnel (being cash, other benefits and the value of equity vesting during the relevant financial year).

An example of this includes LTI awards which are recognised and accounted for over the performance period (3 years) based on their assessed value when originally granted to the executive. This may be significantly different to their value, if and when the incentive vests to that executive.

The following tables disclose:

(A) The actual remuneration of the Directors and other key management personnel of the Company for the 2020 financial year (i.e. the actual "take-home" pay received by key management personnel for the 2020 financial year); and

(B) The statutory presentation of the remuneration of the Directors and other key management personnel of the Company for the 2020 financial year and for the previous financial year based on the requirements of accounting standards.

(A) Key Management Personnel Remuneration (Actual)

2020	Short-term employee benefits			Post-employment benefits			Share based payments	Total
	Salary & fees $	Cash Bonus $	Non-monetary[2] $	Superannuation $	Termination $	Annual/Long Service Leave Payout $	Rights[3] $	$
Directors								
Mr A Edwards	167,987	-	-	12,013	-	-	-	180,000
Mr D Ross	576,844	-	89,803	-	-	-	-	666,647
Mr J Weber[1]	345,535	-	5,427	25,000	962,832	420,511	-	1,759,305
Mr P Kennan	100,127	-	-	-	-	-	-	100,127
Ms E Howell	100,440	-	-	9,541	-	-	-	109,981
Mr CG Heng[4]	112,910	-	-	6,926	-	-	-	119,836
Mr I Macliver[1]	39,390	-	-	3,742	-	-	-	43,132
Senior Management								
Mr D Cavanagh	335,000	-	-	25,000	-	-	-	360,000
Mr D Roberts	328,998	-	-	21,002	-	-	-	350,000
Ms L Buckey[5]	192,686	-	-	18,305	-	-	-	210,991
Mr D Thomas	309,998	-	-	21,002	-	-	-	331,000
Mr R Furlong	328,998	-	-	21,002	-	-	-	350,000
Mr S Edgar	288,998	-	-	21,002	-	-	-	310,000
Mr T Radic[1]	119,990	-	-	9,472	-	-	-	129,462
Total	3,347,901	-	95,230	194,007	962,832	420,511	-	5,020,481

(B) Key Management Personnel Remuneration (Statutory Presentation)

2020	Short-term employee benefits			Post-employment benefits			Share based payments	Total
	Salary & fees $	Cash Bonus $	Non-monetary[2] $	Superannuation $	Termination $	Long Service Leave $	Rights[3] $	$
Directors								
Mr A Edwards	167,987	-	-	12,013	-	-	-	180,000
Mr D Ross	576,844	-	89,803	-	-	8,933	204,894	880,474
Mr J Weber[1]	345,535	-	5,427	25,000	962,832	5,729	13,314	1,357,837
Mr P Kennan	100,127	-	-	-	-	-	-	100,127
Ms E Howell	100,440	-	-	9,541	-	-	-	109,981
Mr CG Heng[4]	112,910	-	-	6,926	-	-	-	119,836
Mr I Macliver[1]	39,390	-	-	3,742	-	-	-	43,132
Senior Management								
Mr D Cavanagh	335,000	-	-	25,000	-	-	108,682	468,682
Mr D Roberts	328,998	-	-	21,002	-	5,834	65,438	421,272
Ms L Buckey[5]	192,686	-	-	18,305	-	3,472	38,897	253,360
Mr D Thomas	309,998	-	-	21,002	-	9,654	61,886	402,540
Mr R Furlong	328,998	-	-	21,002	-	5,578	64,359	419,937
Mr S Edgar	288,998		-	21,002	-	4,736	56,144	370,880
Mr T Radic[1]	119,990	-	-	9,472	-	-	49,747	179,209
Total	3,347,901	-	95,230	194,007	962,832	43,936	663,361	5,307,267

2019	Short-term employee benefits			Post-employment benefits			Share based payments	Total
	Salary & fees $	Cash Bonus $	Non-monetary[2] $	Superannuation $	Termination $	Long Service Leave $	Rights[3] $	$
Directors								
Mr A Edwards	164,384	-	-	15,616	-	-	-	180,000
Mr J Weber	852,371	-	1,150	25,000	-	14,623	83,625	976,769
Mr P Kennan	100,127	-	-	-	-	-	-	100,127
Ms E Howell	100,440	-	-	9,541	-	-	-	109,981
Mr CG Heng[4]	112,910	-	-	6,926	-	-	-	119,836
Senior Management								
Mr D Ross	548,819	-	105,284	-	-	8,933	53,103	716,139
Mr D Cavanagh	335,172	-	-	24,828	-	-	35,667	395,667
Mr D Roberts	329,469	-	22,159	20,531	-	5,834	19,697	397,690
Ms L Buckey[5]	189,994	-	-	18,338	-	3,472	11,708	223,512
Mr D Thomas	310,469	-	-	20,531	-	13,117	18,627	362,744
Mr R Furlong[1]	314,110	-	-	20,531	-	5,578	18,020	358,239
Mr S Edgar[1]	263,628	-	-	20,531	-	4,736	14,624	303,519
Total	3,621,893	-	128,593	182,373	-	56,293	255,071	4,244,223

[1] These salaries & fees are only for part of the financial year as Mr R Furlong was appointed to the position of Executive General Manager Operations on 1 January 2019; Mr S Edgar was appointed to the position of Executive General Manager Project Logistics on 1 January 2019; Mr J Weber ceased to be a Director of the Company on 21 November 2019; Mr I Macliver was appointed as a Non-Executive Director on 20 January 2020; and Mr T Radic was appointed to the position of Executive General Manager Subsea Services on 3 February 2020.

[2] These non-monetary benefits comprise the provision of housing, relocation costs, forgiveness of employee loans, fuel, travel and other benefits, as applicable.

[3] The value of the rights granted to key management personnel as part of their remuneration is calculated as at the grant date using the binomial pricing model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from the grant date to the vesting date (i.e. three years).

[4] A component of Mr Heng's fees are paid in Singapore dollars.

[5] Ms L Buckey is employed on a part-time basis.

The table below sets out the relative proportions of the elements of statutory remuneration of key management personnel that are linked to performance:

	Fixed Remuneration		Remuneration linked to Performance	
	2020	2019	2020	2019
Non-Executive Directors				
Mr A Edwards	100%	100%	0%	0%
Ms E Howell	100%	100%	0%	0%
Mr CG Heng	100%	100%	0%	0%
Mr P Kennan	100%	100%	0%	0%
Mr I Macliver[1]	100%	N/A	0%	N/A
Executive Directors				
Mr D Ross[2]	77%	93%	23%	7%
Mr J Weber[3]	99%	91%	1%	9%
Senior Management				
Mr D Cavanagh	77%	91%	23%	9%
Mr D Roberts	84%	95%	16%	5%
Ms L Buckey	85%	95%	15%	5%
Mr D Thomas	85%	95%	15%	5%
Mr R Furlong	85%	95%	15%	5%
Mr S Edgar	85%	95%	15%	5%
Mr T Radic[4]	72%	N/A	28%	N/A

[1] Appointed on 20 January 2020 [2] Appointed on 13 January 2020 [3] Ceased on 21 November 2019 [4] Appointed on 3 February 2020

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Bonus and Share-based payments granted as compensation for the current financial year

STI (Cash Bonuses)

As noted above, having regard to the overall performance of the Company and current market conditions, the Board has, in relation to the Managing Director and other key management personnel, exercised its discretion to suspend the STI component for the 2020 financial year.

LTI (Performance Rights/Share Based Payments)

During the financial year:

- No performance rights granted to either the Managing Director or the other key management personnel as part of their compensation in previous financial years vested;
- No share-based payments were granted as compensation to either the Managing Director or the other key management personnel; and
- The Company reinstated the LTI remuneration component (being a performance rights plan) for the Managing Director and other key management personnel (**FY2020 LTI Plan**).

Each right under the FY2020 LTI Plan converts into one ordinary share of MMA Offshore Limited on vesting. No amounts are paid or payable by the recipient upon grant of the rights under the FY2020 LTI Plan. The rights carry neither rights to dividends nor voting rights. Please refer to the table below for details of the performance criteria for the rights granted during the 2020 financial year under the FY2020 LTI Plan.

The table below sets out the relevant performance criteria for the performance rights granted to the Managing Director and other executive key management personnel during the 2020 financial year:

Performance Criteria	Performance Period	Percentage of LTI subject to Performance Criteria	Performance Criteria Targets	Percentage of Performance Rights which vest if Target met
FY2022 EBITDA/ Assets(1)	Beginning 1 July 2019 and ending 30 June 2022	50%	0% vesting if FY2022 EBITDA / Assets is below 10% 50% vesting if FY2022 EBITDA / Assets is above 10% Pro-rata vesting (on a straight-line basis) if FY2022 EBITDA / Assets is between 10% and 15% 100% vesting if FY2022 EBITDA / Assets of 15% is achieved	100%
Company's Total Shareholder Return (**TSR**)(2) percentile ranking over the Performance Period relative to a selected Peer Group(3)	Beginning 1 July 2019 and ending 30 June 2022	50%	0% vesting if Company's TSR is below 50th percentile 50% vesting if Company's TSR is equal to 50th percentile Pro-rata vesting (on a straight-line basis) if Company TSR is between 50th and 75th percentile 100% vesting if Company's TSR is equal to or greater than 75th percentile	100%

(1) Assets means the Company's vessels and the relevant operating assets of Neptune Marine Services Limited acquired by the Company under the Neptune acquisition.

(2) Total Shareholder Return (**TSR**) means, broadly, the increase in the share price plus dividends paid (calculated in Australian dollars), excluding franking credits and taxation, over the Performance Period, to be determined in a manner decided by the Board in its absolute discretion. Notwithstanding that the Performance Criteria targets in respect of TSR may be met, if the TSR is negative over the Performance Period, the Board has the absolute discretion to decide if any of those Performance Rights vest.

(3) Peer Group means the peer group (the composition of which may be changed by the Board in its absolute discretion) comprising of the constituents of the ASX 200 – Industrials Index being the following ASX listed companies:

ALS Limited (ASX:ALQ), Atlas Arteria Limited (ASX:ALX), Aurizon Holdings Limited (ASX:AZJ), Austal Limited (ASX:ASB), Bingo Industries limited (ASX:BIN), Brambles Limited ASX:BXB), CIMIC Group Limited (ASX:CIM), Cleanaway Waste Management Limited (ASX:CWY), Downer EDI Limited (ASX:DOW), Emeco Holdings Limited (ASX:EHL), GWA Group Limited (ASX:GWA), IPH Limited (ASX:IPH), McMillan Shakespeare Limited (ASX:MMS), Monadelphous Group Limited (ASX:MND), Nearmap Ltd (ASX:NEA), NRW Holdings Ltd (ASX:NWH), Qantas Airways Limited (ASX:QAN), Qube Holdings Limited (ASX:QUB), Reliance Worldwide Corporation Limited (ASX:RWC), SEEK Limited (ASX:SEK), Service Stream Limited (ASX:SSM), Seven Group Holdings Limited (ASX:SVW), Smartgroup Corporation Ltd (ASX:SIQ), Sydney Airport Limited (ASX:SYD), Transurban Group (ASX:TCL).

During the financial year, the following rights schemes were in existence:

Series issued	Number issued	Grant date	Vesting date	Exercise price $	Fair value at grant date $	Expiry date (for vested rights)
(1) 16 Nov 2018 (a)	10,625,634	19 Oct 2018	1 Jul 2021	0.00	0.11	1 Jul 2023
(2) 28 Nov 2018 (a)	2,581,441	21 Nov 2018	1 Jul 2021	0.00	0.10	1 Jul 2023
(3) 8 Jun 2020 (b)	18,469,539	29 Nov 2019	1 Jul 2022	0.00	0.16	1 Jul 2024
(4) 8 Jun 2020 (b)	3,511,454	21 Nov 2019	1 Jul 2022	0.00	0.16	1 Jul 2024

(a) In accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2018 (granted by the Board on 19 October 2018) and the MMA Offshore Limited Managing Director's Performance Rights Plan – 2018 (as approved by the shareholders at the Company's Annual General Meeting on 21 November 2018) the number of performance rights which vest on 1 July 2021 will depend on the Company achieving the specified Debt Refinancing (25% weighting) targets, the specified Net Debt to EBITDA ratio (25% weighting) and the Total Shareholder Return (50% weighting) of the Company relative to a selected peer group of companies as set out in note 5.2 of the Financial Statements. Subject to the performance rights vesting on 1 July 2021, the vested performance rights must be exercised within a two-year period from the vesting date (ie by 1 July 2023) or such other time as determined by the Board in its sole and absolute discretion.

(b) In accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2019 (granted by the Board on 29 November 2019 and 19 May 2020) and the Managing Director's Performance Rights Plan – 2019 (as approved by the shareholders at the Company's Annual General Meeting on 21 November 2019) the number of performance rights which vest on 1 July 2022 in relation to the Managing Director and other executive key management personnel will depend on the Company achieving the specified FY2022 EBITDA to Assets ratio (50% weighting) and the Total Shareholder Return (50% weighting) of the Company relative to a selected peer group of companies as set out in note 5.2 of the Financial Statements. The number of performance rights which vest on 1 July 2022 in relation to other Senior Management of the Company (ie excluding the Managing Director and other executive key management personnel) will depend on the Company achieving the specified FY2022 EBITDA to Assets Ratio (40% weighting), a Retention Hurdle (20% weighting) and the Total Shareholder Return (40% weighting) of the Company relative to a selected peer group of companies as set out in note 5.2 of the Financial Statements. Subject to the performance rights vesting on 1 July 2022, the vested performance rights must be exercised within a two-year period from the vesting date (ie by 1 July 2024) or such other time as determined by the Board in its sole and absolute discretion.

There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

The following share-based payments were granted as compensation to the Managing Director and executive key management personnel during the current financial year:

Name	Performance rights issued	Number granted	Number vested	% of grant vested	% of grant forfeited	% of compensation for the year consisting of share based payment
Mr D Ross	29 Nov 19	3,511,454	-	-	-	23%
Mr D Cavanagh	29 Nov 19	1,708,000	-	-	-	23%
Mr D Roberts	29 Nov 19	1,186,112	-	-	-	16%
Mr D Thomas	29 Nov 19	1,121,724	-	-	-	15%
Ms L Buckey	29 Nov 19	705,036	-	-	-	15%
Mr R Furlong	29 Nov 19	1,186,111	-	-	-	15%
Mr S Edgar	29 Nov 19	1,050,556	-	-	-	15%
Mr T Radic	19 May 20	1,118,333	-	-	-	28%

During the financial year, no performance rights vested in favour of the Managing Director or other key management personnel.

The following table summarises the value of performance rights to key management personnel which were granted or vested during the financial year as part of their remuneration:

Name	Value of rights granted at grant date $	Value of rights at vesting date $
Mr D Ross	561,833	-
Mr D Cavanagh	273,280	-
Mr D Roberts	189,778	-
Mr D Thomas	179,476	-
Ms L Buckey	112,806	-
Mr R Furlong	189,778	-
Mr S Edgar	168,089	-
Mr T Radic	178,933	-

During the financial year, no performance rights (which were previously granted to key management personnel as part of their remuneration) lapsed.

Key Management Personnel Equity Holdings

Details of the fully paid ordinary shares of the Company held by key management personnel are as follows:

2020	Balance at 1 July 2019	Granted as compensation	Received on vesting of Performance Rights	Net other change	Balance at 30 June 2020	Balance held nominally
Mr A Edwards	331,360	-	-	-	331,360	-
Mr P Kennan	77,419,000	-	-	104,989,152	182,408,152	182,408,152
Ms E Howell	372,058	-	-	-	372,058	-
Mr CG Heng	200,000	-	-	-	200,000	-
Mr I Macliver(1)	-	-	-	-	-	-
Mr D Ross	1,531,570	-	-	-	1,531,570	-
Mr D Cavanagh	21,000	-	-	-	21,000	-
Mr D Roberts	-	-	-	-	-	-
Ms L Buckey	1,475	-	-	-	1,475	-
Mr D Thomas	-	-	-	-	-	-
Mr R Furlong	1,578	-	-	-	1,578	-
Mr S Edgar	24,706	-	-	-	24,706	-
Mr T Radic(2)	-	-	-	-	-	-

2019	Balance at 1 July 2018	Granted as compensation	Received on vesting of Performance Rights	Net other change	Balance at 30 June 2019	Balance held nominally
Mr A Edwards	231,360	-	-	100,000	331,360	-
Mr P Kennan	77,419,000	-	-	-	77,419,000	77,419,000
Ms E Howell	247,058	-	-	125,000	372,058	-
Mr CG Heng	200,000	-	-	-	200,000	-
Mr I Macliver(1)	-	-	-	-	-	-
Mr D Ross	1,531,570	-	-	-	1,531,570	-
Mr D Cavanagh	21,000	-	-	-	21,000	-
Mr D Roberts	-	-	-	-	-	-
Ms L Buckey	1,475	-	-	-	1,475	-
Mr D Thomas	-	-	-	-	-	-
Mr R Furlong	1,578	-	-	-	1,578	-
Mr S Edgar	24,706	-	-	-	24,706	-
Mr T Radic(2)	-	-	-	-	-	-

(1) Appointed on 20 January 2020

(2) Appointed on 3 February 2020

Details of the performance rights held by executive key management personnel are as follows:

2020 Executives	Balance at 1 July 2019	Granted as compensation	Vested	Net other change (lapsed)	Balance at 30 June 2020	Vested but not exercisable	Rights vested during year
Mr D Ross	1,600,260	3,511,454	-	-	5,111,714	-	-
Mr D Cavanagh	1,074,831	1,708,000	-	-	2,782,831	-	-
Mr D Roberts	504,178	1,186,112	-	-	1,690,290	-	-
Ms L Buckey	299,688	705,036	-	-	1,004,724	-	-
Mr D Thomas	476,809	1,121,724	-	-	1,598,533	-	-
Mr R Furlong	461,251	1,186,111	-	-	1,647,362	-	-
Mr S Edgar	374,332	1,050,556	-	-	1,424,888	-	-
Mr T Radic(1)	-	1,118,333	-	-	1,118,333	-	-

2019 Executives	Balance at 1 July 2018	Granted as compensation	Vested	Net other change (lapsed)	Balance at 30 June 2019	Vested but not exercisable	Rights vested during year
Mr D Ross	941,850	1,600,260	-	(941,850)	1,600,260	-	-
Mr D Cavanagh	-	1,074,831	-	-	1,074,831	-	-
Mr D Roberts	252,126	504,178	-	(252,126)	504,178	-	-
Ms L Buckey	217,350	299,688	-	(217,350)	299,688	-	-
Mr D Thomas	242,828	476,809	-	(242,828)	476,809	-	-
Mr R Furlong	178,794	461,251	-	(178,794)	461,251	-	-
Mr S Edgar	96,644	374,332	-	(96,644)	374,332	-	-
Mr T Radic(1)	-	-	-	-	-	-	-

(1) Appointed on 3 February 2020

All performance rights issued to key management personnel during the financial year were made in accordance with the terms of the respective performance rights plans. As discussed above, no performance rights vested during the financial year.

Further details of the share based payment arrangements during the 2020 and 2019 financial years are contained in note 5.2 of the Financial Statements.

Share Trading Restrictions

The Company's Share Trading Policy requires key management personnel proposing to enter into arrangements that limit the economic risk of a vested holding in the Company's securities to first obtain approval from the Chairman of the Board (for directors), approval of the Chairman of the Audit and Risk Committee (for the Chairman of the Board), and approval from the Managing Director (for other executives), and subsequently provide details of the dealing within five business days of the dealing taking place. Any breach of the Share Trading Policy is taken very seriously by the Company and is subject to disciplinary action, including possible termination of a person's employment or appointment. A copy of the Company's Share Trading Policy can be found on the Corporate Governance page of our website at www.mmaoffshore.com/investor-centre/corporate-governance.

Key Terms of Employment Contracts

As at the date of this report, the Managing Director and other executive key management personnel are all employed by the Company under an employment contract, none of which are of fixed-term duration.

These employment contracts may be terminated by either party giving the required notice and subject to termination payments as detailed in the table below:

Name	Termination notice period	Termination benefits payable
Mr D Ross	6 months	Yes(1)
Mr D Cavanagh	12 weeks	Yes(2)
Mr D Roberts	12 weeks	No
Ms L Buckey	12 weeks	No
Mr D Thomas	12 weeks	No
Mr R Furlong	12 weeks	No
Mr S Edgar	12 weeks	No
Mr T Radic	12 weeks	No

(1) If the employee is made redundant as a result of a material diminution in the nature and level of responsibilities or functions of the employee's position including, without limitation, through a change in control of the Company, the employee will be entitled to an aggregate payment equivalent to the maximum amount that may be paid to the employee under the Corporations Act and ASX Listing Rules without prior shareholder approval.

(2) If the employee is made redundant as a result of a material diminution in the nature and level of responsibilities or functions of the employee's position including, without limitation, through a change in control of the Company, the employee will be entitled to a payment equal to 0.5 times the Fixed Annual Remuneration in the relevant year (excluding any short-term incentives or long-term incentives).

Under these employment contracts, the remuneration package for the Managing Director and other key management personnel consists of an annual base salary and statutory superannuation contributions. Participation in the Company's incentive schemes is at the absolute discretion of the Board.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to section 298(2) of the Corporations Act 2001 (Cth).

On behalf of the Directors,

Andrew Edwards
Chairman
Welshpool, 29 September 2020

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte Touche Tohmatsu
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The Board of Directors
MMA Offshore Limited
404 Orrong Road
Welshpool WA 6106

29 September 2020

Dear Board Members

Auditor's Independence Declaration to MMA Offshore Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of MMA Offshore Limited.

As lead audit partner for the audit of the financial report of MMA Offshore Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

John Sibenaler
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of MMA Offshore Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MMA Offshore Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying value of the Vessel Cash Generating Unit As disclosed in Note 3.7, included in the Group's consolidated statement of financial position at 30 June 2020 are non current assets associated with the Vessel Cash Generating Unit ("Vessel CGU") of $361.1 million. The assessment of the recoverable amount of the Vessel CGU requires management to exercise judgement and has been based on a Fair Value Less Cost of Disposal ("FVLCD") approach. The Group appointed external valuers to perform a valuation of the Vessel CGU. Key assumptions used in assessing the recoverable amount include current and forecast economic conditions including potential movements in the market as a consequence of commodity prices and the application of an 'en bloc' discount to the vessel fleet.	Our procedures included, but were not limited to: • Understanding the process management undertakes to evaluate the recoverability of the Vessel CGU; • Assessing management's determination of the Vessel CGU based on our understanding of the nature of the Group's business and the economic environment in which the segments operate; • Assessing the objectivity and competence of the external valuers; • Evaluating the external valuations obtained by the Group by assessing the valuation methodology adopted and the assumptions used; • Comparing actual sales prices, including 'en bloc' discounts, of vessels during and post the reporting period to evaluate the reasonableness of the valuation; and • Assessing the appropriateness of the disclosures in Note 3.7 to the financial statements.
Carrying value of the Subsea Cash Generating Unit As disclosed in Note 3.7, included in the Group's consolidated statement of financial position at 30 June 2020 are non current assets associated with the Subsea Cash Generating Unit ("Subsea CGU") of $23.0 million. Management undertakes an assessment as to whether any non current asset or cash generating unit may be impaired at balance date. The assessment requires significant judgement due to assumptions and estimates involved in preparing a value in use model ('VIU') to estimate recoverable amount, including:	Our procedures included, but were not limited to: • Obtaining management's impairment assessment carried out for the Subsea CGU, and assessing the work performed against the requirements of the relevant accounting standard; • In conjunction with our internal valuation specialists we specifically assessed the recoverable value modelling for the Subsea CGU, as it demonstrated characteristics suggesting impairment testing was required, by: ➢ Inquiring of management and the directors in relation to forecasting assumptions within the VIU model and agreeing these to approved budgets;

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
- Forecast future cash flows; and - Discount rates.	➢ Reviewing the mathematical accuracy and modelling integrity of the value in use model; ➢ Challenging the assumptions contained in the cash flow forecasts, including the revenue and expense projections, forecast gross margins and capital expenditures including the impact of COVID-19 and the outlook for easing of restrictions in relevant regions; and ➢ Performing sensitivity analysis on key assumptions within the model, including the expected revenues, margins, growth rates and discount rate. • Assessing the appropriateness of the disclosures in Note 3.7 to the financial statements.
Carrying value of assets held for sale As disclosed in note 3.4 the Group had classified certain non-core vessels as assets held for sale. The assessment of the recoverable amount of the non-core assets held for sale requires management to exercise judgement. A market based approach has been used, reflecting the value which could be expected to be realised through sales executed in the period to 30 June 2021. In assessing the recoverable amount of these non-core vessels, the Group has used internal management valuations incorporating existing industry knowledge including actual sales achieved during the period, current discussions with prospective purchasers and market sales of similar vessels.	Our procedures included, but were not limited to: • Understanding the process management undertakes to evaluate the recoverability of non-core vessels; • Evaluating and challenging management's determination of the carrying value through; • Comparing actual market sale prices of similar vessels sold in the period to 30 June 2020 and up to the date of the financial statements; • Evaluating current discussions and/or negotiations held with prospective purchasers in respect of non-core vessels; • Evaluated managements ability to forecast expected carrying value through previously executed fleet sales; and • Assessing the appropriateness of the related disclosures in Note 3.7 to the financial statements.
Recoverability of trade receivables As disclosed in Note 3.2, the carrying value of trade receivables is $52.4 million, net of an allowance for expected credit loss of $22.4 million. Significant judgment is required in assessing the recoverability of trade receivables. This includes assessing the credit risk of trade receivables which have been outstanding for a period longer than average payment terms.	Our procedures included, but were not limited to: • Understanding the process management undertakes to evaluate the recoverability of trade receivables; • Assessing the recoverability of a sample of trade receivables by reviewing cash received subsequent to year end; • Reviewing other evidence including customer correspondence and holding discussions with management to challenge their knowledge of

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
	future conditions that may impact expected customer receipts; and • Assessing the appropriateness of the disclosures in Note 3.2 to the financial statements.
Acquisition of Neptune Marine Services subsidiaries (subsequently renamed Subsea Services) As disclosed in Note 3.13 the Group completed the acquisition of Subsea Services on 7 November 2019 for net purchase consideration of $19.7 million. Management has completed the process to allocate the purchase price to identifiable assets, liabilities and separately identifiable intangible assets as relevant. This process involved estimation and judgement in determining the equipment values, inventory, provisions and discount rate applied to future cash flow forecasts.	Our procedures included, but were not limited to: • Reading the relevant agreements to understand the key terms and conditions, and confirming our understanding of the transaction; • Evaluating management's process for the identification of the assets and liabilities acquired; • Evaluating management's process for the determination of the fair value of the identifiable assets and liabilities acquired; • In conjunction with our valuation specialists, assessing the competence and objectivity of management's specialist who valued the intangible assets; • Challenging the values attributable to equipment, inventory and provisions recognised in respect of the acquisition; and • Assessing the appropriateness of the disclosures in Note 3.13 to the financial statements.
Syndicated Financing Facility As disclosed in Note 3.9 the Group had total loans and borrowings of $273.4 million with repayments of $7.5 million due on both 31 December 2020 and 30 June 2021. The syndicated financing facility (SFA) matures and all remaining amounts are payable on 30 September 2021. The Group continues to closely manage its financing arrangements and ongoing liquidity as disclosed in Note 1 to the financial statements. This requires the achievement of EBITDA and cash flow forecasts, which are subject to variation due to factors which are outside the control of the Group, to enable the Group to continue to meet its financial covenant obligations and maintain its liquidity.	Our procedures included, but were not limited to: • Assessing the process undertaken by management to develop the EBITDA and cash flow forecasts for the period that is not less than 12 months beyond the date these financial statements are approved; • Assessing last year's budget with actual results to assess budgeting accuracy; • Evaluating performance in the period from year end to the audit opinion date against the FY20/FY21 budget; • Evaluating the key assumptions used by the Group in its EBITDA and cash flow forecasts, which are subject to variation due to factors outside the control of the Group including the impact of COVID-19 and other economic factors, for a period that is not less than 12 months

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
	beyond the date these financial statements are approved; • Performing a sensitivity analysis to determine the robustness of the EBITDA and cash flow forecasts and the impact of changing key assumptions; • Reviewing the terms and conditions under the SFA; • Assessing the forecast financial covenant calculations over the period to 30 September 2021 to identify whether potential breaches may occur; and • Assessing the appropriateness of the disclosures included in Note 1 and 3.9 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in on pages 36 to 46 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of MMA Offshore Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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DELOITTE TOUCHE TOHMATSU

John Sibenaler
Partner
Chartered Accountants
Perth, 29 September 2020

DIRECTORS' DECLARATION

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached Financial Statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the Financial Statements;

(c) in the Directors' opinion, the attached Financial Statements and notes thereto are in accordance with the Corporations Act 2001 (Cth), including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the Directors have been given the declarations required by section 295A of the Corporations Act 2001 (Cth).

At the date of this declaration, the Company is within the class of companies affected by *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*. The nature of the deed of cross guarantee is such that each company, which is party to the deed, guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* applies, as detailed in note 5.6 to the Financial Statements will, as a Group, be able to meet any obligations or liabilities to which they are, or may become, liable for by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001 (Cth).

On behalf of the Directors,

Andrew Edwards
Chairman
Welshpool, 29 September 2020

FINANCIAL REPORT 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $'000	2019 $'000
Revenue	2.1	273,011	239,259
Finance income		823	1,278
Other income/(expenses)	2.2	4,474	(556)
Vessel expenses		(220,298)	(238,951)
Subsea expenses		(41,872)	-
Project Logistics expenses		(18,459)	-
Administration expenses		(15,494)	(7,402)
Impairment charges	2.1	(57,723)	(10,361)
Finance costs		(18,119)	(19,146)
Loss before tax		(93,657)	(35,879)
Income tax expense	2.3	(530)	(1,494)
Loss for the Year		(94,187)	(37,373)
Other Comprehensive Income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		7,518	20,742
Loss on hedge of net investment in a foreign operation		(3,247)	(8,886)
Other comprehensive income for the year, net of tax		4,271	11,856
Total Comprehensive Loss for the Year		(89,916)	(25,517)
Loss attributable to owners of the Company			
Owners of the parent		(93,977)	(37,373)
Non-controlling interest		(210)	-
		(94,187)	(37,373)
Total comprehensive loss attributable to owners of the Company			
Owners of the parent		(89,706)	(25,517)
Non-controlling interest		(210)	-
		(89,916)	(25,517)

		Cents Per Share	Cents Per Share
Loss per share			
Basic	2.4	(10.44)	(4.36)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 $'000	2019 $'000
Current Assets			
Cash and cash equivalents	3.1	86,637	70,155
Trade and other receivables	3.2	52,429	63,275
Inventories	3.3	2,216	1,974
Prepayments		2,822	1,149
Assets classified as held for sale	3.4	41,961	-
Total Current Assets		186,065	136,553
Non-Current Assets			
Property, plant and equipment	3.5	373,530	482,322
Right-of-use assets	3.6	10,117	-
Intangibles	3.13	108	-
Total Non-Current Assets		383,755	482,322
Total Assets		569,820	618,875
Current Liabilities			
Trade and other payables	3.8	41,879	30,481
Unearned revenue		538	831
Borrowings	3.9	12,739	2,743
Lease liabilities	3.10	3,729	-
Provisions	3.11	15,815	11,354
Current tax liabilities		2,684	1,806
Customer deposits		-	160
Total Current Liabilities		77,384	47,375
Non-Current Liabilities			
Trade payables		-	5,296
Borrowings	3.9	257,838	262,807
Lease liabilities	3.10	7,164	-
Provisions	3.11	256	152
Deferred tax liabilities	3.12	57	-
Total Non-Current Liabilities		265,315	268,255
Total Liabilities		342,699	315,630
Net Assets		227,121	303,245
Equity			
Issued capital	4.1	667,251	654,735
Reserves	4.2	139,305	133,777
Accumulated losses		(579,244)	(485,267)
Equity attributable to owners of the company		227,312	303,245
Non-controlling interest		(191)	-
Total Equity		227,121	303,245

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

Year Ended 30 June 2020	Issued Capital $'000	Employee Equity Settled Benefits Reserve $'000	Hedging Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Equity Holders of Parent $'000	Non-controlling Interest $'000	Total $'000
Balance at 1 July 2019	654,735	621	(66,176)	199,332	(485,267)	303,245	-	303,245
Loss for the year	-	-	-	-	(93,977)	(93,977)	(210)	(94,187)
Other comprehensive income/(loss) for the year	-	-	(3,247)	7,518	-	4,271	-	4,271
Total Comprehensive Income/(Loss) for the Year	-	-	(3,247)	7,518	(93,977)	(89,706)	(210)	(89,916)
Issue of shares	12,516	-	-	-	-	12,516	-	12,516
Recognition of share based payments	-	1,257	-	-	-	1,257	-	1,257
Non-controlling interest arising on the acquisition	-	-	-	-	-	-	19	19
Balance at 30 June 2020	667,251	1,878	(69,423)	206,850	(579,244)	227,312	(191)	227,121

Year Ended 30 June 2019	Issued Capital $'000	Employee Equity Settled Benefits Reserve $'000	Hedging Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Equity Holders of Parent $'000	Non-controlling Interest $'000	Total $'000
Balance at 1 July 2018	654,735	154	(57,290)	178,590	(447,894)	328,295	-	328,295
Loss for the year	-	-	-	-	(37,373)	(37,373)	-	(37,373)
Other comprehensive income/(loss) for the year	-	-	(8,886)	20,742	-	11,856	-	11,856
Total Comprehensive Income/(Loss) for the Year	-	-	(8,886)	20,742	(37,373)	(25,517)	-	(25,517)
Recognition of share based payments	-	467	-	-	-	467	-	467
Balance at 30 June 2019	654,735	621	(66,176)	199,332	(485,267)	303,245	-	303,245

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Receipts from customers		285,230	241,305
Government grants received		2,819	-
Interest received		823	1,278
Payments to suppliers and employees		(234,351)	(202,578)
Income tax paid		(207)	(955)
Interest and other costs of finance paid		(15,853)	(16,895)
Net Cash Provided by Operating Activities	3.1	38,461	22,155
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(10,448)	(17,501)
Proceeds from sale of property, plant and equipment		1,414	7,491
Deposit for investment in business combination		-	(5,000)
Payment for acquisition of subsidiary, net of cash acquired	3.13	(862)	-
Net Cash Used in Investing Activities		(9,896)	(15,010)
Cash Flows from Financing Activities			
Repayment of borrowings	3.9	(5,805)	(7,256)
Financing fees on borrowings		-	(9)
Repayment of lease liabilities	3.9	(5,724)	-
Net Cash Used in Financing Activities		(11,529)	(7,265)
Net increase/(decrease) in cash and cash equivalents		17,036	(120)
Cash and cash equivalents at the beginning of the financial year		70,155	69,648
Effects of exchange rate changes on the balance of cash held in foreign currencies		(554)	627
Cash and Cash Equivalents at the End of the Financial Year		86,637	70,155

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. General Notes

MMA Offshore Limited ("MMA" or the "Company") is a for profit, listed public company incorporated in Australia. Its shares are traded on the Australian Securities Exchange.

1.1 Basis of Preparation

The financial statements have been prepared on the historical cost basis, except for certain assets which have been impaired and financial instruments that are measured at fair values. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted. Transactions in foreign currencies are recognised at the rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at reporting date are translated at the exchange rate prevailing at that date. Exchange differences are recognised in profit or loss in the period in which they arise except for certain hedging transactions and translation of foreign operations as described in note 4.2.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with this Corporations Instrument, amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

1.2 Going Concern

The financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the financial year ended 30 June 2020 the Group incurred a loss after tax of $94.2 million (2019: $37.4 million) including a non-cash impairment charge of $57.7 million (2019: $10.4 million). As at 30 June 2020, net current assets of $108.7 million (2019: net current assets $89.2 million) included cash of $86.7 million (2019: $70.2 million).

The Group had total loans and borrowings at 30 June 2020 of $273.4 million (30 June 2019: $270.6 million) with repayments of $7.5 million due on both 31 December 2020 and 30 June 2021. The Group's syndicated financing facility (SFA) matures on 30 September 2021. Whilst this maturity date is more than 12 months after the date of signing this financial report, the Group is currently in discussions with the banking syndicate to renegotiate the terms of the facility. To date the syndicate has been supportive of the Group, as evidenced by the granting of a waiver in respect of certain financial covenants, as announced on 17 June 2020. Positive discussions are continuing and an update will be provided in due course. Based upon discussions to date the directors are confident the facility will be restructured and/or extended such that the maturity date of the facility will be extended beyond the current due date for repayment of 30 September 2021.

In preparing the financial report the directors have made an assessment of the ability of the Group to continue as a going concern. The Group has prepared detailed cash flow and EBITDA forecasts modelling the operational performance, financial results, liquidity and the testing of forecast compliance with financial covenants under the Group's SFA.

The directors consider that current and expected liquidity from operating cashflow and cash on hand will be adequate to enable the Group to meet its debts and obligations as and when they fall due for the twelve months from the date of issuance of this financial report, subject to the matters described below.

In preparing those forecasts the Group has used best estimate assumptions. The directors have assessed the Group's cash flow and EBITDA forecasts based on the expected level of market activity across the Group's operations taking into account the impact of COVID-19, levels of contracted work, tendering activity and expected activity levels.

The key assumptions underpinning the cash flow and EBITDA forecasts are subject to variation due to factors which are outside the control of the Group.

1. General Notes (continued)

The Group's ability to meet its ongoing operational and financial obligations, and financial covenants as required under the SFA for the period of twelve months from the approval of this report are primarily dependent upon:

- Achieving cash flow and EBITDA forecasts including all key underlying assumptions, where EBITDA is defined by the SFA, for the period through to 30 September 2021;
- No further significant slowdown or ceasing of activity as a result of government-imposed closures or customers choosing to reduce their exposure across their operations by further delaying projects as a result of COVID-19 and other economic factors; and
- The ongoing financial support of the Company's debt providers, including but not limited to the successful restructuring of amounts owing under the SFA such that the maturity date of the facility will be extended beyond the current due date for repayment of 30 September 2021.

The directors believe that at the date of approving the Annual Report there are reasonable grounds to believe that the Group will be successful in respect of the above matters and therefore it is appropriate to prepare the report on the going concern basis.

1.3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following critical judgement, apart from those involving estimation (which are presented separately below), has been made by the Directors in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Significant increase in credit risk – refer note 3.2

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Calculation of loss allowance – refer note 3.2
Assets classified as held for sale – refer note 3.4
Useful lives of property, plant and equipment – refer note 3.5
Impairment of non-current assets – refer note 3.7
Provisions – refer note 3.11

2. Financial Performance

2.1 Segment Information

An operating segment is a component of a group that engages in business activities from which it may earn revenue and incur expenses and whose operating results are regularly reviewed by the Chief Operating Decision Maker (The Board of Directors) for the purposes of resource allocation and assessment of segment performance. Information regarding the Group's operating segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Information reported to the Board of Directors (CODM) is focused on the category of services provided through the Groups operating activities.

Following the completion of acquisitions during the year, the group's reportable segments are now:

- Vessel Services – provision of specialised offshore support vessels;
- Subsea Services – services to companies operating in subsea environments including inspection, maintenance and repair; and
- Project Logistics – project management of large marine spreads and complex marine logistics.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Vessel Services	Subsea Services	Project Logistics	Eliminations	Consolidated
	2020 $'000	2020 $'000	2020 $'000	2020 $'000	2020 $'000
Revenue					
External sales	228,912	38,092	6,007	-	273,011
Inter-segment sales	-	7,887	1,037	(8,924)	-
Total revenue	228,912	45,979	7,044	(8,924)	273,011

Inter-segment sales are charged at prevailing market prices

Result

Segment profit/(loss) before impairment	8,614	(3,780)	(12,452)	-	(7,618)
Impairment charge	(55,797)	(1,926)	-	-	(57,723)
Segment loss after impairment	(47,183)	(5,706)	(12,452)	-	(65,341)
Finance income					823
Other income/(expenses)					4,474
Administration costs					(15,494)
Finance costs					(18,119)
Loss for the year before income tax					(93,657)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. Financial Performance (continued)

2.1 Segment Information (continued)

	Vessels Services	Subsea Services	Project Logistics	Eliminations	Consolidated
	2019 $'000	2019 $'000	2019 $'000	2019 $'000	2019 $'000
Revenue					
External sales	239,259	-	-	-	239,259
Inter-segment sales	-	-	-	-	-
Total revenue	239,259	-	-	-	239,259

Inter-segment sales are charged at prevailing market prices

Result					
Segment profit before impairment	308	-	-	-	308
Impairment charge	(10,361)	-	-	-	(10,361)
Segment loss after impairment	(10,053)	-	-	-	(10,053)
Finance income					1,278
Other income/(expenses)					(556)
Administration costs					(7,402)
Finance costs					(19,146)
Loss for the year before income tax					(35,879)

Segment profit/(loss) represents the profit/(loss) earned by the Vessels, Subsea Services and Project Logistics segments without allocation of finance income, other income and expenses, administration costs, finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Disaggregation of revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines.

	2020 $'000	2019 $'000
Revenue recognised over time:		
Vessel hire	200,087	198,615
Personnel	16,161	-
Mobilisation/Demobilisation	14,663	11,979
Equipment hire	1,810	-
Fabrication	8,620	-
Materials	2,810	-
Other	20,108	10,493
	264,259	221,086
Revenue recognised at a point in time:		
Fuel sales	8,752	18,173
Total	273,011	239,259

2. Financial Performance (continued)

2.1 Segment Information (continued)

Revenue from charter of vessels

Revenue from the charter of vessels is an integrated service provided to customers and includes the charter of the vessel and crew, mobilisation and demobilisation. Revenue is recognised over the period of time over which the customer utilises the vessel. Where the entity supplies goods, such as fuel, to the customer as part of the contract, revenue is recognised at a point in time when the customer obtains control of the goods.

Revenue from subsea services

Revenue from subsea services is derived from providing a variety of services to companies operating in subsea environments including the inspection, maintenance and repair of facilities and equipment. Revenue is recognised over time based on the input method by reference to estimates of work completed for each contract.

The Group recognises other revenue as the promised goods and services are provided to customers in an amount that reflects the consideration expected to be received in exchange for those goods and services.

Segment Assets

The following is an analysis of the Group's assets by reportable segment:

	2020 $'000	2019 $'000
Vessel Services (i)	444,646	539,763
Subsea Services (i)	30,963	-
Project Logistics	1,895	-
Unallocated assets	92,316	79,112
Total	569,820	618,875

(i) Vessel and Subsea Services segment assets include assets held for sale (refer note 3.4)

Other Segment Information

	Depreciation and amortisation		Additions to non-current assets	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Vessel Services	38,940	34,766	9,639	10,341
Subsea Services	3,091	-	622	-
Project Logistics	1,007	-	-	-
Unallocated assets	2,754	553	187	44
Total	45,792	35,319	10,448	10,385

Impairment charges

In addition to the depreciation charges reported above, the Group also recognised impairment charges (see note 3.7) in respect of vessels and other assets as set out below:

	2020 $'000	2019 $'000
Vessels Service held for continuing operations	-	8,254
Vessels held for sale	55,797	2,107
Subsea Services held for sale	1,926	-
Total	57,723	10,361

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. Financial Performance (continued)

2.1 Segment Information (continued)

Geographical information

The Group is based in two principal geographical areas – Australia (country of domicile) and Singapore, however, the Vessel Services fleet is traded around the world as a single fleet and moves between all geographical areas. Subsea Services and Project Logistics are also provided across a number of geographical areas.

During the year, the Group operated in a number of countries outside Australia. The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed in the following table:

	Revenue from external customers		Non-current assets	
Location	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Australia	143,572	159,256	127,868	176,327
International	129,439	80,003	255,887	305,995
Total	273,011	239,259	383,755	482,322

For the purposes of monitoring segment performance and allocating resources to a segment, all assets are allocated to reportable segments other than cash and central administration assets.

Information about major customers for continuing operations

Included in revenues there are approximately $41.4 million (2019: $29.2 million) which arose from sales to the Group's largest customer, revenues of approximately $34.5 million (2019: $28.4 million) which arose from sales to the Group's second largest customer and revenues of approximately $27.8 million (2019: $4.9 million) which arose from sales to the Group's third largest customer.

2. Financial Performance (continued)

2.2 Other Income and Expenses

	2020 $'000	2019 $'000
Profit/(loss) for the year has been arrived at after recognising the following specific amounts:		
Other income and expenses:		
Government grants (i)	3,974	-
Other gains and losses:		
Net foreign exchange losses	(569)	(402)
Profit on disposal of property, plant and equipment	455	57
Profit/(loss) on disposal of assets held for sale	589	(211)
Other	25	-
Total	4,474	(556)

(i) The group has received Government grants in Australia ($3.5 million) and Singapore ($0.5 million) to assist in dealing with the impact of the COVID-19 pandemic. This support has been accounted for on a 'gross' basis with the income included in 'Other income and expenses' in the Statement of Profit & Loss. The related employee expenses are recorded in their respective operating segment. The company will continue to access Government grants in Australia until the end of September 2020 at which time eligibility will be reassessed in accordance with the relevant legislation.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Depreciation:		
Leasehold buildings and improvements	4,389	89
Vessels	38,551	34,218
Plant and equipment	2,852	1,012
Total	45,792	35,319

Impairment and loss allowance charges:		
Loss allowance charge recognised on trade receivables	13,158	6,462
Impairment charge recognised on vessel services cash generating unit	55,797	10,361
Impairment charge recognised on subsea services cash generating unit	1,926	-
Employee benefits:		
Post-employment benefits:		
Defined contribution plans	9,525	9,115
Share based payments:		
Equity settled share based payments	1,257	467
Other employee benefits	106,698	97,255
Total Employee Benefits	117,480	106,837

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

2. Financial Performance (continued)

2.3 Income Taxes

	2020 $'000	2019 $'000
Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax expense in respect of the current year	423	861
Adjustment recognised in the current year in relation to tax provisions of prior years	107	633
Total income tax expense	530	1,494
The income tax expense for the year can be reconciled to accounting loss as follows:		
Loss before tax	(93,657)	(35,879)
Income tax benefit calculated at 30%	(28,097)	(10,764)
Effect of revenue that is exempt from taxation	(801)	(717)
Effect of expenses that are not deductible in determining taxable profit	26,870	8,552
Effect of tax deductible items not included in accounting profit	(273)	(273)
Effect of foreign income taxable in Australia	382	160
Effect of unused tax losses and temporary differences not recognised as deferred tax assets	2,117	2,641
Effect of different tax rates of subsidiaries operating in other jurisdictions	225	1,262
	423	861
Adjustment recognised in the current year in relation to tax provisions of prior years	107	633
Total income tax expense	530	1,494

The tax rate used for the 2020 and 2019 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

2.4 Earnings per Share

The calculation of basic earnings per share is based on the following data:

	2020 $'000	2019 $'000
Loss for the year used in the calculation of basic earnings per share	(94,187)	(37,373)

	2020 No.'000	2019 No.'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	901,886	858,077

2.5 Dividends Provided for or Paid

No dividends have been provided for or paid during the current year.

	2020 $'000	2019 $'000
Adjusted franking account balance	47,589	47,589

3. Assets and Liabilities

3.1 Cash and cash equivalents

Reconciliation of cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks.

	2020 $'000	2019 $'000
Cash and cash equivalents	86,637	70,155

Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(94,187)	(37,373)
Depreciation of non-current assets	45,792	35,319
Impairment charge of non-current assets	57,723	10,361
Amortisation of borrowing costs	2,261	2,258
Gain on sale of property, plant and equipment	(455)	(57)
(Gain) / Loss on sale of assets held for sale	(589)	211
Unrealised foreign exchange loss	246	249
Loss allowance on receivables	13,158	6,454
Equity settled share based payment	1,257	467
Change in net assets and liabilities:		
Decrease in trade and other receivables	11,642	1,513
Increase in prepayments	(741)	(60)
Decrease/(increase) in inventories	664	(341)
Increase in current tax balances	335	539
Increase in provisions	2,884	890
(Decrease)/increase in trade and other payables	(1,204)	1,268
(Decrease)/increase in unearned revenue	(311)	457
Decrease in deferred tax liabilities	(14)	-
Net cash flows Provided by operating activities	38,461	22,155

3.2 Trade and Other Receivables

	2020 $'000	2019 $'000
Trade receivables	73,537	61,257
Loss allowance	(22,373)	(9,179)
Other receivables	1,265	11,197
Total	52,429	63,275

The Group has provided for an additional credit loss of $11.9 million during the financial year for a major debtor resulting in the full amount outstanding being provided for. Whilst MMA holds promissory notes (valued at USD$6.1million) and is enforcing payment of these in the relevant Execution Courts, the impact of the COVID-19 pandemic (being either court closures or court delays) is affecting our ability to enforce these court orders and collect the outstanding amounts due under these promissory notes.

The credit period for customers is negotiated individually on a case by case basis. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past rendering of services.

The Group writes off a trade receivable when there is information indicating that the debtor is in significant financial difficulty and there is no realistic prospect of recovery. Subsequent recoveries of amounts previously written off are credited against the allowance account.

3. Assets and Liabilities (continued)

3.2 Trade and Other Receivables (continued)

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (“ECL”) in two categories.

1. Where there has been no significant increase in credit risk since initial recognition, ECL’s are collectively estimated using a provision matrix based on the Group’s historical credit loss experience adjusted for factors that are specific to geographic region, general economic conditions and an assessment of current and forecast conditions at reporting date. This has resulted in ECL’s being applied to debtors aged over 60 days in our international business.

2. Where there has been a significant change in credit risk, ECL’s are individually estimated. This assessment is adjusted for factors that are specific to the debtor including their financial capacity to make payment, discussions with the debtor on the status of the receivable and any other information relevant to the assessment of the recoverability.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in AASB 9:

	Collectively Assessed $'000	Individually Assessed $'000	Total $'000
Balance as at 30 June 2019	231	8,948	9,179
Transfer to credit-impaired	59	13,099	13,158
Foreign exchange gains and losses	-	36	36
Balance as at 30 June 2020	290	22,083	22,373

3.3 Inventories

	2020 $'000	2019 $'000
Fuel – at cost	1,085	1,834
Consumables	998	140
Work in progress	133	-
Total	2,216	1,974

Inventories are stated at the lower of cost or net realisable value.

3.4 Assets Classified as Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount or fair value less costs of disposal. An impairment loss is recognised for any initial write-down of the asset to fair value less costs of disposal. Information regarding the assets held for sale in the Statement of Financial Position is presented below.

At 30 June 2020, the Company resolved to dispose of a number of non-core vessels within the fleet plus certain remote operated vehicles (ROV) from the Subsea business. Refer to note 3.7 for details of impairments recognised on the reclassification of these assets.

The carrying value of assets classified as held for sale is as follows:

	2020 $'000	2019 $'000
Vessels	41,685	-
Subsea - ROV Equipment	276	-
Total	41,961	-

3. Assets and Liabilities (continued)

3.5 Property, Plant and Equipment

	Buildings and Improvements at cost $'000	Vessels at cost $'000	Plant and Equipment at cost $'000	Total $'000
Gross carrying amount:				
Balance at 1 July 2018	13,996	952,757	16,465	983,218
Additions	-	10,341	44	10,385
Disposals	(32)	-	(392)	(424)
Net currency exchange differences	799	61,406	874	63,079
Balance at 1 July 2019	14,763	1,024,504	16,991	1,056,258
Additions	-	9,639	809	10,448
Acquisition of subsidiaries	1,043	-	11,618	12,661
Disposals	(63)	(23,874)	(6,987)	(30,924)
Reclassified as held for sale	-	(337,981)	(2,457)	(340,438)
Net currency exchange differences	996	15,239	350	16,585
Balance at 30 June 2020	16,739	687,527	20,324	724,590
Accumulated depreciation and impairments:				
Balance at 1 July 2018	(12,753)	(460,967)	(13,077)	(486,797)
Disposals	28	-	273	301
Impairment charge	-	(10,361)	-	(10,361)
Depreciation expense	(89)	(34,218)	(1,012)	(35,319)
Net currency exchange differences	(762)	(40,376)	(622)	(41,760)
Balance at 1 July 2019	(13,576)	(545,922)	(14,438)	(573,936)
Disposals	61	23,874	6,620	30,555
Impairment charge	-	(55,797)	(1,926)	(57,723)
Depreciation expense	(94)	(36,772)	(2,511)	(39,377)
Reclassified as held for sale	-	296,296	2,181	298,477
Net currency exchange differences	(1,073)	(7,769)	(214)	(9,056)
Balance at 30 June 2020	(14,682)	(326,090)	(10,288)	(351,060)
Net book value:				
As at 30 June 2019	1,187	478,582	2,553	482,322
As at 30 June 2020	2,057	361,437	10,036	373,530

Buildings and improvements, vessels and plant and equipment are stated at cost less, where applicable, accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the item.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives.

Key source of estimation uncertainty

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. At the end of this reporting period, the Directors have determined that there was no adjustment required to the Group's property, plant and equipment's useful lives.

3. Assets and Liabilities (continued)

3.6 Right of Use Assets

	Leased Buildings and Improvements $'000	Vessels $'000	Plant and Equipment $'000	Total $'000
Balance at 1 July 2019	5,002	795	441	6,238
Additions	264	1,236	39	1,539
Acquisition of subsidiaries	8,093	-	662	8,755
Balance at 30 June 2020	13,359	2,031	1,142	16,532
Accumulated depreciation:				
Depreciation expense	(4,295)	(1,779)	(341)	(6,415)
Balance at 30 June 2020	(4,295)	(1,779)	(341)	(6,415)
Carrying amount:				
As at 30 June 2020	9,064	252	801	10,117

The Group leases several assets including:

- head office premises at Welshpool, Australia which expires 30 April 2025, with an option to extend two five-year terms;
- two vessels (2019: two) under bare boat charter agreement with an average lease term of 27 months; and
- various items of plant and equipment with an average lease term of five years.

Amounts recognised in profit and loss

	2020 $'000
Depreciation expense on right-of-use assets	6,415
Interest expense on lease liabilities	600
Income from sub-leasing right-of-use assets	68

3.7 Impairment of Non-Current Assets

Impairment of Non-Current Assets

The Group performs a review of non-current asset values at each reporting period and whenever events occur or changes in circumstances indicate that the carrying amount of an asset group may be impaired. Market conditions are monitored for indications of impairment for all of the Group's operating assets and where such indications are identified, a formal impairment assessment is performed.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Impairment testing

The Group performs its impairment testing annually on 30 June each year. In addition, market conditions are monitored for indications of impairment for all of the Group's operating assets. Where an indication of impairment is identified, a formal impairment assessment is performed.

3. Assets and Liabilities (continued)

3.7 Impairment of Non-Current Assets (continued)

The Group has identified the following indicators of impairment at 30 June 2020:

- the carrying amount of the net assets of the Group is greater than the Company's market capitalisation; and
- challenging market conditions in both Australia and internationally as the impact of the COVID pandemic and lower oil prices is felt across the industry.

As a result, the Group assessed the recoverable amounts of the Vessels, Subsea and Project Logistics Cash-Generating Units ('CGU').

The assessment resulted in the following impairment charges included in profit or loss:

			Impairment charge	
			2020	2019
Segment/CGU	Class of asset	Method	$'000	$'000
Vessels	Property, Plant & Equipment	FVLCOD	-	8,254
Vessels	Assets classified as held for sale	FVLCOD	55,797	2,107
Subsea	Property, Plant & Equipment	ViU	-	-
Subsea	Assets classified as held for sale	FVLCOD	1,926	-
Project Logistics	Property, Plant & Equipment	ViU	-	-
Total			57,723	10,361

The inputs used in deriving the recoverable amount of each CGU is categorised in accordance within the following levels of the fair value hierarchy:

CGU	Level 3(i) $'000	Recoverable Amount $'000
Vessels		
Continuing operations	361,073	361,073
Held for sale	41,685	41,685
Subsea		
Continuing operations	23,028	23,028
Held for sale	276	276
Project Logistics	1,030	1,030

(i) Level 3 inputs are unobservable inputs used to measure fair value. In our Vessels calculations, the inputs used are based on both observable and unobservable market data prepared by an independent valuation consultant together with internally determined valuations. Due to the unobservable market data and internal valuation components of the valuations, the inputs are considered Level 3.
In our Subsea and Project Logistics calculations, the inputs are based on unobservable market data and internal estimates and assumptions resulting in the classification as Level 3.

Inputs in determining the classification level within the fair value hierarchy are reassessed at each reporting period as part of the impairment process. The inputs used within calculations are assessed and discussed internally to determine the extent to which they can be compared to observable market information and classified accordingly.

Industry Conditions

This financial year has seen a decline in overall market conditions with two major factors contributing:

1. COVID-19; and
2. Oil Price.

3. Assets and Liabilities (continued)

3.7 Impairment of Non-Current Assets (continued)

Firstly, the impact of the COVID-19 pandemic has created and continues to create uncertainty in world markets and the economy broadly. In our industry specifically, the impact has led to our customers delaying and or cancelling projects resulting in a reduction in revenue. In addition, the logistics of managing and crewing vessels and projects around the globe has become more difficult due to various travel and movement restrictions. Please refer to the Review of Operations for a more detailed summary of the impact.

Secondly, there was a sharp decline in the oil price in March 2020 as a result of the oil price war between Saudi Arabia and Russia. At a time when the industry was showing signs of improvement, this created further instability and uncertainty in the industry. We note however that the subsequent deal in May/June to reduce production did result in a partial recovery of the oil price which has recently stabilised.

Vessels

As disclosed in note 3.4, a group of non-core vessels in the fleet were classified as being held for sale as at 30 June 2020. This classification has resulted in two separate fair value assessments for the fleet, being those core vessels used for continuing operations and those non-core vessels that are held for sale.

Vessels - Continuing Operations

The recoverable amount of the core vessels was determined using a market-based approach, reflecting the value which could be expected to be realised through the disposal of the vessels, in an orderly market, on an "as is, where is" basis between a willing buyer and willing seller.

An independent valuation of the fleet was undertaken by a specialist marine valuation consultancy and shipbroking company. In preparing their valuation report, some of the factors they considered include the current market conditions in which the vessels operate, a review of recent market sales of similar vessels, consideration of the specification and earnings potential of each vessel and the inherent value and replacement cost of each vessel.

A key input into the recoverable amount of the CGU was the application of a discount to the independent vessel valuation to reflect the amount which would be achieved if the fleet was disposed of in one single transaction. In the June 2019 impairment assessment, the Company used a discount of 17.5%. The Board have increased this discount to 19.6% for the current period. This specific rate has been used as it falls within the lower end of the range specified by the independent valuer. The Company considers this appropriate based on the removal of the vessels held for sale from the continuing fleet resulting in the remaining asset base being a higher quality and forms the basis for this assessment, while also resulting in a nil impairment.

The following factors were taken into account in determining this value:

- the movement in the oil price during the period;
- the impact of the COVID-19 pandemic;
- the decision to dispose of the vessels classified as held for sale, results in the remaining fleet being higher value vessels as a result of their age, specifications and capabilities. The demand for these vessels is expected to remain stronger; and
- acknowledging the impact of the significant vessel tonnage in the industry.

Key assumptions and sensitivity

The FVLCOD method requires an estimate of the current market value of the assets and the costs that would be associated with a disposal of the assets. In estimating the current market value of the assets, the Group engaged an experienced and qualified valuer to perform valuations. Estimates have also been made on the discount to the independent vessel valuation to reflect the amount which would be achieved if the fleet was disposed of in one single transaction, plus the selling costs associated with the sale.

The following provides information on the assumptions made in determining the fair value of the vessels, together with a sensitivity analysis showing the potential impact on the vessel carrying value based on the movement (increase or decrease) in the assumption:

3. Assets and Liabilities (continued)

3.7 Impairment of Non-Current Assets (continued)

Assumption	Rate used	Sensitivity movement	Change in carrying value $'000
En bloc discount	19.6%	2.5%	11,231
Selling costs	2.0%	0.5%	1,834

Vessels - Held for Sale

The recoverable amount of the non-core vessels was determined using a market based approach, reflecting the value which could be expected to be realised through an accelerated sale program.

In assessing the fair value of the non-core vessels, the Company has taken into consideration the following factors:

- the current market values assessed by the independent specialist marine consultancy and broking company;
- the recent market evidence of deemed distressed sales of vessels of similar age and classification;
- the forecast costs the Company would incur in holding the respective vessels; and
- the accelerated timing in which the Company wants to complete the sales.

The price that would be expected to be received in these circumstances for these non-core vessels would be less than if sold in an orderly transaction with no time restrictions to complete the sale.

Key assumptions and sensitivity

The FVLCOD method requires an estimate of the current market value of the vessels and costs that would be associated with a disposal of the assets. In estimating the current market value of the vessels and the value to be achieved in an accelerated sale, estimates have been made about the fair value to be realised. If the value to be realised was 5% higher or lower then the impairment on these vessels would decrease or increase by $2.2 million.

Subsea

As disclosed in note 3.4, items of plant & equipment from the Subsea CGU were classified as being held for sale as at 30 June 2020. This classification has resulted in two separate recoverable value assessments, being for the ongoing business and the plant & equipment that is held for sale.

Subsea - Continuing Operations

To assess the recoverable amount of the Subsea CGU, a ViU assessment was performed using five year cash flows and a terminal value.

In determining the forecast revenues and operating expenses, consideration has been given to the following:

- current and potential new contracts for the Subsea business;
- current and expected tendering activities;
- expected Subsea services activity in the region;
- cost of running the business including labour and overheads;
- project work has been budgeted by applying estimated gross margins, based on historical results, to the estimated revenues of projects; and
- in assessing future revenues, potential projects are identified with estimates of their total revenue. A likelihood of success % is then applied to the revenue to reflect a risk weighted likely revenue amount.

A discount rate of 10.6% has been used for ViU assessments.

In the budget approved by the Board, forecast revenues have been decreased for the FY21 year to reflect the continuing impact of the COVID-19 pandemic and decline in the oil price during the second half of the FY20 year. In FY22 and FY23, revenues are budgeted to increase on the assumption of an increase in activity in these years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

3. Assets and Liabilities (continued)

3.7 Impairment of Non-Current Assets (continued)

Key assumptions and sensitivity

The recoverable value of the Subsea assets in the current year was assessed using a ViU approach.

The estimation of future cashflows has been prepared based on approved group budgets with estimates and assumptions regarding future revenue growth rates, operating margins and discount rates.

The following provides information on the assumptions made in determining the recoverable value of the assets, together with a sensitivity analysis showing the potential impact on the carrying value based on the movement (increase or decrease) in the relevant estimate or assumption.

Assumption	Rate used	Sensitivity movement	Increase/(Decrease) in recoverable value $'000
Discount rate	10.6%	+0.5%	(1,892)
		-0.5%	2,126
Terminal year growth rate	2.0%	+0.5%	1,217
		-0.5%	(1,084)

Further, assuming achievement of FY21 budgeted performance, unless an annual average revenue increase of 5% p.a was achieved over the remaining balance of the 5 year period to 30 June 2025, then the carrying cost and value in use of the relevant assets may need to be revisited.

Subsea - Held for Sale

The recoverable amount of the Subsea equipment identified for sale was determined using a market based approach, reflecting the value which could be expected to be realised through an accelerated sale program.

In assessing the fair value of the subsea equipment, the Company has taken into consideration the following factors:

- the Current Market Values assessed through review of industry publications;
- consideration of the condition of our ROV's in comparison to advertised items;
- the accelerated timing in which the Company wants to complete the sales; and
- current offers that have been received for particular assets.

The price that would be expected to be received in these circumstances for these items would be less than if sold in an orderly transaction with no time restrictions to complete the sale.

Key assumptions and sensitivity

The FVLCOD method requires an estimate of the current market value of the subsea equipment and costs that would be associated with a disposal of the assets. In estimating the current market value of the subsea equipment and the value to be achieved in an accelerated sale, estimates have been made about the fair value to be realised. If the value to be realised was 5% higher or lower then the impairment on these subsea equipment would decrease or increase by less than $0.1 million.

Project Logistics

To assess the recoverable amount of the Project Logistics CGU, a ViU assessment was performed using five year cash flows and a terminal value.

In determining the forecast revenues and operating expenses, consideration has been given to the following:

- current and potential new contracts for the Project Logistics business;
- current and expected tendering activities;
- expected Project Logistics services activity in the region;
- cost of running the business including labour and overheads;
- project work has been budgeted by applying estimated gross margins, based on historical results to the estimated revenues of projects; and
- in assessing future revenues, potential projects are identified with estimates of their total revenue. A likelihood of success % is then applied to the revenue to reflect a risk weighted likely revenue amount.

A discount rate of 10.6% has been used for ViU assessments.

3. Assets and Liabilities (continued)

3.8 Trade and Other Payables

	2020 $'000	2019 $'000
Trade payables	14,447	8,608
Other payables and accruals	26,416	20,563
Goods and services tax payable	1,016	1,310
Total	41,879	30,481

The average credit period on purchases of all goods is 30 days. The Group monitors payments to ensure that all payables are paid within the credit time frame.

3.9 Borrowings

	2020 $'000	2019 $'000
Secured – at amortised cost		
Current		
Hire purchase liability	-	4
Bank loans(i)	15,000	5,000
Unamortised loan fees(ii)	(2,261)	(2,261)
Total	12,739	2,743
Non-Current		
Bank loans(i)	258,404	265,634
Unamortised loan fees(ii)	(566)	(2,827)
Total	257,838	262,807

Summary of borrowing arrangements:

(i) The amortisation profile of the facility is:
- $7.5 million by 31 December 2020;
- $7.5 million by 30 June 2021; and
- The balance is to be repaid on maturity at 30 September 2021.

The facility and the respective amounts outstanding at 30 June 2020, comprises an AUD component (A$101.3 million, 2019: A$99.7 million) and a USD component (USD118.6 million, 2019: USD120.1 million).

The facility is fully secured by fixed and floating charges given by controlled entities within the Group, registered ship mortgages over a number of vessels owned by certain entities and real property mortgages.

The current weighted interest rate on the bank loans is 4.17% at 30 June 2020 (2019: 5.99%).

(ii) The unamortised loan fees are in relation to the Syndicated Facility Agreement.

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in the profit and loss.

Available borrowing facilities

	2020 $'000	2019 $'000
Secured loan facilities with various maturity dates through to 2021 and which may be extended by mutual agreement:		
Amount used	273,404	270,634
Amount unused	-	-
Total	273,404	270,634

There is no re-draw available on the existing facilities.

3.9 Borrowings (continued)

Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non cash changes.

2020	Hire purchase liability $'000	Bank loans $'000	Unamortised loan fees $'000	Total $'000
Balance at 1 July 2019	4	270,634	(5,088)	265,550
Repayment of borrowings	(4)	(5,801)	-	(5,805)
Non-cash foreign exchange movement	-	3,243	-	3,243
Capitalisation of payment-in-kind interest (from 2017)	-	5,328	-	5,328
Unamortised loan fees	-	-	2,261	2,261
Balance at 30 June 2020	-	273,404	(2,827)	270,577

2019				
Balance at 1 July 2018	10	269,001	(7,339)	261,672
Repayment of borrowings	(6)	(7,252)	(9)	(7,267)
Non-cash foreign exchange movement	-	8,885	-	8,885
Unamortised loan fees	-	-	2,260	2,260
Balance at 30 June 2019	4	270,634	(5,088)	265,550

3.10 Lease liabilities

	2020 $'000
Balance at 1 July 2019	6,238
Additions	1,539
Repayments	(6,324)
Interest expense	600
Acquisition of subsidiaries	8,842
Net currency exchange differences	(2)
Balance at 30 June 2020	10,893
Current	3,729
Non-current	7,164
Total	10,893
Maturity analysis:	
Year 1	4,224
Year 2	3,231
Year 3	1,610
Year 4	1,607
Year 5	1,382
	12,054
Less: unearned interest	(1,161)
	10,893

3. Assets and Liabilities (continued)

3.11 Provisions

	2020 $'000	2019 $'000
Current		
Ongoing legal claims	5,602	-
Employee benefits – annual leave	5,112	6,852
Employee benefits – long service leave	5,101	4,502
Total	15,815	11,354
Non-current		
Employee benefits – long service leave	256	152

The Group has various ongoing legal claims relating to contractual disputes. As these claims are currently before the Courts, the disclosure of specific information relating to them could prejudice the position of the Group in those hearings and as such, this specific information is not provided. The total impact on profit and loss statement this financial year is $9.0 million (2019: nil) which includes provisions raised plus removal of other balances associated with the contracts and legal fees.

Significant Estimates

The Group has raised a net provision for $5.6 million to provide for the possible outcomes relating to these legal claims. These amounts have been estimated by the Directors as a possible outflow that may be required to settle these legal claims. As these legal claims have not been finalised as yet, this provision is only an estimate and the actual liability may differ depending on the outcome of these hearings.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave in the period the related service is performed.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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3. Assets and Liabilities (continued)

3.12 Deferred Tax Balances

Deferred tax assets/(liabilities) arise from the following:

2020	Opening Balance $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'000	Acquisition of Subsidiary $'000	Closing Balance $'000
Gross deferred tax liabilities:					
Property, plant and equipment	(19,729)	(4,515)	(375)	(147)	(24,766)
Inventory	(312)	195	-	-	(117)
Receivables	(118)	115	-	-	(3)
Other	-	121	-	-	121
	(20,159)	(4,084)	(375)	(147)	(24,765)
Gross deferred tax assets:					
Provisions	40	140	-	-	180
Unused tax losses and credits	19,440	4,477	417	130	24,464
Other	679	(533)	(42)	(40)	64
	20,159	4,084	375	90	24,708
Total	-	-	-	(57)	(57)

2019	Opening Balance $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'000	Acquisition of Subsidiary $'000	Closing Balance $'000
Gross deferred tax liabilities:					
Property, plant and equipment	(13,034)	(5,986)	(709)	-	(19,729)
Inventory	(183)	(129)	-	-	(312)
Receivables	(88)	(30)	-	-	(118)
Other	(91)	91	-	-	-
	(13,396)	(6,054)	(709)	-	(20,159)
Gross deferred tax assets:					
Provisions	170	(130)	-	-	40
Unused tax losses and credits	13,036	5,695	709	-	19,440
Other	190	489	-	-	679
	13,396	6,054	709	-	20,159
Total	-	-	-	-	-

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period(s) in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. Assets and Liabilities (continued)

3.12 Deferred Tax Balances (continued)

Unrecognised deferred tax assets	2020 $'000	2019 $'000
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
Tax losses (revenue in nature)	85,136	60,693
Tax losses (capital in nature)	19,748	19,320
Deductible temporary differences	4,369	3,784

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, MMA Offshore Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if any entity should leave the tax consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

3.13 Acquisition of Subsidiaries

Neptune Marine Services

On 7 November 2019, the Group acquired 100% of the Neptune Marine Services group key operating subsidiaries. The acquisition allows the Group to combine its existing high-quality vessels with the Neptune business subsea expertise enabling us to deliver a comprehensive suite of subsea services for our clients.

Consideration Transferred	$'000
Issued capital (67,655,000 shares) in MMA Offshore Ltd	12,516
Cash (deposit paid June 2019)	5,000
Working capital adjustment	2,152
	19,668

The number and fair value of the ordinary shares issued as part of the consideration paid was determined based on a maximum transaction value of $0.20 calculated based on the Volume Weighted Average Price for the 30 days prior to completion. The market value of the shares at completion date was $0.185.

Included in the transaction agreement was contingent consideration to a maximum of $0.5 million subject to certain events taking place prior to 30 June 2020. The actual amount to be paid under this agreement was $0.1million to date.

Acquisition costs totalling $1.1 million have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the half year, within the 'Administration expenses' line item.

3. Assets and Liabilities (continued)

3.13 Acquisition of Subsidiaries (continued)

Assets acquired and liabilities assumed at the date of acquisition	$'000
Current assets	
Cash	1,239
Trade and other receivables	17,582
Inventories	884
Prepayments	955
Non-current assets	
Property, plant and equipment	12,661
Right-of-use assets	8,755
Current liabilities	
Trade and other payables	(11,294)
Lease liabilities	(1,882)
Employee entitlements	(1,529)
Current tax liabilities	(489)
Non-current liabilities	
Lease liabilities	(6,960)
Other payables	(183)
Deferred tax liabilities	(71)
	19,668

The gross contractual value of receivables acquired was $17.7 million, with the full fair value amount expected to be collected.

The acquisition contributed $38.1 million revenue and a loss of $5.7 million (after impairment of $1.9 million) to the results of the Group during the period between date of acquisition and the reporting date.

If the acquisition had been completed on the first day of the financial year, Group revenue would have been $300 million, and the Group loss would have been $93 million.

The $5.0 million cash consideration was paid as a deposit on the transaction last financial year. On 28 January 2020, the working capital adjustment of $2.0 million was paid.

MMA Global Projects Pte Ltd

On 4 December 2019, the Group acquired an 80% interest in a project logistics business based in Singapore. The acquisition provides potential for the Group to expand its service offering in the management of large scale and complex projects including marine spreads, logistics to greenfields sites and integrated marine logistics.

Consideration transferred and liabilities acquired	$'000
Cash	75
Issued capital in MMA Global Project Logistics Pte Ltd	19
Total consideration	94
Net liabilities acquired	14
Goodwill on acquisition	108

Included in the transaction agreement is a contingent consideration arrangement to pay the non-controlling interests up to an additional $0.8 million Singapore Dollars, comprising cash of $0.6 million and equity of $0.2 million, on achievement of gross margins in future years. As the business was in the early stage of development with no assets or contracts at date of acquisition, the Group has estimated the fair value of this consideration to be nil.

The acquisition contributed $2.3 million revenue and a loss of $0.5 million to the results of the Group during the period between date of acquisition and the reporting date. If the acquisition had been completed on the first day of the financial year, Group revenue and Group loss's would have been adjusted by the same amounts.

4. Capital Structure

4.1 Issued Capital

Fully Paid Ordinary Shares	2020 No.'000	2020 $'000	2019 No.'000	2019 $'000
Balance at beginning of financial year	858,077	654,735	858,077	654,735
Issue of shares in acquisition of subsidiaries	67,655	12,516	-	-
Balance at end of financial year	925,732	667,251	858,077	654,735

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share Rights

As at 30 June 2020, executives and employees held rights over 35,188,068 ordinary shares (2019: 13,207,075).

Share rights granted under the employee share rights plans carry no right to dividends and no voting rights.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

4.2 Reserves

	2020 $'000	2019 $'000
Employee equity settled benefits	1,878	621
Hedging	(69,423)	(66,176)
Foreign currency translation	206,850	199,332
Balance at end of financial year	139,305	133,777

The employee equity settled benefits reserve arises on the grant of share rights to executives and employees under the Company's share rights plans. Amounts are transferred out of the reserve and into issued capital when the rights vest or expire.

The hedging reserve is used to record gains and losses on hedges designated as cash flow hedges including hedges of net investments in a foreign operation. Gains and losses accumulated in the hedge reserve are taken to the profit or loss when the hedged transaction impacts the profit or loss, or is included as an adjustment to the initial carrying amount of the hedged item. For a net investment in a foreign operation any gains and losses are taken to profit or loss on disposal of the foreign operation.

The foreign currency translation reserve represents exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian Dollars.

The assets and liabilities of the Group's foreign operations are translated into Australian Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised through other comprehensive income and recognised in equity.

On the disposal of the foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

4. Capital Structure (continued)

4.3 Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns, while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of net debt (borrowings as detailed in note 3.9 offset by cash at bank balances) and equity of the Group (comprising issued capital and reserves as detailed in notes 4.1 and 4.2 and accumulated losses).

The Group is not subject to any externally imposed capital requirements other than normal banking requirements.

Based on recommendations of management and the Board, the Group will balance its overall capital structure through new share issues as well as the establishment of new borrowing facilities or repayment of existing facilities. The Group uses its leverage ratio (measured as debt to property plant & equipment) to manage its capital. The ratio is monitored on a monthly basis by the Board and management.

Leverage Ratio

The leverage ratio at the end of the reporting period was as follows:

	2020 $'000	2019 $'000
Debt(i)	273,404	270,634
Cash and cash equivalents	(86,637)	(70,155)
Net debt	186,767	200,479
Property, plant & equipment(ii)	415,491	482,322
Leverage ratio	45%	42%

(i) Debt is defined as gross long and short-term borrowings, as detailed in note 3.9.
(ii) Property, plant and equipment includes all fixed assets owned by the group, as detailed in note 3.4 and 3.5.

5. Other Notes

5.1 Commitments for Expenditure

Capital expenditure commitments	2020 $'000	2019 $'000
Plant and Equipment	-	15
Vessels	1,136	2,058
Total	1,136	2,073

5.2 Share Based Payments

Share rights incentive plans

The Group has established ownership based compensation plans whereby executives and employees of the Group have been issued rights over ordinary shares of MMA Offshore Limited.

Upon exercise, each share right, converts into one ordinary share of MMA Offshore Limited. No amounts are paid or are payable by the recipient on receipt of the rights. The rights carry no entitlement to dividends and no voting rights. Holders of rights do not have the entitlement, by virtue of the right, to participate in any share issue of the Company. The rights may be exercised at any time from their vesting date to the date of their expiry. The rights are not quoted on the ASX.

The following share based payment arrangements were in existence during the current reporting period:

Series	Number issued	Grant Date	Expiry Date	Exercise price $	Fair Value at Grant date $
(1) Issued 16 November 2018	10,625,634	19 Oct 2018	1 Jul 2023	0.00	0.11
(2) Issued 28 November 2018	2,581,441	21 Nov 2018	1 Jul 2023	0.00	0.10
(3) Issued 8 June 2020	18,469.539	29 Nov 2019	1 Jul 2024	0.00	0.16
(4) Issued 8 June 2020	3,511,454	21 Nov 2019	1 Jul 2024	0.00	0.16

Performance Rights issued during the 2019 financial year as part of Series 1 and 2 to executives and employees are subject to achievement of a number of vesting targets. 25% of the rights are subject to achieving a net debt to EBITDA ratio, 25% relate to the Company securing refinancing of its existing debt facilities and the remaining 50% are subject to the Company's Total Shareholder Return percentile ranking relative to a selected Peer Group over the three year vesting period.

Performance Rights issued during the 2020 financial year as part of Series 3 and 4 to executives and employees are subject to achievement of a number of vesting targets.

For Key Management Personnel, 50% of the rights are subject to achieving a return on assets of greater than 10% at the end of the three year vesting period and the remaining 50% are subject to the Company's Total Shareholder Return percentile ranking relative to a selected Peer Group over the three year vesting period.

For other employees, 40% of the rights are subject to achieving a return on assets of greater than 10% at the end of the three year vesting period, 20% relate to a retention hurdle with the participant required to be employed the Group at the end of the three year vesting period and the remaining 40% are subject to the Company's Total Shareholder Return percentile ranking relative to a selected Peer Group over the three year vesting period.

Please refer to the Remuneration Report on pages 36 to 46 for further details of Performance Rights issued to executives and employees.

5. Other Notes (continued)

5.2 Share Based Payments (continued)

Fair value of share rights granted during the year

The weighted average fair value of rights issued during the year are detailed in the above table. The rights were valued using the Monte Carlo simulation model.

Equity settled share based payments to employees are measured at fair value of the equity instrument at grant date.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with corresponding adjustment to the employee equity settled benefits reserve.

Movement in share rights during the period

The following reconciles the outstanding share rights at the beginning and end of the financial year:

	2020		2019	
Employee Share Right Plans	Number of rights	Weighted average exercise price $	Number of rights	Weighted average exercise price $
Balance at the beginning of the financial year	13,207,075	0.00	9,555,660	0.00
Issued during the financial year	21,980,993	0.00	13,207,075	0.00
Expired during the financial year	-	0.00	(9,555,660)	0.00
Balance at the end of the financial year	35,188,068	0.00	13,207,075	0.00
Exercisable at end of the financial year	-	0.00	-	0.00

Share rights outstanding at the end of the year

The following share rights were outstanding at the end of the financial year:

Series	Number	Exercise price $	Expiry Date
(1) Issued 16 November 2018	10,625,634	0.00	1 July 2023
(2) Issued 2 December 2018	2,581,441	0.00	1 July 2023
(3) Issued 8 June 2020	18,469.539	0.00	1 July 2024
(4) Issued 8 June 2020	3,511,454	0.00	1 July 2024
Total	35,188,068	0.00	

5.3 Key Management Personnel Compensation

Please refer to the Remuneration Report for details of key management personnel.

The aggregate compensation made to the Directors and other key management personnel of the Company and the Group is set out below:

	2020 $	2019 $
Short-term employee benefits	3,443,131	3,750,486
Post-employment benefits	194,007	182,373
Other long-term benefits	43,936	56,293
Termination benefits	962,832	-
Share based payments	663,361	255,071
Total	5,307,267	4,244,223

5. Other Notes (continued)

5.4 Related Party Transactions

The immediate parent and ultimate controlling party of the Group is MMA Offshore Limited.

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.

Trading transactions

During the year, the Group entities did not enter into any trading transactions with related parties that are not members of the Group.

There were no outstanding balances due from related parties that are not members of the Group (2019: Nil)

Loans to related parties

There were no loans to related parties during the year. A short-term loan to a member of its key management personnel was forgiven in the prior year.

Other related party transactions

Other transactions that occurred during the financial year between entities in the wholly owned Group were the charter of vessels and subsea services. These are all provided at commercial rates.

5.5 Remuneration of Auditors

	2020 $	2019 $
Deloitte and related network firms		
Audit or review of financial reports:		
- Group	248,850	194,250
- Subsidiaries and joint operations	303,185	284,181
	552,035	478,431
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	4,682	-
Other services:		
- Other consulting services	40,894	15,000
- Tax compliance services	-	65,341
	40,894	80,341
	597,611	558,772

Following a detailed review by the Audit and Risk Committee of the nature of the non-audit services provided by the external auditor during the year, the Board has determined that the services provided, and the amount paid for those services, are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth) and that the auditor's independence has not been compromised.

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5. Other Notes (continued)

5.6 Subsidiaries

The Group's material subsidiaries at the end of the reporting period are as follows:

	Note	Country of Incorporation	Ownership Interest 2020 %	Ownership Interest 2019 %
Parent Entity				
MMA Offshore Limited	(i)	Australia		
Subsidiaries				
MMA Offshore Vessel Operations Pty Ltd	(ii) (iii)	Australia	100	100
MMA Offshore Charters Pty Ltd	(ii) (iii)	Australia	100	100
MMA Offshore Supply Base Pty Ltd	(ii) (iii)	Australia	100	100
MMA Offshore Asia Pte Ltd		Singapore	100	100
MMA Subsea Services Pty Ltd	(ii) (iii)	Australia	100	100
MMA Offshore Vessel Holdings Pte Ltd	(ii)	Singapore	100	100
MMA Offshore Malaysia Sdn Bhd		Malaysia	100	100
MMA Offshore Shipyard and Engineering Services Pte Ltd		Singapore	100	100
Airia Jaya Marine (S) Pte Ltd		Singapore	100	100
MMA Offshore Asia Vessel Operations Pte Ltd		Singapore	100	100
JSE Offshore Shipping Pte Ltd		Singapore	100	100
JSE Offshore (Labuan) Pte Ltd		Malaysia	100	100
Concord Offshore (Labuan) Ltd		Malaysia	100	100
PT Jaya Asiatic Shipyard		Indonesia	100	100
MMA Subsea Services Pte Ltd	(iv)	Singapore	100	-
MMA Subsea Engineering Services Pte Ltd	(iv)	Singapore	100	-
Neptune Asset Integrity Services Pty Ltd	(ii)(iii)(iv)	Australia	100	-
Neptune Subsea Engineering Pty Ltd	(ii)(iii)(iv)	Australia	100	-
Neptune Geomatics Pty Ltd	(ii)(iii)(iv)	Australia	100	-
Neptune Subsea Stabilisation Pty Ltd	(ii)(iii)(iv)	Australia	100	-
Neptune Diving Services Pty Ltd	(ii)(iii)(iv)	Australia	100	-
Neptune Offshore Services (PNG) Ltd	(iv)	PNG	100	-
Neptune Subsea Stabilisation Pte Ltd	(iv)	Singapore	100	-
Neptune Marine Pacific Pte Ltd	(iv)	Singapore	100	-
Neptune Subsea Engineering Ltd	(iv)	UK	100	-
Neptune Offshore Services Ltd	(iv)	UK	100	-
Neptune Subsea Inc	(iv)	USA	100	-
MMA Global Projects Pte Ltd	(v)	Singapore	80	100
Premium Project Services Pte Ltd	(v)	Singapore	100	-
B&R Marine Pte Ltd	(v)	Singapore	100	-
Premium Project Services Middle East LLC	(v)	UAE	100	-
Premium Project Services Limitada	(v)	Mozambique	100	-
MMA Offshore Services Malaysia Sdn Bhd		Malaysia	30	30

(i) MMA Offshore Limited is the ultimate holding company head entity within the tax consolidated group.

(ii) These companies are members of the tax consolidated group at 30 June 2020.

(iii) Pursuant to ASIC Class Order 98/1418, relief has been granted to these wholly owned controlled entities from the Corporations Law requirements for preparation, audit and lodgement of the financial report. As a condition of the Class Order, MMA Offshore Limited and the controlled entities entered into a Deed of Cross Guarantee on 15 February 2012 which was updated on 8 November 2019.

(iv) On 7 November 2019, MMA acquired 100% of the Neptune Marine Services group key operating subsidiaries

(v) On 4 December 2019, MMA acquired a project logistics business based in Singapore. As a result of this acquisition, MMA Global Projects Pte Ltd issued additional shares to the vendor such that MMA now holds 80% of the shares in MMA Global Projects Pte Ltd.

5. Other Notes (continued)

5.6 Subsidiaries (continued)

The consolidated statements of comprehensive income and financial position of entities which are party to the Deed of Cross Guarantee are as follows:

	2020 $'000	2019 $'000
Statement of Comprehensive Income		
Revenue	154,139	161,404
Finance income	772	1,306
Other income/(expenses)	(3,989)	(8,542)
Vessel expenses	(100,100)	(142,003)
Subsea expenses	(26,537)	-
Project Logistics expenses	(706)	-
Administrative expenses	(16,611)	(7,445)
Impairment charge	(76,556)	(83,351)
Finance costs	(17,812)	(19,137)
Loss before income tax expense	(87,400)	(97,768)
Income tax expense	(59)	-
Loss for the Year	(87,459)	(97,768)
Total Comprehensive Income/(Loss) for the year	(87,459)	(97,768)
Statement of Financial Position		
Current Assets		
Cash and cash equivalents	60,264	60,740
Trade and other receivables	42,210	46,655
Inventories	466	1,041
Prepayments	1,277	716
Assets classified as held for sale	5,984	-
Total Current Assets	110,201	109,152
Non-Current Assets		
Other financial assets	279,921	334,963
Property, plant and equipment	91,287	104,371
Right-of-use assets	6,981	-
Total Non-Current Assets	378,189	439,334
Total Assets	488,390	548,486
Current Liabilities		
Trade and other payables	62,914	53,041
Unearned revenue	14	831
Borrowings	12,739	2,742
Lease liabilities	1,546	-
Provisions	9,344	10,682
Current tax liabilities	222	-
Total Current Liabilities	86,779	67,296
Non-Current Liabilities		
Other payables	-	6,770
Borrowings	257,838	262,804
Lease liabilities	5,675	-
Provisions	320	152
Total Non-Current Liabilities	263,833	269,726
Total Liabilities	350,612	337,022
Net Assets	137,778	211,464
Equity		
Issued capital	667,264	654,748
Reserves	1,878	621
Accumulated losses	(531,364)	(443,905)
Total Equity	137,778	211,464
Accumulated losses		
Accumulated losses at beginning of the financial year	(443,905)	(346,137)
Net loss	(87,459)	(97,768)
Accumulated losses at end of the financial year	(531,364)	(443,905)

5. Other Notes (continued)

5.7 Parent Company Information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the Consolidated Financial Statements.

Financial Position	2020 $'000	2019 $'000
Assets		
Current assets	56,254	59,395
Non-current assets	446,594	519,736
Total assets	502,848	579,131
Liabilities		
Current liabilities	12,846	5,297
Non-current liabilities	262,881	270,589
Total liabilities	275,727	275,886
Net Assets	227,121	303,245
Equity		
Issued capital	667,264	654,748
Accumulated losses	(554,405)	(465,765)
Profit reserve – 2016(i)	114,122	114,122
Employee equity settled benefits reserve	140	140
Total Equity	227,121	303,245
Financial Performance		
Loss for the year	(88,640)	(25,049)
Other comprehensive gain	-	-
Total comprehensive gain/(loss)	(88,640)	(25,049)
Guarantees provided under the deed of cross guarantee	74,885	61,136

(i) A profit reserve represents an appropriation of amounts from retained earnings for the payment of future dividends.

5.8 Financial Instruments

Categories of financial instruments	2020 $'000	2019 $'000
Financial assets		
Cash and cash equivalents	86,637	70,155
Trade and other receivables	52,429	63,275
Financial liabilities		
Trade and other payables	41,879	35,777
Lease liabilities	10,893	-
Borrowings	270,577	265,550

5. Other Notes (continued)

5.8 Financial Instruments (continued)

Financial risk management objectives

The Group's treasury function includes the management of the Group's financial assets and commitments including ensuring adequate procedures and controls are in place to manage financial risks. These risks include market risk (including currency and interest rate risk), credit risk and liquidity risk.

A Treasury Policy has been approved by the Board and provides guidelines for conducting treasury activities. Compliance with this Policy is monitored through internal audit procedures and subsequent reporting to the Audit and Risk Committee.

The Group seeks to minimise the effects of these risks, by using, where considered appropriate, derivative financial instruments to hedge these risk exposures. The allowable financial derivatives and conditions for their use are documented in the Treasury Policy. The Group does not enter into or trade financial instruments including derivative financial instruments for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Where required, the Group can enter into a range of derivative financial instruments to manage its exposure to these risks.

At a Group level, these market risks are managed through sensitivity analysis. There is no change in the manner in which these risks are managed and measured in the current year.

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts, when it is considered appropriate.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the financial year are as follows:

	Liabilities		Assets	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
US Dollars	175,646	186,076	45,100	49,846
Singapore Dollars	7,752	7,121	4,180	2,588
Euro	186	1,344	9	583
British Pound Sterling	3,693	-	3,057	-
Other	1,874	441	2,616	83

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

5. Other Notes (continued)

5.8 Financial Instruments (continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to US Dollars (USD), Singapore Dollars (SGD), Euro (EUR) and British Pound Sterling (GBP).

The following table details the Group's sensitivity to a 10% increase in the Australian Dollar against the relevant foreign currencies. The 10% sensitivity represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian Dollar against the relevant currency, there would be an equal and opposite impact on the profit or equity.

	Profit or Loss		Equity (i)	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
US Dollar Impact	(325)	(960)	12,400	13,344
Singapore Dollar Impact	7	7	341	405
Euro Impact	-	(5)	16	75
British Pound Sterling Impact	-	-	613	-

(i) The current and comparative year USD and British Pound Sterling impact relates to the translation from the functional currencies of the Group's foreign entities into Australian Dollars.

Interest rate risk management

The Group is exposed to interest rate risk because it borrows funds primarily at floating interest rates. The risk is managed by the Group by the use of interest rate swap contracts when considered appropriate. Hedging activities are evaluated regularly to align with interest rate views ensuring the most cost-effective hedging strategies are applied, if required. At this point in the interest rate cycle, the Group is unhedged.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

At reporting date, if interest rates had been 100 basis points higher / lower and all other variables were held constant, the impact on the net profit of the Group would be as follows:

- Net profit would decrease / increase by $2,705,774 (2019: decrease / increase by $2,655,462). This is attributable to the Group's exposure to interest rates on its variable borrowings.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The credit worthiness of each customer is assessed to ensure minimal default risk. The Group's exposures to its counterparties are continuously monitored by management. Where appropriate, the Group obtains guarantees from customers. Cash terms, advance payments or letters of credit are requested from customers of lower credit standing.

Trade receivables consist of a large number of customers spread across the offshore oil and gas exploration, development and production industries and across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

5. Other Notes (continued)

5.8 Financial Instruments (continued)

Debtor concentration risk is low with the top 3 customers of the Group making up only 20% (2019:21%) of the total debtor balance. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on the three largest receivables is managed through regular meetings with the customers, on-going contractual arrangements and regular receipts for the balances outstanding.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recognised in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The table below details the credit quality of the Group's financial assets.

	Note	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Trade receivables (i)	3.2	Lifetime ECL (simplified approach)	73,537	(22,373)	51,164

(i) For trade receivables, the Group has applied the simplified approach in AASB 9 to measure the loss allowance at lifetime ECL (refer to note 3.2).

Liquidity risk management

The Group manages liquidity risk by maintaining adequate cash reserves, borrowing facilities, continuously monitoring forecast and actual cash flows and managing credit terms with customers and suppliers.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from current interest rates at the end of the reporting period.

	Weighted average effective interest rate %	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	Total $'000
30 June 2020						
Non-interest bearing	-	20,652	18,302	2,925	-	41,879
Variable interest rate instruments	4.17	953	1,903	23,363	261,117	287,336
Fixed interest rate instruments	5.99	574	977	2,674	7,830	12,055
Total		22,179	21,182	28,962	268,947	341,270
30 June 2019						
Non-interest bearing	-	27,160	2,700	2,502	3,415	35,777
Hire purchase liability	2.90	1	1	3	-	5
Variable interest rate instruments	5.99	1,344	2,707	17,116	283,557	304,724
Total		28,505	5,408	19,621	286,972	340,506

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

5. Other Notes (continued)

5.8 Financial Instruments (continued)

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets.

	Weighted average effective interest rate %	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	Total $'000
30 June 2020						
Non-interest bearing	-	40,746	11,332	351	-	52,429
Variable interest rate instruments	0.20	86,641	-	-	-	86,641
Total		127,387	11,332	351	-	139,070
30 June 2019						
Non-interest bearing	-	32,469	13,522	17,284	-	63,275
Variable interest rate instruments	1.44	70,239	-	-	-	70,239
Total		102,708	13,522	17,284	-	133,514

Fair value of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

5.9 Operating lease arrangements

Operating leases, in which the Group is the lessor, relate to the hire of vessels owned by the Group with lease terms of between one month to five years, with a range of one day to five years extension options.

Maturity analysis of operating lease payments:

	2020 $'000
Year 1	39,216
Year 2	17,049
Year 3	1,225
Total	57,490

5.10 Contingent Liabilities

The decision in *WorkPac Pty Ltd v Rossato* [2020] FCAFC 84 ("Rossato") has resulted in MMA reviewing the terms under which we engage our casual staff. We may have casual employees who fall within the scope of the Rossato decision. We are currently evaluating these employment arrangements to determine whether the Company has any contingent liability in this regard.

We note that the Rossato case is currently on appeal to the High Court of Australia. In addition, the Commonwealth Attorney General has indicated that urgent consultation will occur with unions and employers in light of the Rossato decision, and that if an agreement cannot be reached, legislative change may follow from the Commonwealth Government.

5. Other Notes (continued)

5.11 Events After the Reporting Period

There has not been any matter or circumstance that occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

5.12 Other Accounting Policies

Adoption of New and Revised Accounting Standards and Interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current year.

The accounting policies and methods of computation adopted in the preparation of the financial report are consistent with those adopted and disclosed in the company's 2019 annual financial report for the financial year ended 30 June 2019, except for the accounting policy on leases described below which has changed as a result of the adoption of AASB 16 Leases. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

AASB 16 Leases (adopted from 1 July 2019)

AASB 16 provides a new model for the accounting for leases which will require lessees to recognise assets and liabilities for all leases with a lease term of more than 12 months unless the underlying asset is of low value. The right of use asset will be depreciated over the lease term and the lease liability will be adjusted for lease payments and interest charged. The impact on the financial performance of the company will be to reduce administration expenses with a related increase in finance costs.

Transition to AASB 16

The Group adopted the new standard using the modified retrospective approach, where the lease liability is measured at the present value of future lease payments on the initial date of application, being 1 July 2019. The lease asset is measured as an amount equal to the lease liability. Under the transition method, prior period comparative financial statements are not required to be restated. The impact on initial adoption was

Impact on Consolidated Statement of Financial Position:	$'000
Right-of-use assets	6,238
Right of use lease liabilities	6,238

The weighted average discount rate used in discounting the lease liabilities as at 1 July 2019 was 5.99%.

Lease Accounting Policy

When a contract is entered into we consider whether the contract contains a lease. A contract is considered to contain a lease if it conveys the right to control the use of an identified asset and to obtain substantially all the economic benefits of the asset throughout the period of the contract.

Group as Lessee

The Group recognises a right of use asset and a corresponding lease liability for all lease arrangements in which it is the lessee, except for short term leases and leases of low value assets. For these leases, the Group recognises lease payments as an operating expense on a straight line basis over the term of the contract.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted by the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

5.12 Other Accounting Policies (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Group as Lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Vessel charter income from operating leases is recognised on a straight-line basis over the term of the relevant contract.

When a contract includes both lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component.

Other new and revised standards

Other new and revised standards and amendments thereof and interpretations effective for the current year that are relevant to the Group include:

New or revised requirement	Description
AASB 2018-7 Amendment to Australian Accounting Standards – Definition of Material	These amendments are intended to address concerns that the wording in the definition of 'material' was different in the Conceptual Framework for Financial Reporting, AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments address these concerns by: • Replacing the term 'could influence' with 'could reasonably be expected to influence'; • Including the concept of 'obscuring information' alongside the concepts of 'omitting' and 'misstating' information in the definition of material; • Clarifying that the users to which the definition refers are the primary users of general-purpose financial statements referred to in the Conceptual Framework; and • Aligning the definition of material across IFRS Standards and other publications.
Interpretation 23 Uncertainty over Income Tax Treatments AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments	Interpretation 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ('tax amounts'), when there is uncertainty over income tax treatments under AASB 112 Income Taxes. The Interpretation requires an entity to: • Use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together; • Assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so; • Determine tax amounts on a basis that is consistent with the tax treatment included in its income tax filings if an entity concludes that it is probable that a particular tax treatment will be accepted by the taxation authorities; and • Determine tax amounts using the most likely amount or expected value of the tax treatment (whichever provides better predictions of the resolution of the uncertainty) where an entity concludes that it is not probable that a particular tax treatment will be accepted by the taxation authorities.

Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, there are no other standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

ADDITIONAL SECURITIES EXCHANGE INFORMATION

FOR THE YEAR ENDED 30 JUNE 2020

Ordinary Share Capital (as at 17 September 2020)

925,732,084 fully paid ordinary shares are held by 6,943 individual shareholders. All issued ordinary shares carry one vote per share.

Substantial shareholders (as at 17 September 2020)	Number of Shares	% of Issued Capital
Black Crane Asia Opportunities Fund	182,408,200	19.70
Halom Investments Pte Ltd	142,481,946	15.39
Thorney Opportunities Ltd	99,974,194	10.80
Blossomvale Investments Pte Ltd	58,878,407	6.36
Total	483,742,747	52.25

Distribution of Holders of Ordinary Shares (as at 17 September 2020)

Size of Holding	Number of ordinary shareholders
1 to 1,000	1,949
1,001 to 5,000	1,761
5,001 to 10,000	936
10,001 to 100,000	1,846
100,001 and over	451
Total	6,943

Twenty Largest Shareholders (as at 17 September 2020)		Number of Shares	% of Issued Capital
1	Citicorp Nominees Pty Limited	221,900,077	23.97
2	HSBC Custody Nominees (Australia) Limited	162,379,259	17.54
3	UBS Nominees Pty Ltd	97,683,540	10.55
4	Blossomvale Investments Pte Ltd <Blossomvale NMS Go A/C>	45,832,476	4.95
5	J P Morgan Nominees Australia Pty Limited	38,911,792	4.20
6	BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT DRP>	16,964,396	1.83
7	HSBC Custody Nominees (Australia) Limited - A/C 2	13,693,322	1.48
8	Blossomvale Investments Pte Ltd	13,045,931	1.41
9	Evelin Investments Pty Limited	9,160,000	0.99
10	Mr Hong Keong Chiu + Ms Yok Kee Khoo	8,830,149	0.95
11	Willoughby Capital Pty Ltd <WILLOUGHBY CAPITAL A/C>	8,400,000	0.91
12	Hishenk Pty Ltd	6,600,000	0.71
13	Mms1 Pty Ltd <Shall & Hall P/Ship A/C>	5,093,187	0.55
14	Flst Pty Ltd	4,800,000	0.52
15	Ms Jennifer Ann Weber + Mr Jeffrey Andrew Weber <JAWS Family A/C>	3,815,916	0.41
16	Washingishu Pty Ltd <Lessos Family A/C>	3,787,000	0.41
17	Mr John Paterson	3,403,600	0.37
18	Avenue 8 Pty Limited <Gan Super Fund A/C>	3,403,406	0.37
19	Peligan Pty Ltd <PELIGAN A/C>	3,376,334	0.36
20	Neweconomy Com Au Nominees Pty Limited <900 Account>	3,114,491	0.34
Total		674,194,876	72.83

ADDITIONAL SECURITIES EXCHANGE INFORMATION

FOR THE YEAR ENDED 30 JUNE 2020

Unmarketable Parcels (as at 17 September 2020)

The number of holders holding less than a marketable parcel of the Company's shares is as follows:

Minimum Parcel Size	Number of ordinary shareholders	Number of shares
9,616	4,415	10,385,924

Voting Rights

All ordinary shares carry one vote per share without restriction.

Unquoted Options (as at 17 September 2020)

35,188,068 unlisted rights held by 62 individual rights holders.

Shareholder Enquiries

Shareholders can obtain information about their shareholding by contacting the Company's share registry:

Computershare Investor Services Pty Ltd

GPO Box 2975
Melbourne
Victoria 3000 Australia
Enquiries:
(within Australia) 1300 850 505
(outside Australia) 61 3 9415 4000
Facsimile: 61 3 9473 2500
web.queries@computershare.com.au
www.computershare.com.au

Change of Address

Shareholders should notify the share registry immediately if there is a change to their registered address.

Securities Exchange Listing

Shares in MMA Offshore Limited are listed on the Australian Securities Exchange.

Publications

The Annual Report is the main source of information for shareholders.

CORPORATE DIRECTORY

Directors

Andrew Edwards
Chairman

David Ross
Managing Director

Peter Kennan
Non-Executive Director

Eve Howell
Non-Executive Director

Chiang Gnee Heng
Non-Executive Director

Ian Macliver
Non-Executive Director

Company Secretary

Dylan Darbyshire-Roberts

Registered Office

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