2019

ANNUAL REPORT

TOGETHER, WE MAKE IT HAPPEN

MMA OFFSHORE

30+

MODERN
HIGH-QUALITY
VESSELS

880+

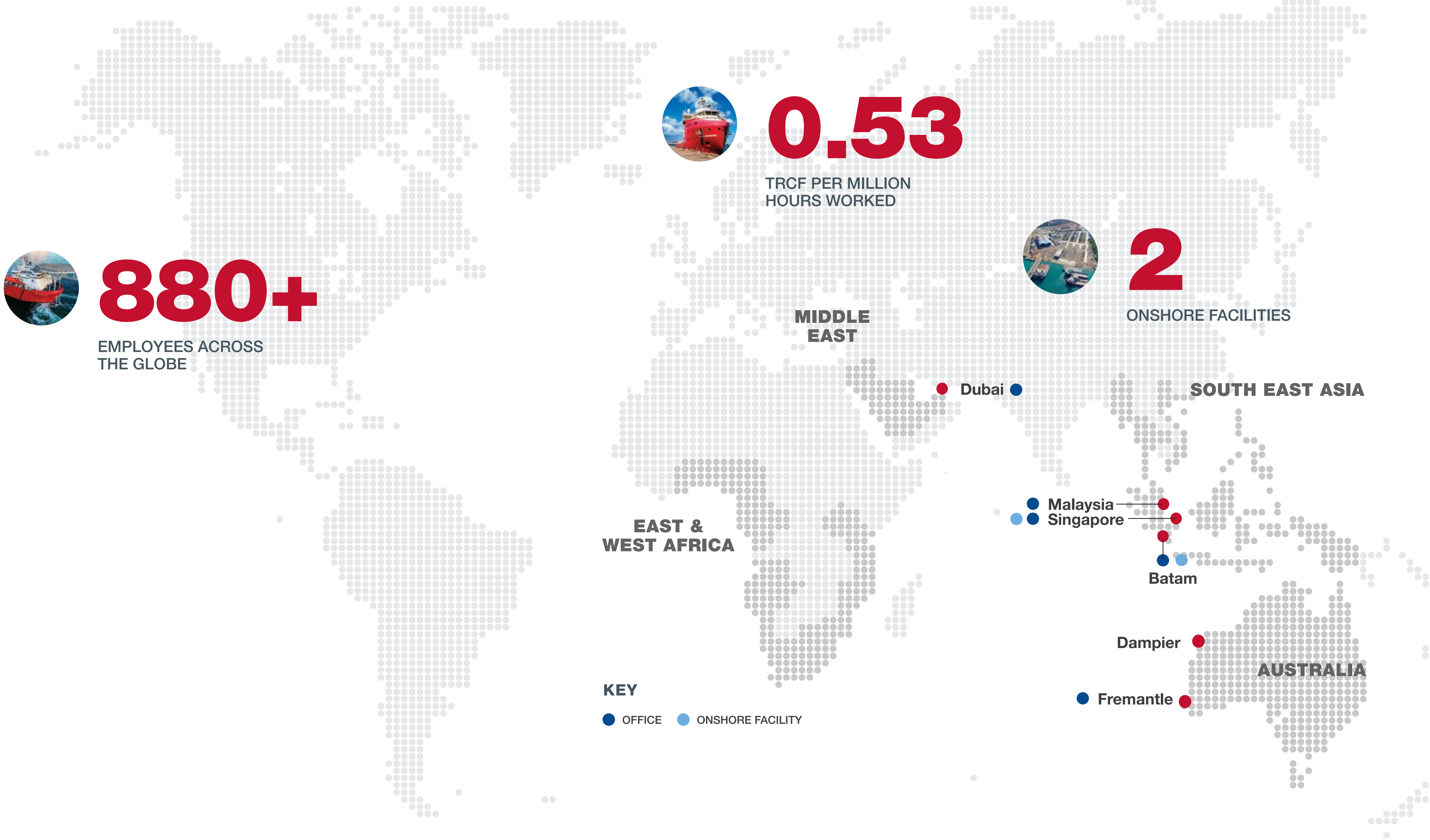
EMPLOYEES ACROSS
THE GLOBE

0.53

TRCF PER MILLION
HOURS WORKED

2

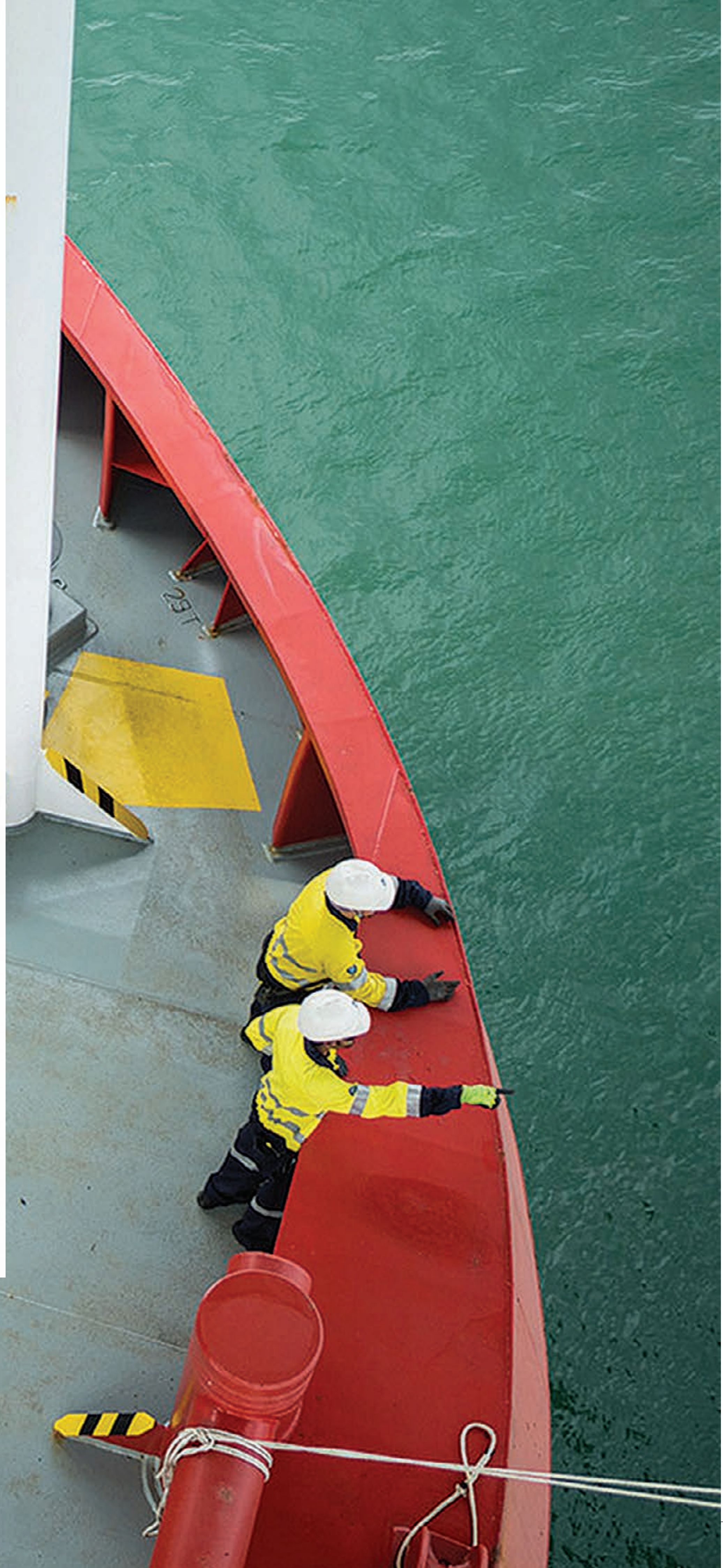
ONSHORE FACILITIES



VESSEL SOLUTIONS AND MARINE EXPERTISE FOR THE OFFSHORE OIL AND GAS INDUSTRY

TOGETHER, WE MAKE IT HAPPEN

CONTENTS



ABOUT MMA

MMA is one of the largest marine service providers in the Asia Pacific region with operations in Australia, South East Asia, the Middle East and Africa.

We specialise in providing marine solutions and expertise to the offshore oil and gas industry, underpinned by our operational excellence and strong safety culture.

Our modern high-quality fleet of offshore vessels supports a range of offshore and subsea activities across exploration, production, construction and maintenance.

We pride ourselves on partnering with our clients to deliver innovative solutions to solve their complex marine problems.

Our quality vessels, technical marine expertise and operational excellence sets us apart from other vessel operators in the industry as does our track record of delivering exceptional service where the cost of failure is high.

AN INNOVATIVE APPROACH

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 will provide safe and proactive solutions that deliver beyond expectations.

TEAM WORK

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

OUR STRENGTHS

SAFETY LEADERSHIP

EXPERIENCED, INNOVATIVE PEOPLE

MODERN RELIABLE ASSETS

PROVEN TRACK RECORD

INNOVATIVE SERVICES THAT FOCUS ON

EXCEEDING EXPECTATIONS

Strong Services capability with proven track record in delivering complex projects

TRACK RECORD OF OPERATIONAL EXCELLENCE

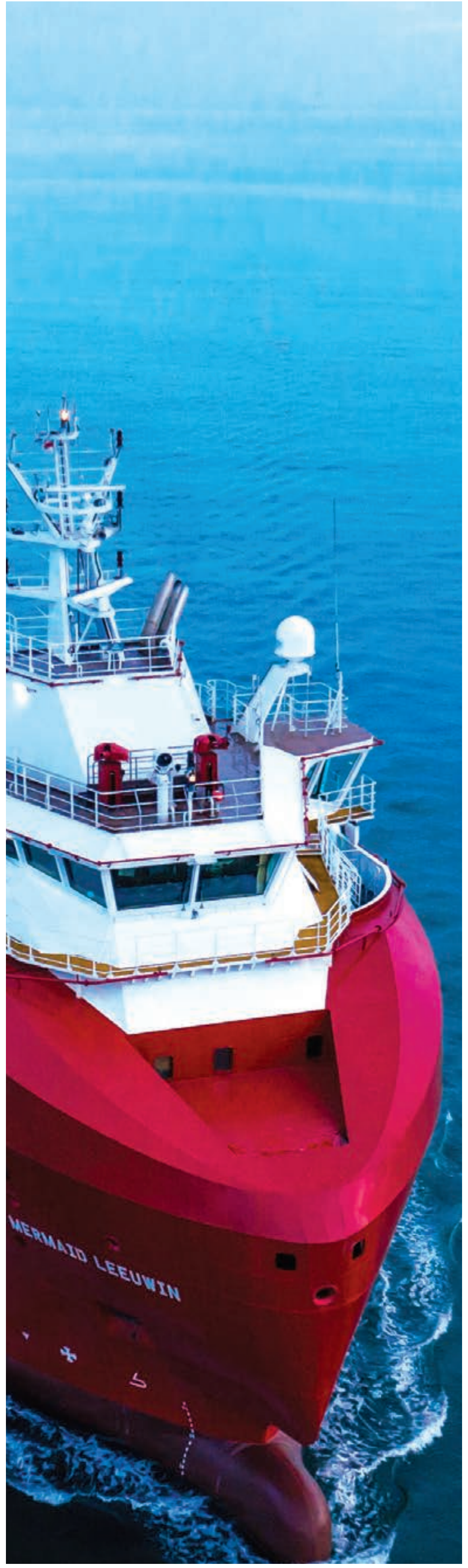
30+

VESSELS

VESSEL FLEET

4	12	8	6
AHT	**AHTS**	**PSV**	**MPSV / IMR**
9 years average age	8.5 years average age	6 years average age	4.5 years average age

2019 YEAR IN REVIEW



Revenue

$239.3m

EBITDA

$27.8m

EBIT

$(7.5)m

Normalised NPAT

$(27.0)m

Operating Cashflow

$22.2m

LVR (Net Debt to Fixed Assets)

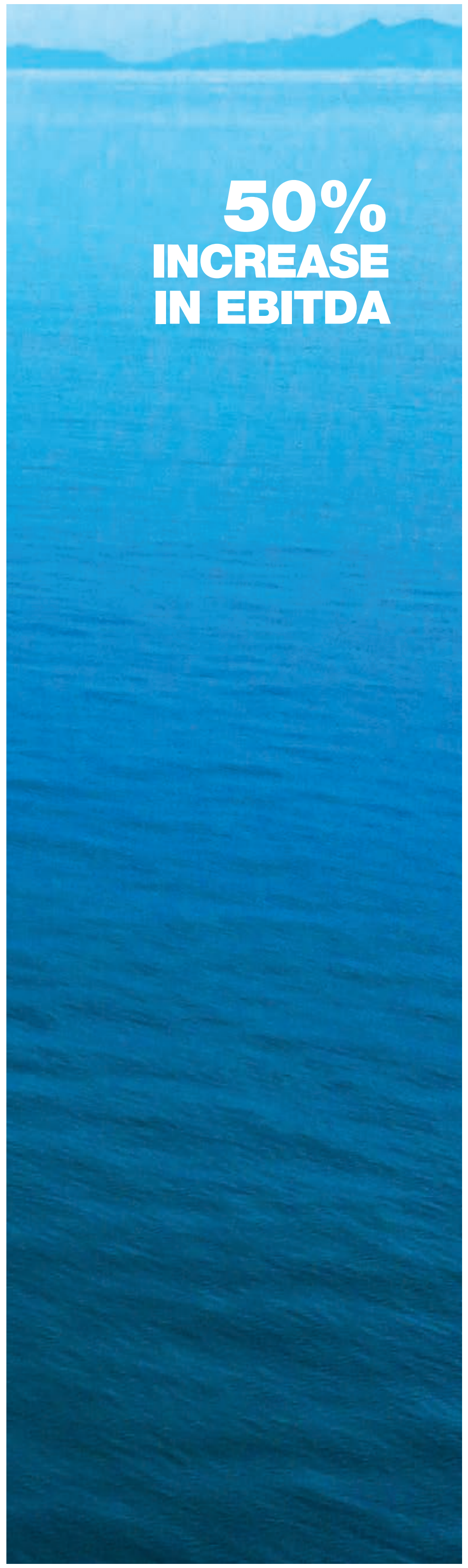
42%

Cash at Bank

$70.2m

NTA per Share

$0.35



50% INCREASE IN EBITDA

CHAIRMAN'S REPORT

I am pleased to report that MMA delivered improved earnings in FY2019 with EBITDA increasing by 50% on the prior year. The returns on our assets, whilst still well below our historical average, are gradually improving and all of our key financial metrics are trending in the right direction. We also maintained our world class safety performance during the year and continue to strive for ongoing improvements in this area.

Notwithstanding global geopolitical uncertainty which is impacting market sentiment and commodity prices, the fundamentals for a recovery in oil and gas spending remain sound and there is a broad consensus that the vessel market is in the early stages of recovery.

We are seeing a large number of oil and gas projects being sanctioned globally, with this trend expected to continue. This will increase global vessel utilisation and should in turn translate into higher rates over time. Importantly, there is a high level of new project activity expected in our key regions of operation which should impact positively on demand for our vessels.

Global vessel utilisation has bottomed out and is now increasing and rate improvements are being seen in the more specialised vessel segments. The view is that the OSV market is tighter than it appears with long term laid up vessels facing significant reactivation costs and lower demand due to their age and condition.

As a business with a high fixed cost base, any improvement in utilisation or rates will have a significant impact on our profitability.

AN UNWAVERING COMMITMENT

During the year we announced some key changes to the Executive Management team at MMA. Jeff Weber our long-standing Managing Director will step down at the Company's Annual General Meeting on 21st November 2019.

I would like to pay tribute to Jeff for his strong leadership and unwavering commitment to the Company over the past 17 years. Jeff has been responsible for growing MMA from a fledgling vessel operator with a fleet worth $23 million and revenue of $35 million to an internationally renowned marine services company with vessel assets approaching $500 million and revenue of over $230 million. Whilst the unprecedented downturn over the past 5 years has impacted the Company's performance, under Jeff's leadership we successfully executed a strategy to rationalise our assets and strengthen our balance sheet and we are now well positioned for growth as the market returns. Jeff has also been instrumental in driving a positive culture throughout the organisation which has made MMA an employer of choice and a Company that our customers want to do business with. We have been fortunate to have had Jeff at the helm of MMA for so long and wish him all the best in his future endeavours.

I would like to congratulate David Ross, who assumed the role of Chief Executive Officer on 1 July 2019. David joined MMA in 2005 and has held a number of roles at the Company over that time including General Manager of Operations, Chief Operating Officer and more recently relocating to Singapore initially as Deputy Chief Executive Officer, to drive the Company's international growth. David has an ideal blend of skills and experience in operational, strategic and commercial roles to lead MMA through its next phase of growth and I very much look forward to working with him.

Having successfully repositioned the business over the past two years, we are now firmly focused on earnings growth. Our strategy to grow returns for shareholders focuses around maximising the returns from our core vessel business combined with growing our subsea and project logistics divisions.

The acquisition of Neptune Marine Services is a key part of our subsea expansion strategy enabling us to package additional services with our vessels, capturing additional margin as we move up the value chain. The acquisition is expected to deliver improved returns on our assets through an expanded service offering, increased asset utilisation and synergies. With the acquisition undertaken at a low point in the cycle, the combined business is also expected to benefit from a recovery in offshore and subsea investment.

We have also positioned ourselves to grow our project logistics business with the creation of "MMA Global Projects", a dedicated division that is focusing on project managing large marine spreads for major LNG and renewables projects globally. With a large number of construction projects in the pipeline, MMA Global Projects is well placed to gain a share of this market.

Our ability to innovate and design specialised marine solutions for our clients is a core competency that differentiates us from our competitors and is a key platform in our overall strategy. During the year we secured a number of important new contracts on the back of our solutions focused approach.

Our Walk to Work project for Woodside was the first of its kind for platform maintenance operations in Australia, delivering a significant improvement in productivity to our client and potentially changing the way personnel transfers for platform shutdown operations will be conducted in the Australian oil and gas sector in the future. MMA was awarded an "Innovation Award" by the Australian Chamber of Commerce in Singapore for the project. Walk to Work is becoming an increasingly important service offering for MMA with four separate projects completed during FY2019.

A number of MMA's long-term contracts which currently underpin our earnings have been won on the basis of MMA providing a more innovative or technically sophisticated solution to the client. We will continue to seek win-win solutions where we can deliver a better, safer or more cost-efficient service to our clients, whilst optimising our return on assets.

Our balance sheet continues to be an ongoing focus. The Company's key debt metric (Net Debt / EBITDA), whilst improving, remains above our target range due to the impact of the downturn on earnings. Our Loan to Valuation ratio (Net Debt / Property Plant and Equipment) is well within acceptable limits at 42%. Our strategy to improve earnings will in turn improve our debt metrics. The relationship with our banking group is positive with our current debt facilities due for refinancing by September 2021. We will continue to proactively manage our debt position with our current banks as well as engage with the wider debt markets on the range of alternatives available to the Company.

I would like to conclude by thanking my fellow Board members for their valuable contribution to the business over the past 12 months. I would also like to thank the senior management team and all the staff at MMA for their dedication and commitment to the business through good times and bad.

As the market improves, we look forward to growing the business and delivering improved returns for you our shareholders. I thank you for your ongoing support of the Company.

Andrew Edwards
Chairman

MANAGING DIRECTOR'S REPORT

REVIEW OF OPERATIONS

During the year, we have seen a continued improvement in MMA's financial performance, reflecting increased utilisation and a strong uptake of our established services offering.

Our earnings and cashflow are underpinned by a number of long-term contracts and our success in securing new contracts reflects both the quality of our fleet and our track record of supporting complex projects and delivering quality services to our customers.

We continue to demonstrate our competence in delivering innovative and technically complex marine solutions to our clients including a first of its kind for platform maintenance in Australia. MMA's solution, developed in conjunction with our client, utilised one of our vessels, the MMA Pinnacle as a "Walk to Work" and accommodation vessel. This resulted in a safer and more efficient method of transferring personnel to the platform during the shutdown and paves the way for future projects in the Australian Oil and Gas Sector.

Our high quality, modern fleet of vessels, positions MMA to benefit from an increase in activity as does our investment in building our services offering. The acquisition of Neptune Marine Services will accelerate the development of our subsea services offering and we are well placed to continue to grow our project logistics business and our "Walk to Work" offer.

Market Conditions

There is now a broad market consensus that the offshore vessel market is improving. Global utilisation has bottomed out, rates in the more specialised sectors have begun to increase and the oversupply of vessels is considered to be overstated given the age and condition of the global fleet currently in layup and the prohibitive costs to reactivate vessels.

While we continue to see geopolitical issues impacting confidence in global markets and commodity prices, the fundamentals for increased oil and gas spending are sound. Oil companies have been generating record cash flows at the current oil prices and the number of oil and gas projects being sanctioned for development has increased significantly during the year. This trend is forecast to continue over the coming years in an effort to replace depleting reserves, following a lack of investment during the downturn. A number of significant projects are flagged for final investment decisions in MMA's regions of operation which we expect will lead to increased demand for our services.

Global OSV utilisation has improved gradually since bottoming at 48% in 2017 to approximately 55% today, with vessels younger than 10 years showing a much stronger recovery profile. Adjusting for laid up vessels which are of an age that are unlikely to return to service in the oil and gas industry, the market is significantly tighter than it appears. Rates have increased in some of the more specialised segments of the market where there has been a periodic lack of available vessels to meet demand.

At this stage, we are not seeing rate increases at a broader level but as supply tightens over time, we expect rate increases to follow. With our modern, high quality fleet, we are well positioned to benefit from a market upturn.

Operational Highlights

MMA reported a 19.4% increase in revenue to $239.3 million and a 50.3% increase in EBITDA to $27.8 million. Excluding the impact of asset revaluations, normalised NPAT improved from a loss of $36.3 million in FY18 to a loss of $27.0 million in FY19. After the impact of asset revaluations, MMA reported a Net Loss After Tax of $37.4 million.

Our Australian operations contributed revenue of $159.3 million, up 12% on FY2018. Revenue from international operations was $80.0 million, up 37% on FY2018.

Average utilisation for the year was 72% up from 68% in FY2018. Our first half utilisation was stronger at 74% with the third quarter impacted by the South East Asian monsoon period..

As at 30 June 2019, MMA had 24 of its 30 core vessels under short and long-term contracts with the remaining vessels available for work in the spot market. As at 30 June 2019, 27% of available vessel days for FY2020 were contracted, increasing to 43% with highly probable contract awards and potential extension periods. On a revenue basis, 47% of our budgeted revenue is already under contract for FY2020 (62% including highly probable). This is consistent with our strategy of maintaining a balance of contracted and spot revenue in the portfolio in order to preserve the operating leverage of the business as rates increase.

MMA maintained its world class safety performance during FY2019 with a Total Recordable Case Frequency ("TRCF") of 0.53 per million hours worked, well below the industry average of 1.7 as measured by the International Maritime Contractors Association ("IMCA").

In July 2019, we announced an agreement to acquire Neptune Marine Services Limited, a leading provider of topside and subsea inspection, maintenance and repair solutions to the oil and gas, marine and renewable energy industries.

Australia / New Zealand

Australian utilisation was strong at 81% with a number of projects contributing to activity during the year. Utilisation in the first half was stronger at 86%, reducing to 77% in the second half as a number of multi-vessel project scopes completed.

During the first half, MMA completed a project logistics scope for Subsea 7, managing a spread of owned and subcontracted tugs and barges to transport project materials and equipment for Woodside's Greater Western Flank 2 Subsea Installation Project. We utilised our onshore facility at Batam, Indonesia for the barge mobilisations, providing an integrated service to the client. The project was completed in September 2018.

We also completed a multi-vessel project, supporting ConocoPhillips' shutdown and drilling operations at their Bayu Undan gas project in the Timor Sea. Two PSVs, the MMA Leeuwin and MMA Responder were engaged to provide supply support services for the duration of the drilling campaign. An additional three vessels were engaged to support shut down, rig moves and supply services. The project completed successfully in December 2018.

FY19 HIGHLIGHTS

Broad consensus that the OSV market is in the early stages of a recovery

50% **Increase in EBITDA**

72% **Utilisation increasing with higher weighting to larger vessels**

Rates increasing in the more specialised vessel segments

Strong safety performance, well above industry average

47% **FY20 revenue underpinned by firm contracts**

Continued our track record of securing new contracts

ROA and debt metrics improving and remain our key priority

Neptune acquisition to deliver subsea expansion strategy

Growing position in Walk to Work market

Executing our growth strategy to deliver improved returns for shareholders

In February 2019, MMA was awarded a contract by Santos to support its 2019 jack-up drilling campaign. The contract was for the provision of three vessels to support the drilling campaign, including two anchor handling tug supply vessels, the MMA Vision and MMA Coral, and a platform supply vessel, the MMA Leeuwin. The scope of services includes rig tows to and from the field, infield rig moves and platform supply duties in support of the Noble Tom Prosser rig. The contract is ongoing and is expected to continue until September 2019.

In April 2019, we were awarded a contract by Woodside to provide accommodation and walk-to-work vessel services to support platform maintenance operations over two scopes. The MMA Pinnacle was fitted with a bespoke motion-compensated gangway system to enable the safe and efficient transfer of personnel between the Woodside platforms and their accommodation facilities on the vessel. The first scope of work was completed successfully in May 2019 and the second scope is due to commence in September 2019. In the period between the two Woodside work scopes, the MMA Pinnacle was engaged on a number of inspection, maintenance and repair projects in the North West of Australia. Once the second Woodside scope is completed, the MMA Pinnacle will complete the remainder of its three-year contract with i-Tech 7, the life of field business unit of Subsea 7, which will provide full utilisation for the vessel through to December 2021.

In December 2018, the MMA Responder, a PSV that MMA has bareboat chartered into the fleet, was contracted to a client in the Bass Strait in support of production and drilling operations on a short-term basis. The vessel currently remains on contract and will extend into December 2019.

The MMA Valour is currently mobilised with a spread of geotechnical equipment for Benthic and completed a number of scopes in Australia during the year before being transferred to South East Asia and more recently East Africa, for further Benthic work.

MMA's long-term production support contracts with Woodside, INPEX, BHP/Santos and ConocoPhillips continued through FY2019 providing full utilisation for 6 of our vessels during the year. The Woodside contracts were recently extended by 6 months through to December 2019.

The outlook for activity in Australia is relatively strong with drilling activity picking up again and a number of significant projects currently under evaluation.

South East Asia

Activity in South East Asia is picking up, although the reduction in activity during the monsoon period between December and March was more pronounced in FY2019 than in prior years. Utilisation for the year averaged 62% but reduced to 56% during the monsoon period. We are starting to see some periodic upward pressure on rates in some of the more specialised sectors, but the more commoditised vessels remain highly competitive.

The MMA Prestige and MMA Pinnacle continued to operate in the subsea market during the year, supporting a number of project scopes in South East Asia including saturation diving, well intervention, umbilical installation and inspection, maintenance and repair. In line with our strategy to increase our subsea service offering, we also took a lead contractor role on an air dive project in Bangladesh with the MMA Prestige completing a subsea repair scope and a series of anchor tensioning tasks.

During the year MMA also supported a number of accommodation support and walk to work projects with the MMA Pride and MWV Falcon (a chartered vessel) fitted with Ampelmann gangways to support projects for Brunei Shell Petroleum and BG Shell in India.

The Majestic and Sea Hawk 1, MMA's large AHTS vessels were predominantly active in Malaysia during the year achieving solid utilisation aside from the monsoon period.

The MMA Vigilant was active, undertaking inspection, maintenance and repair work across the region.

The remainder of the South East Asian fleet continued to operate in the short-term market predominantly across Malaysia, Thailand, Myanmar and Brunei, where we are seeing increased tendering activity.

Middle East

MMA's Middle Eastern operations performed below expectations during the year with technical issues impacting vessel performance and utilisation. Utilisation for the year averaged 58%. Results for the region were impacted by a one-off provision for doubtful debts amounting to $5.3 million.

MMA currently has four vessels in the Middle East, three operating in Saudi Arabia - MMA Chieftain, MMA Centurion and MMA Cavalier, and the fourth, the MMA Concordia available in the spot market across the Middle East.

The market in the Middle East is currently oversupplied but is poised for a significant increase in activity with Saudi Aramco releasing a number of multiple vessel tenders which should soak up a high proportion of the available vessels in the market.

We are focused on strengthening our local alliances in Saudi Arabia to position the business to benefit from increased activity in the region.

Africa

The MMA Privilege continues on its long-term accommodation and walk to work scope in West Africa, achieving full utilisation for the year. The contract was recently extended to December 2019 with options to extend further to March 2020.

Activity in Africa is also increasing, with a number of tenders being released and a shortage of available active vessels. MMA's strategy is to move vessels into the region on the back of long-term contracts but does not maintain a spot fleet there at present.

Cost control

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

We have active programmes in place to monitor the operating costs on our vessels, with vessels continuing to be down-manned or laid up between contracts to minimise costs.

We continue to seek efficiencies in procurement to reduce our operating spend. Operating and corporate overheads are strictly monitored in all areas of the business with increased levels of authorisations in place for key discretionary spend categories.

Balance Sheet

MMA's Cash at Bank as at 30 June 2019 was $70.2 million and Net Debt (Interest Bearing Liabilities less Cash at Bank) was $200 million.

MMA's leverage (Net debt to property plant and equipment) was 41.6% making MMA one of the lowest geared OSV companies in the world. MMA also has substantial cash reserves providing stability to our customers, shareholders, financiers and employees.

MMA reviewed the carrying value of its fleet as at 30 June 2019, in line with Australian accounting standards, which resulted in an impairment reversal of $2.7m. This followed an impairment charge of $13.1 million at the half year for a total of $10.4m for the financial year, representing approximately 2% of the book value of vessel assets. This compares to a reversal of previous impairment charges of $8.4m during the year ended 30 June 2018. The valuation of the fleet is expected to continue to fluctuate, reflecting prevailing market conditions and the current valuation methodology of fair value less costs to sell. As outlined previously, MMA has already disposed of the majority of its non-core vessels and expects to retain the majority of its fleet for the medium term.

Health & Safety

We maintained our world class safety performance during FY2019. While our Total Recordable Case Frequency ("TRCF") for FY2019 increased slightly to 0.53 per million hours worked, this remains a significant achievement and well below the industry average of 1.7 as measured by the International Maritime Contractors Association ("IMCA").

Our internally developed Target 365 Strategy is fully embedded across the organisation and continues to foster a sustained culture of safety consciousness, which drives world class safety performance.

In December 2018, we were awarded the IMCA Global Safety Award for 2018 for our "Target 365: A perfect day every day" safety programme which focuses on each person in the organisation coming to work each day with the aim of having a "Perfect Day", a day without any material incident or recordable injury. This approach makes Target 365 unique, as the initiative not only measures lagging indicators, but also focuses on positive reinforcement by measuring "Perfect Days".

We are an active contributor to global HSEQ forums. In May 2019, MMA was elected as Chair of the IMCA Global HSSE Committee and is a leadership member of "Safer Together" a key oil and gas safety forum in Australia.

Our People

At MMA we value our people and understand that our success as a Company depends on good people making good decisions.

I am very proud of the highly experienced, capable and dedicated team we have at MMA. I would like to thank all our valued team members for their hard work and commitment through the past year to help achieve these results and position MMA for the future.

Thank you

As announced to the ASX, I will be stepping down as Managing Director of MMA at the upcoming Annual General Meeting on 21 November 2019 and as such this will be my last Managing Director's report.

After 17 years with MMA, I reflect back with great pride in what we have achieved over the years. The last five years have been challenging but we have executed a clear strategy which I believe makes MMA one of the best placed OSV Companies in the world to benefit from the market recovery which we are beginning to see.

I would like to thank you our Shareholders for your support over the years. I would also like to thank the Board Members I have worked with over the time I have been with the Company. MMA has been fortunate to attract exceptional Board Members over the years and this has been critical to our underlying strength as an organisation.

I would finally like to thank the team at MMA. I have thoroughly enjoyed the support, commitment and enterprise of the people at MMA and firmly believe it is what sets us apart from our peers. It is a people game.

I intend to remain a major shareholder of the Company and I am confident David Ross has the right skills and personnel to be a success as Chief Executive Officer and subsequently Managing Director of the Company. MMA has a solid platform to build upon as the market recovery continues.

Jeff Weber
Managing Director

UNIQUE SOLUTIONS TO SOLVE COMPLEX MARINE CHALLENGES

CHIEF EXECUTIVE OFFICER'S REPORT

STRATEGY & OUTLOOK

Having been appointed as Chief Executive Officer of MMA on 1 July 2019, I am very pleased to present my first report to Shareholders with a focus on the Company's strategy going forward.

Firstly, I would like to thank Jeff Weber, who has led the Company over the past 17 years and has left MMA in a strong position to benefit from the expected recovery in the offshore oil and gas services market. I wish Jeff every success in his future endeavours.

Growth Strategy

MMA has executed a focused strategy during the prolonged market downturn over the past four years.

Having rationalised the fleet and invested in our services capability, we have built a strong platform for growth.

Our growth strategy is focused on delivering increased returns for our shareholders through four key platforms:

1. Operational Excellence

The first platform of MMA's strategy which underpins our business and our reputation in the market is our focus on operational excellence.

Our vessel fleet is high quality with an average age of only 7 years and has been well maintained through the downturn. This is a competitive advantage given that much of the excess tonnage in the market has been cold stacked and will require significant time and cost to reactivate. This will position MMA to benefit earlier in a demand led market recovery.

REPOSITIONED FOR GROWTH

1 RATIONALISE AND STABILISE

- Non-core assets sold
- Reduced exposure to commoditised market
- Restructed debt
- Strengthened Balance Sheet
- Reduced costs

2 EXPAND OUR CORE CAPABILITY

- Operational excellence
- Safety leadership
- Asset reliability
- Tailored marine solutions
- Expertise and innovation

3 GROWTH

- Focus on higher margin segments
- Differentiation through technically advanced assets
- Expand service offering in Subsea, Walk to Work, Project logistics
- Third party vessels
- Strategic M&A

Our safety performance is world class and significantly better than the industry average, an area of vital importance to our employees and serves as our "licence to operate" with our clients.

We have strong systems and processes in place to ensure that we are fully compliant in all aspects of the business. We also practise sound commercial management and cost discipline within the business.

Last but not least is our reputation as a quality service provider. We pride ourselves on building long term collaborative relationships with our clients and having the in-house technical expertise to solve the most challenging marine problems.

2. Operational Leverage

The second platform of our strategy is to drive the returns on our assets by releasing the operating leverage of the asset base as the market recovers. As a high fixed cost business, any increase in utilisation or rates has a large impact on our profitability.

We actively manage the balance of contracted and spot revenue in our forward order book to ensure that we sensibly time the release of the capacity into a recovering market.

We are also focused on chartering in additional vessels, where it makes commercial sense, to supplement our owned fleet, further enhancing our return on assets.

3. Expanding our Service Offering

The third platform in our growth strategy focuses on expanding our service offering.

Offshore Services

MMA has a well-established position in the offshore services market with a strong track record in delivering complex projects. Our strategy is focused on expanding further into service focused contracts where we can add value to our clients through innovation or through our technical expertise. Some of the growth areas we see for the OSV business include offshore accommodation and motion compensation gangway personnel transfer (Walk to Work), cost efficient rig movements and innovative vessel modifications and contracting arrangements to deliver true cost efficiencies to clients. By adding real value to our clients, we can differentiate ourselves from our competitors and generate higher returns on our assets.

Project Logistics

MMA also has a strong project logistics capability having delivered a number of major logistics projects for offshore construction in Australia. With a projected increase in LNG and renewables construction on the horizon globally, MMA is focused on growing its project logistics business. We have established a new project logistics division "MMA Global Projects" and have put in place an experienced management team to drive our growth in this area. The project logistics business will use predominantly third-party assets which will enhance our overall return on assets.

Subsea Services

MMA has been operating in the subsea and inspection maintenance and repair market in recent years, predominantly as a vessel provider.

In July 2019, we announced a binding agreement to acquire the business of Neptune Marine Services, a leading provider of inspection, maintenance and repair solutions to the oil and gas, marine and renewable energy industries. The acquisition will enable us to deliver an expanded range of subsea services to our clients enabling us to capture a greater proportion of the value chain, increasing our returns on assets.

We expect the acquisition to deliver substantial revenue synergies through improved asset utilisation, cross selling of services and incremental margin on our vessels. We also anticipate cost synergies as we integrate the Neptune business into the MMA Offshore group.

With the acquisition at a low point in the cycle, the combined business is expected to benefit from a recovery in offshore and subsea investment.

4. Balance Sheet Management

The last platform in our growth strategy is the proactive management of our Balance Sheet.

As a result of the challenging market conditions over the past 4 years, our key debt metric as measured by Net Debt to EBITDA remains above our targeted level.

Our focus on improving the returns on assets through the strategies outlined above, will in turn improve our debt metrics.

Well Positioned for Growth

MMA's growth strategy as outlined above positions the Company well to benefit from an ongoing recovery in market demand.

Our earnings are underpinned by a number of long-term production support contracts and our high quality, well maintained fleet positions us well to secure higher rates and utilisation as demand increases.

There is significant operating leverage in the current fleet with any increase in utilisation or rates significantly improving our profitability.

We have a proven track record in operational excellence with an industry leading safety record, a strong service capability and reputation for delivering complex projects to our blue-chip client base.

Our experienced leadership team has a deep marine industry knowledge and is highly capable of delivering the growth strategy and driving increased returns for you our shareholders.

Outlook for FY2020

There is now a general market consensus that the offshore vessels sector is in recovery. The fundamentals for increased activity are strong, with a large number of projects sanctioned or due for financial investment decisions over the coming two years.

Activity is increasing, and vessel availability has tightened in some sectors of the market, resulting in rate increases for high quality specialised vessels. Global fleet utilisation will need to increase further before we see broad rate rises across the market.

The oversupply of offshore vessels in the market is still seen as an issue although a large proportion of the global fleet which is currently laid up, will likely never return to service.

We expect utilisation to continue to increase over the course of FY2020 with some modest improvement in day rates on our more specialised vessels this financial year.

Cost management remains a strong focus and we will continue to look for opportunities across our core business to reduce costs. The Neptune acquisition is expected to generate cost and revenue synergies although these are only likely to be realised in the latter part of the financial year.

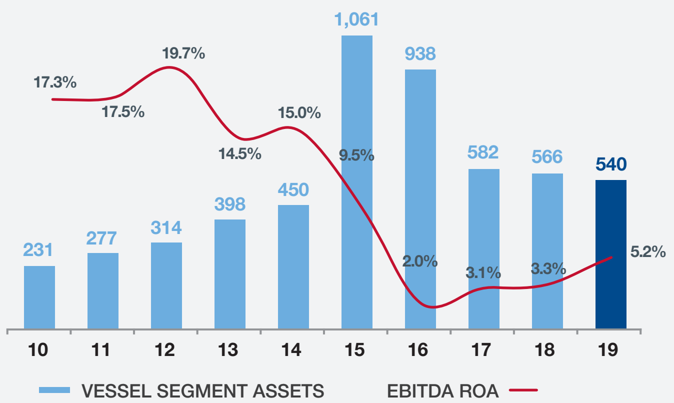
We remain positive on the outlook for a recovery in the offshore sector and in our key markets. MMA's high quality, well maintained fleet, expanded service offering and operational excellence positions us well to benefit from increased demand and higher rates. We expect to see a continuing improvement in EBITDA during FY2020 as the market continues its recovery.

David Ross
Chief Executive Officer

INCREASING OUR RETURN ON ASSETS

Increasing ROA is MMA's primary focus which will also improve the Company's debt metrics.

EBITDA RETURN ON ASSETS



NOTES

[1] EBITDA figures are Vessel Segment EBITDA less unallocated corporate overhead adjusting for major one-off projects in 2014 and 2015

[2] FY14 asset base and EBITDA is based on pre Jaya acquisition numbers (Jaya transaction completed on 4 June 2014)

CORE BUSINESS IMPROVEMENT

- ↑ Utilisation
- ↑ Rates
- ↓ Costs
- ↑ Third Party Vessels

EXPANDED SERVICE OFFERING

- ↑ Subsea Services
- ↑ Project Logistics
- ↑ Walk To Work

OUTLOOK

Fundamentals for increased activity are strong, with a large number of projects sanctioned or due for FID

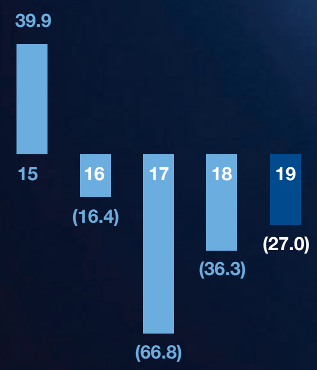
Expect utilisation to continue to increase during FY2020 with some modest improvement in day rates on our more specialised vessels this financial year.

Expect to see a continuing improvement in EBITDA during FY2020 as the market continues its recovery.

A FOCUS ON RELATIONSHIPS

FINANCIAL REPORT

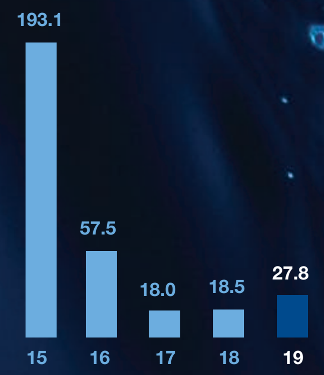
NET PROFIT/(LOSS) AFTER TAX[1]
$(27.0)m



Reported a net loss after tax of $(27.0)m which is a 26% improvement year on year. This result excludes a non-cash impairment charge of $10.4m million against the carrying value of the Company's vessels.

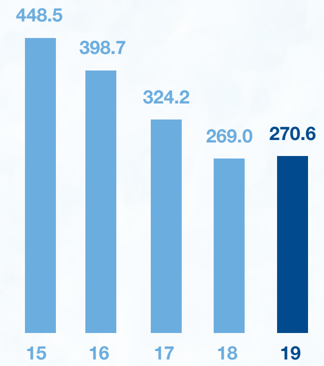
[1] Excluding impairment, historical comparatives are for continuing operations only

EBITDA
$27.8m



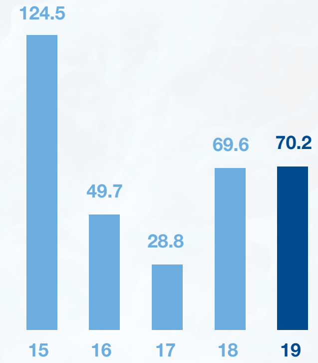
EBITDA was $27.8 million for FY19 representing an increase of 50% year on year.

INTEREST BEARING LIABILITIES
$270.6m



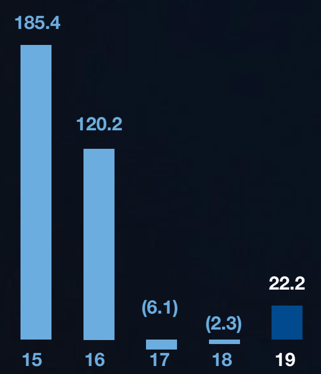
Gross debt prior to any unamortised fees was $270.6 million. Net debt (offsetting cash at bank) at 30 June 2019 was $200.4 million. The company made debt repayments of $7.3m during the year, however the US dollar denominated debt increased by $8.9m when translated into Australian dollars due to the weakening exchange rate.

CASH AT BANK
$70.2m



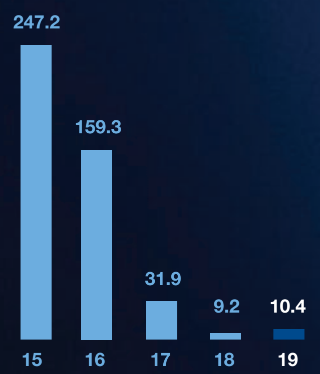
At 30 June 2019 the Company had cash reserves totalling $70.2 million.

OPERATING CASHFLOW
$22.2m



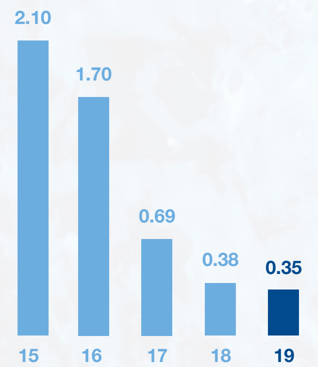
Cash flow from operations was positive $22.2m after meeting cash interest costs on MMA's debt facility of $(16.9) million. A working capital release of $11.7m also occurred in FY19, positively impacting cashflow.

CAPEX
$10.2m



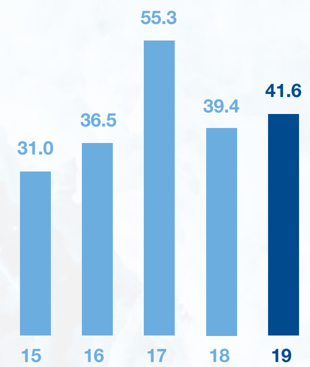
Sustaining capital expenditure for the year was $10.2m and represented sustaining or maintenance capital expenditure. The $10.2m excludes the finalisation of a delayed payment for a crane of $7.3 million which was purchased in a prior year.

NTA PER SHARE
$0.35



As at 30 June 2019, assets exceeded liabilities by $303.2m and the Company had 858m shares on issue. Property, Plant and Equipment have been independently valued and an en-bloc discount applied.

LVR
(NET DEBT / PROPERTY PLANT & EQUIPMENT)
41.6%



As at 30 June 2019, Net Debt to Property Plant and Equipment was 41.6% which is one of the lowest in the offshore vessel industry. MMA is trading within its debt covenants and continues to have the support of its banking group.

HEALTH, SAFETY, ENVIRONMENT & QUALITY

In 2019 MMA maintained and was recognised for a world class HSEQ performance

At MMA Offshore, the health and safety of our people and the protection of the environments in which we operate are fundamental to the way we do business.

All of our decisions and operations are underpinned by our Target 365 culture, which is fully embedded across the organisation and continues to cultivate a sustained culture of safety consciousness.

During FY2019, MMA maintained our world class safety performance. Our Total Recordable Case Frequency ("TRCF") for the year was 0.53 per million hours worked. Although a slight increase year on year, we continue to sustain our performance with an 84% improvement over the past 5-years. This is a leading safety performance by industry standards and well below the International Marine Contractors Association ("IMCA") average for the 2018 calendar year of 1.7.

At MMA we continue to strive for 'A Perfect Day Every Day' with a perfect day being a day free of recordable injuries or material incidents. Perfect days are the core principle of our "Target 365" programme with the focus on a positive target of 365 perfect days across the year. In FY2019, MMA achieved 317 Perfect Days at a whole organisation level, with a number of individual business units and vessels achieving the target of 365 perfect days for the year.

As part of our drive for continuous improvement, we successfully implemented several initiatives during the year, including:

- Simplified our incident reporting framework to further improve and encourage an open reporting culture across the business;
- Completed a comprehensive internal assurance programme targeted at verifying that sufficient controls are in place to prevent incidents and maintaining our licence to operate;
- Completed the reinvigoration of our Target 365 Critical Controls which were updated to reflect current high-risk activities and controls;
- Completed numerous reviews and updates to processes and procedures to ensure we meet and exceed industry expectations; and
- Implemented a Senior Management Engagement Programme whereby senior managers engage directly with vessel crews to gather feedback on how to improve health, safety and environmental outcomes across our business.

MMA continues to be active in industry HSEQ forums sharing insights and best practice to improve health and safety culture across the industry. In May 2019, MMA's Executive General Manager of People and Safety, Darren Thomas was appointed Chairperson of the International Marine Contractors Association ("IMCA") Global Core HSSE Committee. MMA also takes an active leadership role on Safer Together WA/NT, a key oil and gas industry safety forum in Australia.

Environment

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

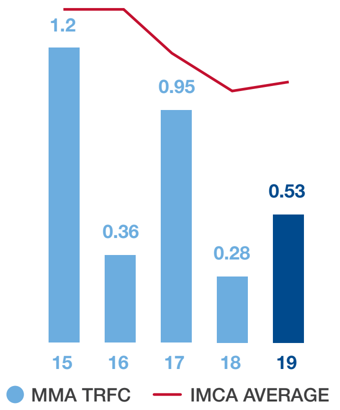
MMA maintained environmental certification and all licences required during FY2019. We also, reduced the use of single use plastics across our operations by implementing new potable water systems on our vessels and providing multi-use drink containers across the fleet. We will continue to focus on finding ways to reduce our environmental impact.

Quality

MMA maintains global accreditation to the revised ISO 9001:2015 Standard and internationally maintains ISO 14001:2015 and OSHAS 18001:2007 accreditations.

MMA's management systems have been developed to ensure our processes meet or exceed our customers' expectations, promote continuous improvement and provide for a safe and productive workplace.

TOTAL RECORDABLE CASE FREQUENCY
(PER MILLION HOURS)



A PERFECT DAY EVERY DAY

MMA WINS IMCA GLOBAL SAFETY AWARD

In November 2018, MMA was awarded the 2018 IMCA Global Safety Award for our internally developed "Target 365" safety programme.

"Target 365: A perfect day every day" focuses on each person in the organisation coming to work each day with the aim of having a "Perfect Day", a day without any material incident or recordable injury. This approach makes Target 365 unique, as the initiative not only measures lagging indicators, but also focuses on positive reinforcement by measuring "Perfect Days".

MMA received positive feedback from the IMCA judges that Target 365 was led by the workforce, visible throughout the organisation, continually developing and had resulted in improved safety performance.

MMA's Managing Director Mr. Jeff Weber said "Our Target 365 strategy has created a sustained culture of safety consciousness at MMA, a culture that drives world class safety performance. We are very pleased to receive this award from IMCA and I congratulate all MMA's crew and employees for their dedication and commitment in making Target 365 a fundamental part of the way we work."

The award attracted submissions from a high calibre field including Boskalis, Fugro, Heerema, HMC, KBA Training Centre, McDermott, Saipem, SBM Offshore and Subsea 7 and was presented at IMCA's Annual Seminar at The Hague, The Netherlands

OUR PEOPLE

MMA has a strong company culture which supports our ability to attract and retain the best people

At MMA we are committed to individual and operational excellence. We offer a diverse and inclusive workplace, built on trust, competence and safety.

MMA has a strong company culture that supports our ability to attract and retain the best people, providing opportunities for individual growth while contributing to the overall success of the company.

In 2018/19 we have implemented major reviews of our Performance Management processes, introducing new appraisals tools for use by all employees throughout every part of the business. The introduction of the new processes has seen a rapid increase in appraisal compliance as well as significant improvement in the quality of performance targets achieved by employees.

A FOCUS ON EXCELLENCE

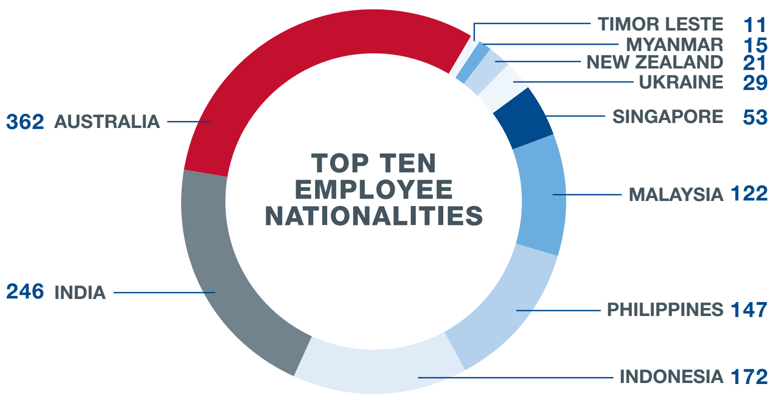
Industrially, MMA continued its operations without recording any interruption from workplace disputes. The current Enterprise Agreements covering Australian marine personnel will continue in place until at least May 2021.

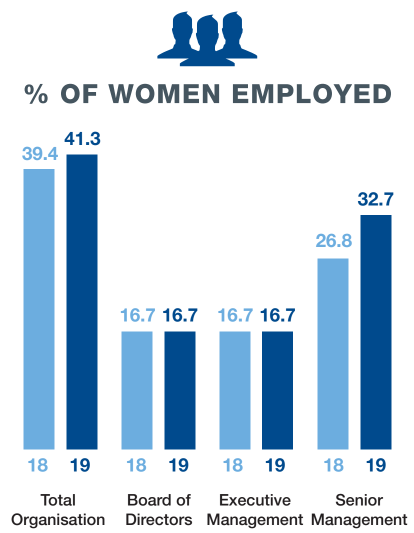
Diversity and Inclusion continues to be a priority for the company as we believe that this will enable our people to contribute to their full potential. The share of women in management positions increased to 32.7% from 26.8% in 2018, with the overall percentage of women employees (onshore) increasing from 39.4% (2018) to 41.3%.

MMA introduced a key tool to assist in the implementation of an inclusive workplace with the launch of the iHub portal during the year.

iHub has enabled all employees, no matter what role they play in the business, to be able to have their say about innovative ideas and to suggest improvements in how we operate. KPI's are in place so that all iHub suggestions are responded to by the appropriate Senior Manager.

Focusing on training and competency is one of the key pillars of our strategic HR plan. MMA continues to provide training opportunities to four Officer Cadets, two indigenous trainees (Rating and HSEQ) and seven Timor Leste nationals in Able Seaman roles. 1,167 unique employees accessed training during the past twelve months, completing over 10,600 individual training outcomes.





INNOVATION AWARD

In June 2019, MMA was awarded the **AustCham Singapore Innovation Award for 2019** for our MMA Pinnacle Walk to Work Project.

MMA designed a solution in collaboration with long term client Woodside which involved fitting the MMA Pinnacle with a bespoke motion compensated gangway and pedestal system which enabled the vessel to be used as an accommodation facility during the platform shutdown. This resulted in a safer and more efficient method of transferring maintenance personnel to the platform, reducing the need for helicopter transfers and facilitating more maintenance personnel on site.

Particularly challenging for this project was the significant height of the gas platform (up to 30 metres) and the variable ocean conditions requiring a highly engineered solution.

This Innovation Award is testament to MMA's innovative approach. The project has paved the way for an innovative, safer and more efficient approach to offshore platform maintenance logistics in the North West Shelf Region of Australia.

iHUB PROPEL INNOVATION

OUR COMMUNITY

To support its 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

Creating and maintain cross cultural awareness throughout the business

MMA strives to enhance community participation through the procurement of local goods and services as well as through the promotion of opportunities for training and development.

A FOCUS ON RELATIONSHIPS

Procurement

Supporting local contractors and vendors (including indigenous businesses) is an ongoing priority for MMA.

In FY2019 MMA continued to engage with Aboriginal and Torres Strait Islander ("ATSI") enterprises to support its operations offshore Australia.

The range of products and services supplied by ATSI businesses includes waste management services, office supplies, personal protective equipment, lifting and rigging equipment and consumables, victualling supplies, facilities maintenance, graphic design, and payroll and recruitment services.

Whilst the downturn has had a significant impact on the spend of the business, 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

In the past twelve months, MMA has continued its focus on hiring from and supporting the communities within which we operate.

Our employees come from 24 countries and many of whom speak languages other than English. MMA has in place four major employee development programs, each focussing on a specific region and/or demographic group.

Traineeship programs are in place for Timor Leste and Indigenous Australians, providing opportunities both within our Australian and International operations for nine seafaring and one HSEQ trainees.

Our officer cadet program continues to be successful, with one cadet graduating the program in August 2019. The technical competence of our crew has been enhanced over the past twelve months with the introduction of an industry sponsored development program that has seen over one hundred crew benefit from targeted development activities. All of these activities contribute to MMA's capability to offer our clients a skilled and knowledgeable workforce.

MMA TIMORESE CADET WINS AWARD

MMA was delighted that Cristovao Lopes Mendonca, one of our Timorese cadets, was awarded the prize for "Best Academic for Engine Ratings" at the Malaysian Maritime Academy (ALAM). The award was presented for academic excellence together with other attributes of a well-rounded personality.

Cristovao was recruited by MMA as part of its commitment to providing a marine career pathway to Timorese nationals in conjunction with ConocoPhillips' operated Bayu Undan project.

MMA is very proud to be associated with Cristovao and we are sure he has a bright career ahead in the maritime industry.

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 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. 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 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, by diversifying its contract portfolio across exploration, construction, production and maintenance/repair phases, by diversifying its geographic footprint across a number of key regional areas and by expanding its subsea services business through the proposed acquisition of the Neptune Marine business.

Further decreases in industry activity or a lack of recovery in industry activity may also increase the risk of the Company failing to comply with the covenants associated with its Banking Facilities. In addition to the controls listed above, MMA seeks to manage this risk through proactively engaging with its lenders and through ongoing monitoring and review of the Company's Balance Sheet strategy.

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, 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. To this end, MMA has disposed of a number of non-core vessels from the fleet which are commoditised in nature to focus on more technically sophisticated vessels where MMA can utilise its marine expertise to extract the most value out of both its own assets and those assets bareboat chartered from third party owners.

MMA also has an active lay-up programme to minimise holding costs for vessels between contracts. These laid-up vessels are either cold or warm stacked predominantly at MMA's land-based facilities in Batam and Singapore to minimise costs.

MMA's strategic plan to manage this risk also focuses on regional strategies to position itself in the most advantageous areas to operate (both in terms of demand and clients).

MMA's strategy is to differentiate itself from its competitors through operational excellence, proactive and innovative solutions, long-term customer relationships and responsive account management - whilst remaining competitive on price.

MMA's strategy to manage this risk also includes expanding its subsea services business through the proposed acquisition of the Neptune Marine business – with the combined service offering likely to result in increased asset utilisation, an enhanced return on assets and additional revenue and cost synergies.

Operational risks

The Company's operations are subject to various risks inherent in servicing the offshore oil and gas 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;
- 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, quality 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 and economic sanctions, 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 and/or 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 (ABC) Policy and ABC framework has also been implemented and is continually monitored to 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. He previously served as a Non-Executive Director of Nido Petroleum (delisted 26 June 2017) resigning in December 2018.

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 Jeffrey Andrew Weber

Managing Director
– Appointed 31 December 2002

Jeff began his career as a Marine Engineer with BHP Transport. He went on to complete a degree in this field in 1993 and in 1994 graduated with a Master's in Engineering and Technology Management from the University of Queensland. During his 19 years with BHP, Jeff gained comprehensive project management experience and helped develop new business for BHP Transport in Australia and South East Asia. He also managed a major initiative with BHP's steel division, reviewing its logistics arrangements and developing processes to improve services and reduce costs. In 1998, Jeff joined Riverside Marine in Queensland and helped expand its operations Australia wide. This included forming a joint venture company with Wijsmuller International Towage BV, RiverWijs and negotiating with Woodside Petroleum to take over that company's harbour towage operation in Dampier, Western Australia. Jeff is also a Non-Executive Director of Maritime Super Pty Ltd, a superannuation fund dedicated to employees in the maritime industry.

As Managing Director of MMA, Jeff 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. She is also a Senior Adviser to African Geopolitics, a socio-political advisory group helping enterprises work successfully in Africa.

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 in July 1977 from the University of Newcastle Upon Tyne (UK) and spent almost 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.

In June 1989, 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 two years until August 2007. Chiang Gnee was also formerly the Executive Director of the Singapore Maritime Institute (SMI) which focuses on the development of the Singapore maritime industry through research. Chiang Gnee was engaged in workplace health and safety management until 31 March 2018 and in vocational technical education in Singapore. He was Chairman of the Singapore Workplace Safety and Health Council and Deputy Chairman of the Institute of Technical Education (ITE) Board of Governors until 30 June 2018.

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 currently Managing Partner 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 Pacific Opportunities Fund, managed by Black Crane Capital, is a major shareholder of MMA.

Peter established 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.

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 2019, 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 19 September 2019 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 2019. 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 2019.

Directors

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 28 to 29 (including their qualifications, experience and special responsibilities).

The Directors of the Company held office during the whole of the financial year and since the end of the financial year.

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

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 J Weber	-	3,815,916	2,581,441
Ms E Howell	-	372,058	-
Mr C G Heng	200,000	-	-
Mr P Kennan	-	77,419,000	-

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 38 to 49. 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 6,698,770 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 J Weber	2,581,441	MMA Offshore Limited	2,581,441
Mr D Ross	1,600,260	MMA Offshore Limited	1,600,260
Mr D Cavanagh	1,074,831	MMA Offshore Limited	1,074,831
Mr D Roberts	504,178	MMA Offshore Limited	504,178
Mr D Thomas	476,809	MMA Offshore Limited	476,809
Mr R Furlong	461,251	MMA Offshore Limited	461,251

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. In addition, Dylan currently holds the role of Executive General Manager Legal.

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 (1995) and a LLB degree (1997) 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 21 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 marine services to the offshore oil and gas industry.

Other than as previously referred to in this annual report, 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 8-13.

Changes in State of Affairs

The Chairman's Address and the Managing Director's Report (on pages 8-13) 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, there was no significant change in the state of affairs of the consolidated entity.

Subsequent Events

Other than the matter set out below, 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.

As announced by the Company on 24 July 2019, MMA has entered into a contract for the acquisition of the business of Neptune Marine Services Limited's ("NMS") key operating subsidiaries, for an expected total consideration of $18.5 million, comprising $5 million in cash plus approximately $13.5 million in MMA shares. Completion of the acquisition is subject to a number of conditions precedent, including (without limitation) NMS shareholder approval. If the acquisition does not proceed, the $5 million cash deposit paid is refundable to the Company.

Future Developments

In general terms, the Chairman's Address and the Managing Director's Report (on pages 8-13) 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 all applicable environmental requirements. There were no known breaches of any applicable environmental laws for the year ended 30 June 2019.

Dividends

In respect of the financial year ended 30 June 2018, 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 2019. Accordingly, no interim or final dividend has been recommended, declared or paid for the 2019 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	1 Jul 2021 *(a)*
MMA Offshore Limited	2,581,441	Ordinary	0.00	1 Jul 2021 *(a)*

(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.

The holders of these rights do not have the right, by virtue of the issue of the 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, 8 Board meetings, 4 Audit and Risk Committee meetings and 3 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	8	8	4	4	3	3
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

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 $80,341 for the provision of non-audit services (being the provision of tax compliance services and potential transaction advice) and the sum of $478,431 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 50 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, outlines the remuneration of the Company's key management personnel for the financial year ended 30 June 2019.

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 J Weber (Managing Director)[1]	Mr A Edwards (Chairman)
	Ms E Howell
	Mr CG Heng
	Mr P Kennan

Other Key Management Personnel
Mr D Ross (Chief Executive Officer)[2]
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)[3]
Mr S Edgar (Executive General Manager Project Logistics)[4]

(1) Ceased as Chief Executive Officer on 1 July 2019
(2) Appointed as Chief Executive Officer on 1 July 2019
(3) Appointed to the position of Executive General Manager Operations on 1 January 2019
(4) Appointed to the position of Executive General Manager Project Logistics on 1 January 2019

Apart from Mr J Weber, Mr D Ross, Mr R Furlong and Mr S Edgar (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 2019 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 during the 2019 financial year and current market conditions, the key remuneration outcomes for the Company's key management personnel in 2019 were as follows:

Fixed Annual Remuneration (FAR)

- The Managing Director, Chief Executive Officer and Chief Financial Officer did not receive an increase in FAR for the 2019 financial year.
- The other Senior Management of the Company did receive a general increase in FAR of 2.9% for the 2019 financial year - with some additional realignment for those key management personnel whose roles changed.

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 2019 financial year.

Long-term Incentive (LTI)

- The Board exercised its discretion to reinstate the LTI component in relation to the Managing Director and other key management personnel for the 2019 financial year. Further details of the new 2019 LTI Plan are set out on pages 44 to 45 of this report.

Remuneration Report 2018

MMA Offshore Limited's Remuneration Report for the 2018 financial year was adopted at the Annual General Meeting on 21 November 2018 with a clear majority of 441,947,720 votes in favour of the motion (representing 85% 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 2019 financial year, there was no increase in Non-Executive Directors' fees.

In addition, following a review by the Nomination and Remuneration Committee, there has been no increase in Non-Executive Directors' fees for the 2020 financial year.

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.

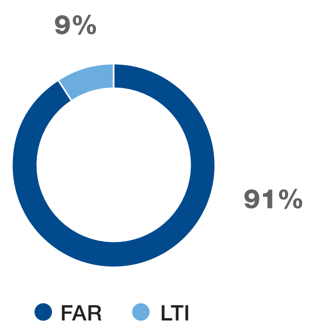
The remuneration of the Managing Director and other key management personnel has the following three components:

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 and Chief Financial Officer did not receive any increase in FAR for the 2019 financial year. The other Senior Management of the Company did, however, receive a general increase in FAR of 2.9% - with some additional realignment for those key management personnel whose roles changed. • Given the performance of the Company and current market conditions, the Board has determined that for the 2020 financial year: (a) The Managing Director, Chief Executive Officer and Chief Financial Officer will not receive any increase in FAR; and (b) The other key management personnel will not receive any increase in FAR.
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 market conditions, the Board exercised its discretion to suspend the STI component for the 2019 financial year. • Once again, the Board has exercised its discretion to suspend the STI component for the 2020 financial year (subject always to the Board's discretion to reinstate the STI component if the Company's performance or market conditions change).
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 3 year period. • The LTI also aims to align executives' long-term interests with those of shareholders and to retain executives. • The Board exercised its discretion to reinstate the LTI component for the 2019 financial year. The 2019 LTI Plan – which has a 3 year performance period (expiring 1 July 2021) – includes performance hurdles relating to Relative TSR (50% weighting), Net Debt to EBITDA ratio (25% weighting) and Debt Refinancing (25% weighting) targets. The 2019 LTI Plan for the Managing Director, Chief Executive Officer and Chief Financial Officer also includes a Stretch Relative TSR tranche equating to 10% of the relevant parties fixed annual remuneration for the year - which tranche will only vest in the event that the Company's TSR percentile ranking over the Performance Period relative to the selected Peer Group is above the 90th Percentile. The 2019 LTI Plan for the Managing Director was approved by shareholders at the Company's 2018 AGM on 21 November 2018. The Board considers that the reinstatement of the 2019 LTI Plan and the selection of these performance hurdles is appropriate in the current circumstances to achieve its business turnaround strategy, to retain key management personnel within the Company and to achieve the strategic objectives of the Company. • The Board has once again exercised its discretion to reinstate the LTI component for 2020 Financial year. The new 2020 LTI Plan has a 3 year performance period (expiring 1 July 2022) and includes performance hurdles relating to Relative TSR (50% weighting) and EBITDA Return on Assets (50% weighting). The Board considers that the 2020 LTI Plan and the selected performance hurdles are appropriate to retain key management personnel within the Company and to achieve the strategic objectives of the Company.

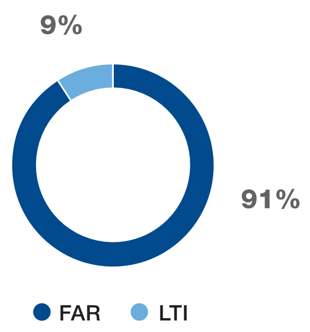
Allocation of Executive Remuneration between Fixed and Variable Remuneration

The allocation of total executive remuneration between fixed and variable remuneration for the 2019 financial year is as follows:

MANAGING DIRECTOR



OTHER EXECUTIVES (MAXIMUM)



Relationship between the Remuneration Policy and Company Performance

The table below summarises information about the Company's earnings for the 2019 financial year and the Company's earnings and movements in shareholder wealth for the five years to 30 June 2019, which is a key factor in the Board's decision to suspend the STI remuneration component for both the 2019 and 2020 financial years.

	30 June 2019 $'000	30 June 2018 $'000	30 June 2017 $'000	30 June 2016 $'000	30 June 2015 $'000
Revenue	239,259	200,444	256,396	481,123	796,666
Net profit/(loss) before tax	(35,879)[3]	(27,376)[3]	(379,791)[3]	(155,262)[3]	(48,219)
Net profit/(loss) after tax	(37,373)	(27,909)	(378,032)	(143,962)	(51,291)
Share price at start of the year	$0.25	$0.15	$0.31	$0.54	$2.06
Share price at end of the year	$0.18	$0.25	$0.15	$0.31	$0.54
Interim dividend[1]	0cps	0cps	0cps	0cps	4.0cps
Final dividend[1]	0cps	0cps	0cps	0cps	1.5cps
Basic earnings per share	(4.36cps)	(4.11cps)	(93.86cps)[4]	(38.64 cps)	(13.91 cps)
Diluted earnings per share	(4.36cps)	(4.11cps)	(93.86cps)[4]	(38.64 cps)	(13.91 cps)
3 year compound annual TSR[2]	(16%)	(21%)	(49%)	(46%)	(32%)

[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 $10.4 million against the carrying value of the Company's assets as at 30 June 2019 [2018: $8.4 million impairment reversal and 2017: $312 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 2019 financial year (i.e. the actual "take-home" pay received by key management personnel for the 2019 financial year); and

(B) The statutory presentation of the remuneration of the Directors and other key management personnel of the Company for the 2019 financial year and for the previous financial year based on the requirements of accounting standards.

(A) Key Management Personnel Remuneration (Actual)

	Short-term employee benefits			Post-employment benefits			Share based payments	Total
2019	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	-	-	-	878,521
Mr P Kennan	100,127	-	-	-	-	-	-	100,127
Ms E Howell	100,440	-	-	9,541	-	-	-	109,981
Mr CG Heng	112,910	-	-	6,926	-	-	-	119,836
Senior Management								
Mr D Ross	548,819	-	105,284	-	-	-	-	654,103
Mr D Cavanagh	335,172	-	-	24,828	-	-	-	360,000
Mr D Roberts	329,469	-	22,159	20,531	-	-	-	372,159
Ms L Buckey(4)	189,994	-	-	18,338	-	-	-	208,332
Mr D Thomas	310,469	-	-	20,531	-	-	-	331,000
Mr R Furlong(1)	314,110		-	20,531	-	-	-	334,641
Mr S Edgar(1)	263,628	-	-	20,531	-	-	-	284,159
Total	3,621,893	-	128,593	182,373	-	-	-	3,932,859

(B) Key Management Personnel Remuneration (Statutory Presentation)

	Short-term employee benefits			Post-employment benefits			Share based payments	Total
2019	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	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(4)	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

	Short-term employee benefits			Post-employment benefits			Share based payments	Total
2018	Salary & fees	Cash Bonus	Non-monetary(2)	Superannuation	Termination	Long Service Leave	Rights(3)	
	$	$	$	$	$	$	$	$
Directors								
Mr A Howarth(1)	70,271	-	19	6,676	-	-	-	76,966
Mr A Edwards	143,116	-	-	13,596	-	-	-	156,712
Mr J Weber	847,747	-	1,237	25,000	-	14,546	18,647	907,177
Mr P Kennan(1)	71,399	-	-	-	-	-	-	71,399
Ms E Howell	100,569	-	-	9,554	-	-	-	110,123
Mr CG Heng	99,457	-	-	5,648	-	-	-	105,105
Senior Management								
Mr D Ross	504,999	-	48,925	17,308	-	8,705	8,775	588,712
Mr P Raynor(1)	238,828	-	2,608	12,212	-	4,137	4,183	261,968
Mr D Cavanagh(1)	192,083	-	-	12,067	-	-	-	204,150
Mr D Roberts	310,633	-	3,929	20,049	-	5,512	1,477	341,600
Mr M Gillett(1)	247,359	-	120	14,651	216,011	3,972	1,073	483,186
Ms L Buckey(4)	201,379	-	-	19,131	-	11,867	1,274	233,651
Mr D Thomas	296,892	-	-	20,049	-	15,848	1,423	334,212
Total	3,324,732	-	56,838	175,941	216,011	64,587	36,852	3,874,961

(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 A Howarth retired from the Company on 30 November 2017; Mr P Kennan was appointed as a director of the Company on 22 September 2017; Mr D Cavanagh commenced employment with the Company on 4 December 2017; Mr P Raynor ceased employment with the Company on 21 December 2017 and Mr M Gillett ceased employment with the Company on 22 March 2018.

(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. 3 years).

(4) 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	
	2019	2018	2019	2018
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%
Executive Directors				
Mr J Weber	91%	98%	9%	2%
Senior Management				
Mr D Ross	93%	98%	7%	2%
Mr D Cavanagh	91%	100%	9%	0%
Mr D Roberts	95%	99%	5%	1%
Ms L Buckey	95%	100%	5%	0%
Mr D Thomas	95%	100%	5%	0%
Mr R Furlong(1)	95%	N/A	5%	N/A
Mr S Edgar(2)	95%	N/A	5%	N/A

(1) Appointed on 1 January 2019.

(2) Appointed on 1 January 2019.

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 2019 financial year; and
- Once again, suspend the STI component for the 2020 financial year (subject to the Board's discretion to reinstate the STI component if the Company's performance or market conditions change).

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, Senior Management and other selected employees (**2019 LTI Plan**).

Each right under the 2019 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 2019 LTI Plan. The rights carry neither rights to dividends nor voting rights. Please refer to the tables below for details of the performance criteria for the rights granted during the 2019 financial year under the 2019 LTI Plan.

(A) The table below sets out the relevant performance criteria for the performance rights granted to the Managing Director, Chief Executive Officer and Chief Financial Officer during the 2019 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
Net Debt to EBITDA Ratio	Beginning 1 July 2018 and ending 30 June 2021	25%	Multiple ≤ 2.5 times	100%
Debt Refinancing	Beginning 1 July 2018 and ending 30 June 2021	25%	The Company securing refinancing of its existing Debt Facilities[1], or alternate financing in lieu of the existing Debt Facilities, and such terms being acceptable to the Board in its absolute discretion having regard to, among other factors, prevailing market conditions and the Company's financial position at that time	100%
Company's Total Shareholder Return (TSR)[2] percentile ranking over the Performance Period relative to a selected Peer Group[3]	Beginning 1 July 2018 and ending 30 June 2021	50%	Below the 50th percentile	Nil
			Between the 50th and the 75th percentile	50% to 100% (on a straight-line basis)
			Above the 75th percentile	100%
Stretch Relative TSR	Beginning 1 July 2018 and ending 30 June 2021	10%	Above the 90th percentile	100%

(B) The table below sets out the relevant performance criteria for the performance rights granted to other key management personnel (ie. excluding the Managing Director, Chief Executive Officer and Chief Financial Officer) during the 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
Net Debt to EBITDA Ratio	Beginning 1 July 2018 and ending 30 June 2021	25%	Multiple ≤ 2.5 times	100%
Debt Refinancing	Beginning 1 July 2018 and ending 30 June 2021	25%	The Company securing refinancing of its existing Debt Facilities[1], or alternate financing in lieu of the existing Debt Facilities, and such terms being acceptable to the Board in its absolute discretion having regard to, among other factors, prevailing market conditions and the Company's financial position at that time	100%
Company's Total Shareholder Return (TSR)[2] percentile ranking over the Performance Period relative to a selected Peer Group[3]	Beginning 1 July 2018 and ending 30 June 2021	50%	Below the 50th percentile	Nil
			Between the 50th and the 75th percentile	50% to 100% (on a straight-line basis)
			Above the 75th percentile	100%

(1) **Debt Facilities** means those debt facilities referred to in the Company's ASX announcement 'Equity Raising Presentation' dated 16 November 2017.

(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.

(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), Brambles Limited ASX:BXB), CIMIC Group Limited (ASX:CIM), Cleanaway Waste Management Limited (ASX:CWY), Downer EDI Limited (ASX:DOW), GWA Group Limited (ASX:GWA), IPH Limited (ASX:IPH), McMillan Shakespeare Limited (ASX:MMS), Monadelphous Group Limited (ASX:MND), Qantas Airways Limited (ASX:QAN), Qube Holdings Limited (ASX:QUB), Reliance Worldwide Corporation Limited (ASX:RWC), SEEK Limited (ASX:SEK), 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	Number issued	Grant date	Expiry date	Exercise price $	Fair value at grant date $	Vesting date
(1) 10 Feb 2016 (a)	2,001,432	18 Nov 2015	1 Jul 2020	0.00	0.02	1 Jul 2018
(2) 10 Feb 2016 (a)	8,037,836	7 Dec 2015	1 Jul 2020	0.00	0.02	1 Jul 2018
(3) 7 Jun 2016 (a)	220,284	18 Apr 2016	1 Jul 2020	0.00	0.02	1 Jul 2018
(4) 19 Oct 2018 (b)	10,625,634	16 Nov 2018	1 Jul 2023	0.00	0.11	1 Jul 2021
(5) 27 Nov 2018 (b)	2,581,441	28 Nov 2018	1 Jul 2023	0.00	0.10	1 Jul 2021

(a) In accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2015 (issued by the Board on 7 December 2015 and 18 April 2016) and the MMA Offshore Limited Managing Director's Performance Rights Plan – 2015 (as approved by the shareholders at the Company's Annual General Meeting on 18 November 2015) the number of performance rights which vested on 1 July 2018 depended on the Company achieving the specified share price target(s) for MMA Offshore Limited and the total shareholder return of the Company relative to a selected peer group of companies as set out in note 5.2 of the Financial Statements. These performance hurdles have not been met. As such, all of these performance rights have lapsed in accordance with the terms of the relevant plan rules.

(b) In accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2018 (issued 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.

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 J Weber	27 Nov 2018	2,581,441	–	–	–	9%
Mr D Ross	19 Oct 2018	1,600,260	–	–	–	7%
Mr D Cavanagh	19 Oct 2018	1,074,831	–	–	–	9%
Mr D Roberts	19 Oct 2018	504,178	–	–	–	5%
Mr D Thomas	19 Oct 2018	476,809	–	–	–	5%
Ms L Buckey	19 Oct 2018	299,688	–	–	–	5%
Mr R Furlong	19 Oct 2018	461,251	–	–	–	5%
Mr S Edgar	19 Oct 2018	374,332	–	–	–	5%

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 J Weber	250,875	–
Mr D Ross	159,309	–
Mr D Cavanagh	107,002	–
Mr D Roberts	55,581	–
Mr D Thomas	52,563	–
Ms L Buckey	33,038	–
Mr R Furlong	50,848	–
Mr S Edgar	41,266	–

The following table summarises the number of performance rights that lapsed during the financial year, in relation to performance rights granted to key management personnel as part of their remuneration:

Name	Financial year in which rights were granted	No. of rights lapsed during the current year
Mr J Weber	2015	2,001,432
Mr D Ross	2015	941,850
Mr D Roberts	2015	252,126
Ms L Buckey	2015	217,350
Mr D Thomas	2015	242,828
Mr R Furlong	2015	178,794
Mr S Edgar	2015	96,644

Key Management Personnel Equity Holdings

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

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 J Weber	3,815,916	-	-	-	3,815,916	-
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 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)]	1,578	-	-	-	1,578	-
Mr S Edgar[(2)]	24,706	-	-	-	24,706	-

2018	Balance at 1 July 2017	Granted as compensation	Received on vesting of Performance Rights	Net other change	Balance at 30 June 2018	Balance held nominally
Mr A Edwards	115,680	-	-	115,680	231,360	-
Mr J Weber	1,907,958	-	-	1,907,958	3,815,916	-
Mr P Kennan[(3)]	38,709,500	-	-	38,709,500	77,419,000	77,419,000
Ms E Howell	123,529	-	-	123,529	247,058	-
Mr CG Heng	100,000	-	-	100,000	200,000	-
Mr D Ross	765,785	-	-	765,785	1,531,570	-
Mr D Cavanagh[(4)]	21,000	-	-	-	21,000	-
Mr D Roberts	-	-	-	-	-	-
Ms L Buckey	1,475	-	-	-	1,475	-
Mr D Thomas	-	-	-	-	-	-
Mr R Furlong[(1)]	1,578	-	-	-	1,578	-
Mr S Edgar[(2)]	12,353	-	-	12,353	24,706	-

[(1)] Appointed 1 January 2019.
[(2)] Appointed 1 January 2019.
[(3)] Appointed on 22 September 2017.
[(4)] Appointed on 4 December 2017.

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

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 J Weber	2,001,432	2,581,441	-	(2,001,432)	2,581,441	-	-
Mr D Ross	941,850	1,600,260	-	(941,850)	1,600,260	-	-
Mr D Cavanagh[(1)]	-	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[(2)]	178,794	461,251	-	(178,794)	461,251	-	-
Mr S Edgar[(3)]	96,644	374,332	-	(96,644)	374,332	-	-

2018 Executives	Balance at 1 July 2017	Granted as compensation	Vested	Net other change (lapsed)	Balance at 30 June 2018	Vested but not exercisable	Rights vested during year
Mr J Weber	2,431,507	-	-	(430,075)	2,001,432	-	-
Mr D Ross	1,144,238	-	-	(202,388)	941,850	-	-
Mr D Cavanagh[(1)]	-			-	-		
Mr D Roberts	307,602	-	-	(55,476)	252,126	-	-
Ms L Buckey	265,175	-	-	(47,825)	217,350	-	-
Mr D Thomas	296,259	-	-	(53,431)	242,828	-	-
Mr R Furlong[(2)]	205,029	-	-	(26,235)	178,794	-	-
Mr S Edgar[(3)]	117,909	-	-	(21,265)	96,644	-	-

(1) Appointed on 4 December 2017.
(2) Appointed 1 January 2019.
(3) Appointed 1 January 2019.

All performance rights issued to key management personnel during the financial year were made in accordance with the terms of the respective rights plans.

Further details of the share based payment arrangements during the 2019 and 2018 financial years are contained in note 5.2 of the Financial Statements.

Loans to Key Management Personnel

During the financial year, the Company forgave a portion of a short-term loan that it had provided to a member of its key management personnel. This outstanding portion of the short-term loan was forgiven on the basis of an agreement reached with the relevant key management personnel as part of their remuneration arrangements.

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 J Weber	6 months	Yes[(1)]
Mr D Ross	6 months	Yes[(2)]
Mr D Cavanagh	12 weeks	Yes[(3)]
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

(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 a payment being the lesser of either:

- 1.5 times the Fixed Annual Remuneration in the relevant year (excluding any short-term incentives or long-term incentives); or
- 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 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.

(3) 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 Chief Executive Officer consists of an annual base salary and a short-term incentive component and a long-term incentive component at the discretion of the Nomination and Remuneration Committee and the Board; and
- Other executive key management personnel consists of an annual base salary and statutory superannuation contributions. Participation in the Company's incentive schemes is at the 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
Fremantle, 19 September 2019

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2
Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

The Board of Directors
MMA Offshore Limited
1 Mews Road
Fremantle WA 6160

19 September 2019

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 2019, 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
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

John Sibenaler
Partner
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Tower 2
Brookfield Place
123 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

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 2019, 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 2019 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Network.

Deloitte.

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 3.6, the assessment of the recoverable amount of the Vessels Cash Generating Unit ("Vessel CGU") requires management to exercise judgement and has been based on a Fair Value Less Cost of Disposal ("FVLCOD") approach. The Group appointed external valuers to perform a valuation of the Vessel CGU. Key assumptions used in assessing 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 3.6 to the financial statements.
Recoverability of trade receivables As disclosed in Note 3.2, the carrying value of trade receivables is $52.1 million, net of an allowance for expected credit loss of $9.2 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 future conditions that may impact expected customer receipts; and • Assessing the appropriateness of the disclosures in Note 3.2 to the financial statements.

Deloitte.

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 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do 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 has no realistic alternative but to do so.

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 director's 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.

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, related safeguards.

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 pages 38 to 49 of the Director's Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of MMA Offshore Limited, for the year ended 30 June 2019, 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.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

John Sibenaler
Partner
Chartered Accountants
Perth, 19 September 2019

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 3.1 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 21 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
Fremantle, 19 September 2019

FINANCIAL REPORT 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Revenue	2.1	239,259	200,444
Investment income		1,278	463
Other (losses)/gains	2.2	(556)	87
Vessel expenses		(238,951)	(206,484)
Administration expenses		(7,402)	(7,092)
Impairment (charge)/reversal	2.1	(10,361)	8,407
Finance costs		(19,146)	(23,201)
Loss before tax		(35,879)	(27,376)
Income tax expense	2.3	(1,494)	(533)
Loss for the Year		(37,373)	(27,909)
Other Comprehensive Income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		20,742	13,302
Loss on hedge of net investment in a foreign operation		(8,886)	(6,087)
Other comprehensive income for the year, net of tax		11,856	7,215
Total Comprehensive Loss for the Year		(25,517)	(20,694)
Loss attributable to owners of the Company		(37,373)	(27,909)
Total comprehensive loss attributable to owners of the Company		(25,517)	(20,694)

		Cents Per Share	Cents Per Share
Earnings/(loss) per share			
Basic	2.4	(4.36)	(4.11)

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 2019

	Note	2019 $'000	2018 $'000
Current Assets			
Cash and cash equivalents	3.1	70,155	69,648
Trade and other receivables	3.2	63,275	61,641
Inventories	3.3	1,974	1,615
Prepayments		1,149	1,062
Assets classified as held for sale	3.4	-	9,397
Total Current Assets		136,553	143,363
Non-Current Assets			
Property, plant and equipment	3.5	482,322	496,421
Total Non-Current Assets		482,322	496,421
Total Assets		618,875	639,784
Current Liabilities			
Trade and other payables	3.7	30,481	32,309
Unearned revenue		831	375
Borrowings	3.8	2,743	1,739
Provisions	3.9	11,354	10,665
Current tax liabilities		1,806	1,186
Customer deposits		160	-
Total Current Liabilities		47,375	46,274
Non-Current Liabilities			
Trade payables		5,296	5,020
Borrowings	3.8	262,807	259,933
Provisions	3.9	152	262
Total Non-Current Liabilities		268,255	265,215
Total Liabilities		315,630	311,489
Net Assets		303,245	328,295
Equity			
Issued capital	4.1	654,735	654,735
Reserves	4.2	133,777	121,454
Accumulated losses		(485,267)	(447,894)
Total Equity		303,245	328,295

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 2019

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	Total $'000
Balance at 1 July 2018	654,735	154	(57,290)	178,590	(447,894)	328,295
Loss for the year	-	-	-	-	(37,373)	(37,373)
Other comprehensive income/(loss) for the year	-	-	(8,886)	20,742	-	11,856
Total Comprehensive Income/(Loss) for the Year	-	-	(8,886)	20,742	(37,373)	(25,517)
Recognition of share based payments	-	467	-	-	-	467
Balance at 30 June 2019	654,735	621	(66,176)	199,332	(485,267)	303,245

Year Ended 30 June 2018	Issued Capital $'000	Employee Equity Settled Benefits Reserve $'000	Hedging Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Total $'000
Balance at 1 July 2017	561,275	1,114	(51,203)	165,288	(419,985)	256,489
Loss for the year	-	-	-	-	(27,909)	(27,909)
Other comprehensive income/(loss) for the year	-	-	(6,087)	13,302	-	7,215
Total Comprehensive Income/(Loss) for the Year	-	-	(6,087)	13,302	(27,909)	(20,694)
Issue of shares under institutional placement	22,385	-	-	-	-	22,385
Issue of shares under institutional entitlement offer	15,605	-	-	-	-	15,605
Issue of shares under retail entitlement offer	59,010	-	-	-	-	59,010
Share issue costs	(4,558)	-	-	-	-	(4,558)
Transfer to share capital	1,018	(1,018)	-	-	-	-
Recognition of share based payments	-	58	-	-	-	58
Balance at 30 June 2018	654,735	154	(57,290)	178,590	(447,894)	328,295

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 2019

	Note	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Receipts from customers		241,305	205,157
Interest received		1,278	463
Payments to suppliers and employees		(202,578)	(189,324)
Income tax paid		(955)	(1,754)
Interest and other costs of finance paid		(16,895)	(16,880)
Net Cash Provided by/(Used in) Operating Activities	3.1	22,155	(2,338)
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(17,501)	(9,194)
Proceeds from sale of property, plant and equipment		7,491	25,288
Deposit for investment in business combination	3.2	(5,000)	-
Net Cash Provided by/(Used in) Investing Activities		(15,010)	16,094
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	97,000
Payment of share issue costs		-	(4,558)
Repayment of borrowings	3.8	(7,256)	(61,298)
Financing fees on borrowings	3.8	(9)	(4,003)
Net Cash Provided by/(Used in) Financing Activities		(7,265)	27,141
Net increase/(decrease) in cash and cash equivalents		(120)	40,897
Cash and cash equivalents at the beginning of the financial year		69,648	28,757
Effects of exchange rate changes on the balance of cash held in foreign currencies		627	(6)
Cash and Cash Equivalents at the End of the Financial Year		70,155	69,648

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. General Notes

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

1.1 Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law.

The accounting policies are consistent with those disclosed in the 2018 financial statements, except for the impact of all new or amended standards and interpretations as disclosed in note 5.10. The adoption of these standards and interpretations did not result in any significant changes to the Group's accounting policies.

The Group has not elected to early adopt any new or amended standards or interpretations that are issued but not yet effective.

The Financial Statements were authorised for issue by the Directors on 19 September 2019.

1.2 Basis of Preparation

The financial statements have been prepared on the basis of historical cost, 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.

For the purposes of preparing the financial statements, the Company is a for-profit entity.

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.

1.3 Basis of Consolidation

The financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1. General Notes (continued)

1.4 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, 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.

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

Useful lives of property, plant and equipment – refer note 3.5

Impairment of property, plant and equipment – refer note 3.6

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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. For the current reporting period the Group had one reportable segment being its Vessel operations.

Information regarding the Vessel operating segment is presented below. The accounting policies of the reportable segment are the same as the Group's accounting policies.

Segment revenues and results

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

	2019 $'000	2018 $'000
Vessels		
Revenue from external customers	239,259	200,444
Segment profit/(loss) before impairment	308	(6,040)
Impairment (charge)/reversal	(10,361)	8,407
Segment profit/(loss) after impairment	(10,053)	2,367
Investment income	1,278	463
Other gains/(losses)	(556)	87
Administration costs	(7,402)	(7,092)
Finance costs	(19,146)	(23,201)
Loss for the year before income tax	(35,879)	(27,376)

Segment profit/(loss) represents the profit/(loss) earned by the Vessel segment without allocation of investment revenue, other gains and losses, administration costs, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Disaggregation of revenue

The Group derives its revenue from a number of different regions being:

	2019 $'000	2018 $'000
Revenue recognition:		
Revenue Region		
Australia	159,256	142,155
International	80,003	58,289
Total	239,259	200,444

Segment Assets

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

	2019 $'000	2018 $'000
Vessel segment assets (i)	539,763	566,129
Unallocated assets	79,112	73,655
Total	618,875	639,784

(i) Vessel segment assets include vessels held for sale (refer note 3.4).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. Financial Performance (continued)

2.1 Segment Information (continued)

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.

Other Segment Information

	Depreciation and amortisation		Additions to non-current assets	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Vessel assets	34,766	31,300	10,341	9,108
Unallocated assets	553	603	44	86
Total	35,319	31,903	10,385	9,194

Impairment charges/(reversals)

In addition to the depreciation charges reported above, the Group also recognised impairment charges/(reversals) (see note 3.6) in respect of vessels as set out below:

	2019 $'000	2018 $'000
Vessels held for continuing operations	8,254	(8,236)
Vessels held for sale	2,107	(171)
Total	10,361	(8,407)

Geographical information

The Group is based in two principal geographical areas – Australia (country of domicile) and Singapore, however the fleet is traded around the world as a single fleet and moves between all geographical areas.

During the year, the Group operated vessels 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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Location				
Australia	159,256	142,155	176,327	183,478
International	80,003	58,289	305,995	312,943
Total	239,259	200,444	482,322	496,421

Information about major customers for continuing operations

Included in revenues arising from vessel services are revenues of approximately $35.0 million (2018: $28.8 million) which arose from sales to the Group's largest customer, revenues of approximately $31.2 million (2018: $25.9 million) which arose from sales to the Group's second largest customer and revenues of approximately $29.3 million (2018: $22.1 million) which arose from sales to the Group's third largest customer.

2. Financial Performance (continued)

2.2 Other Income and Expenses

	2019 $'000	2018 $'000
Profit/(loss) for the year has been arrived at after recognising the following specific amounts:		
Other gains and losses:		
Net foreign exchange losses	(402)	(272)
Profit/(loss) on disposal of property, plant and equipment	57	(160)
Profit/(loss) on disposal of assets held for sale	(211)	519
Total	(556)	87
Depreciation:		
Leasehold buildings and improvements	89	90
Vessels at cost	34,218	30,910
Plant and equipment	1,012	903
Total	35,319	31,903
Impairment charges:		
Impairment charge recognised on trade receivables	6,462	1,251
Impairment charge/(reversal) recognised on vessel cash generating unit	10,361	(8,407)
Employee benefits:		
Post-employment benefits:		
Defined contribution plans	9,115	7,765
Share based payments:		
Equity settled share based payments	467	58
Other employee benefits	97,255	95,502
Total	106,837	103,325

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

	2019 $'000	2018 $'000
Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax expense in respect of the current year	861	596
Adjustment recognised in the current year in relation to tax provisions of prior years	633	(63)
Total income tax expense	1,494	533
The income tax expense for the year can be reconciled to accounting loss as follows:		
Loss before tax	(35,879)	(27,376)
Income tax benefit calculated at 30%	(10,764)	(8,213)
Effect of revenue that is exempt from taxation	(717)	(73)
Effect of expenses that are not deductible in determining taxable profit	8,552	3,186
Effect of tax deductible items not included in accounting profit	(273)	(273)
Effect of foreign income taxable in Australia	160	-
Effect of unused tax losses and temporary differences not recognised as deferred tax assets	2,641	5,881
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,262	88
	861	596
Adjustment recognised in the current year in relation to tax provisions of prior years	633	(63)
Total income tax expense	1,494	533

The tax rate used for the 2019 and 2018 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:

	2019 $'000	2018 $'000
Loss for the year used in the calculation of basic earnings per share	(37,373)	(27,909)

	2019 No.'000	2018 No.'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	858,077	678,468

2.5 Dividends Provided for or Paid

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

	2019 $'000	2018 $'000
Adjusted franking account balance	47,589	47,589

3. Assets and Liabilities

3.1 Cash

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.

	2019 $'000	2018 $'000
Cash and cash equivalents	70,155	69,648

Reconciliation of loss for the year to net cash flows from operating activities	2019 $'000	2018 $'000
Loss for the year	(37,373)	(27,909)
Depreciation of non-current assets	35,319	31,903
Impairment charge/(reversal) of non-current assets	10,361	(8,407)
Amortisation of borrowing costs	2,258	3,354
(Gain)/loss on sale of property, plant and equipment	(57)	160
(Gain)/loss on sale of assets held for sale	211	(519)
Unrealised foreign exchange loss	249	263
Allowance for bad and doubtful debts	6,454	1,256
Equity settled share based payment	467	58
Change in net assets and liabilities:		
Decrease in trade and other receivables	1,513	4,446
(Increase)/decrease in prepayments	(60)	199
(Increase)/decrease in inventories	(341)	1,433
Increase/(decrease) in current tax balances	539	(1,221)
Increase/(decrease) in provisions	890	(72)
Increase/(decrease) in trade and other payables	1,268	(7,549)
Increase in unearned revenue	457	267
Net cash flows Provided by/(Used in) operating activities	22,155	(2,338)

3. Assets and Liabilities (continued)

3.2 Trade and Other Receivables

	2019 $'000	2018 $'000
Trade receivables	61,257	57,602
Loss allowance	(9,179)	(2,624)
Other receivables (i)	11,197	6,663
Total	63,275	61,641

(i) Other receivables includes an amount of $5 million paid as a deposit for investment in a business combination. Refer to note 5.9 for further details.

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.

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 2018	-	2,624	2,624
Transfer to credit-impaired	231	6,231	6,462
Foreign exchange gains and losses	-	93	93
Balance as at 30 June 2019	231	8,948	9,179

3.3 Inventories

	2019 $'000	2018 $'000
Fuel – at cost	1,834	1,289
Consumables	140	326
Total	1,974	1,615

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 to sell. An impairment loss is recognised for any initial write-down of the asset to fair value less costs to sell. Information regarding the assets held for sale in the Statement of Financial Position is presented below.

At 30 June 2019, the carrying value of the vessel not yet sold was nil (2018: $9.4 million), refer to Note 3.6.

3. Assets and Liabilities (continued)

3.5 Property, Plant and Equipment

	Leasehold 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 2017	13,946	1,015,760	16,056	1,045,762
Additions	109	8,977	108	9,194
Disposals	(46)	(87,981)	(131)	(88,158)
Net currency exchange differences	(13)	16,001	432	16,420
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 30 June 2019	14,763	1,024,504	16,991	1,056,258
Accumulated depreciation:				
Balance at 1 July 2017	(12,521)	(522,943)	(11,912)	(547,376)
Disposals	44	87,981	3	88,028
Impairment charge	-	8,407	-	8,407
Depreciation expense	(90)	(30,910)	(903)	(31,903)
Net currency exchange differences	(186)	(3,502)	(265)	(3,953)
Balance at 1 July 2018	(12,753)	(460,967)	(13,077)	(486,797)
Disposals	28	-	273	301
Impairment reversal	-	(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 30 June 2019	(13,576)	(545,922)	(14,438)	(573,936)
Net book value:				
As at 30 June 2018	1,243	491,790	3,388	496,421
As at 30 June 2019	1,187	478,582	2,553	482,322

Leasehold 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. Leasehold buildings and improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period. Vessels are generally depreciated over 25 years on a straight line basis. Vessel refits and dry docks are depreciated over 5 years.

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 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.

Key source of estimation uncertainty

Determining whether assets are impaired requires an estimate of the recoverable value of the assets. In order to determine the recoverable value of the assets in the current year, a Fair Value less Cost of Disposal (FVLCOD) approach was used (2018: FVLCOD approach). 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 experienced and qualified valuers to perform valuations.

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.

The Group has identified the following indicators of impairment at 30 June 2019:

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

As a result, the Group assessed the recoverable amounts of the Vessels Cash-Generating Unit ('CGU').

Impairment testing

The Group has evaluated whether the recoverable amount of each CGU exceeds its carrying amount. The recoverable amount is determined to be the higher of its fair value less costs of disposal ("FVLCOD") or its value in use. In all instances, the FVLCOD method was used for the purpose of impairment testing on 30 June 2019.

3. Assets and Liabilities (continued)

3.6 Impairment of non-current assets (continued)

The following information relates to impairment charges/(reversals) included in profit or loss:

			Impairment charge/(reversal)	
Segment/CGU	Class of asset	Method	2019 $'000	2018 $'000
Vessels	Property, Plant & Equipment	FVLCOD	8,254	(8,407)
Vessels	Assets classified as held for sale	FVLCOD	2,107	-
Total			10,361	(8,407)

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	482,322	482,322

(i) Level 3 inputs are unobservable inputs used to measure fair value. In our 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.

Vessels

The oil and gas services sector continues to be in the early stages of recovery with increasing activity and a tightening in the market for high specification vessels. Sector sentiment has improved around a recovery in the broader oil and gas market with key industry commentators indicating that the market may have now bottomed. We expect the recovery to be volatile and timing is still uncertain. The uncertainty is highlighted by the decline in oil price in November 2018 and again in June 2019. At a time when the price had been slowly trending upwards for the previous 18 months, the decrease was not anticipated. Whilst some of the decrease has since been recovered, it illustrates the variability in the oil market. To date we have not seen the decrease have a significant impact on sentiment around the offshore support vessel market with increasing tendering activity in a number of regions. In addition, a proportion of the global cold stacked vessels are not expected to return to service given the expected downturn, eliminating some of the supply overhang.

As disclosed in note 3.4, a group of non-core vessels in the fleet were classified as being held for sale as at 31 December 2016. 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.

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 2018 impairment assessment, the company used a discount of 17.5%. The Board have continued to apply this discount of 17.5% for the current period to reflect the current recoverable value.

3. Assets and Liabilities (continued)

3.6 Impairment of non-current assets (continued)

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

- the movement in the oil price during the period
- an increase in project and development commitments by the oil and gas majors
- increasing tender opportunities in the market
- acknowledging the increased activity in the industry is still at an early stage in the market cycle and there is uncertainty about the extent and timing of recovery
- acknowledging the impact of the significant vessel tonnage in the industry

A 2.5% increase or decrease in the ‘en bloc discount rate would result in a corresponding $14 million increase or decrease in the impairment charge or reversal.

Another key input was the estimated costs of disposal. The Company has adopted a selling cost equal to 2% of the sale value of each vessel based on actual selling costs of between 1.5% and 2.5% for previous vessel sales.

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.

Held for Sale

The recoverable amount of the one remaining non-core vessel 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 vessel the Company has taken into consideration the following factors:

- actual sales of the non-core vessels that have been completed to date
- market sales evidence for similar vessels over the past 6 months
- a condition report received for the vessel

Given the current condition of the vessel and expected substantial cost to return it to working order it was decided to reduce the expected recoverable value to nil.

3.7 Trade and Other Payables

	2019 $'000	2018 $'000
Trade payables	8,608	5,017
Other payables and accruals	20,563	26,379
Goods and services tax payable	1,310	913
Total	30,481	32,309

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. Assets and Liabilities (continued)

3.8 Borrowings

	2019 $'000	2018 $'000
Secured – at amortised cost		
Current		
Hire purchase liability(i)	4	6
Bank loans(ii)	5,000	3,992
Unamortised loan fees(iii)	(2,261)	(2,259)
Total	2,743	1,739
Non-Current		
Hire purchase liability(i)	-	4
Bank loans(ii)	265,634	265,009
Unamortised loan fees(iii)	(2,827)	(5,080)
Total	262,807	259,933

Summary of borrowing arrangements:

(i) The hire purchase liabilities are fixed interest rate debt with repayment periods not exceeding 3 years. The current weighted average interest rate on the hire purchase liabilities is 2.9% (2018: 2.9%).

(ii) The Group renegotiated the terms of its Syndicated Debt Facility with its existing lenders during the comparative period.

The amortisation profile of the facility is:

- $5.0 million by 30 June 2020
- $7.5 million by 31 December 2020
- $7.5 million by 30 June 2021
- The balance is to be repaid on maturity at 30 September 2021

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 5.99% at 30 June 2019 (2018: 6.08%).

(iii) 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	2019 $'000	2018 $'000
Secured loan facilities with various maturity dates through to 2021 and which may be extended by mutual agreement:		
Amount used	270,634	269,001
Amount unused	-	-
Total	270,634	269,001

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

3. Assets and Liabilities (continued)

3.8 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.

2019	Hire purchase liability $'000	Bank loans $'000	Unamortised loan fees $'000	Total $'000
Balance at 1 July 2018	10	269,001	(7,339)	261,672
Financing cashflows	(6)	(7,252)	(9)	(7,267)
Non-cash foreign exchange movement	-	8,885	-	8,885
Other changes	-	-	2,260	2,260
Balance at 30 June 2019	4	270,634	(5,088)	265,550
2018				
Balance at 1 July 2017	13	324,209	(9,770)	314,452
Financing cashflows	(3)	(61,295)	(4,003)	(65,301)
Non-cash foreign exchange movement	-	6,087	-	6,087
Other changes	-	-	6,434	6,434
Balance at 30 June 2018	10	269,001	(7,339)	261,672

3.9 Provisions

	2019 $'000	2018 $'000
Current		
Employee benefits – annual leave	6,852	6,352
Employee benefits – long service leave	4,502	4,313
Total	11,354	10,665
Non-current		
Employee benefits – long service leave	152	262

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.

3. Assets and Liabilities (continued)

3.10 Deferred Tax Balances

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

2019	Opening Balance $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'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	-	-	-	-

2018	Opening Balance $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'000	Closing Balance $'000
Gross deferred tax liabilities:				
Property, plant and equipment	(4,543)	(8,371)	(120)	(13,034)
Inventory	(460)	277	-	(183)
Receivables	(668)	580	-	(88)
Other	44	(135)	-	(91)
	(5,627)	(7,649)	(120)	(13,396)
Gross deferred tax assets:				
Provisions	636	(466)	-	170
Employee share trust	301	21	(322)	-
Unused tax losses and credits	4,390	8,204	442	13,036
Other	300	(110)	-	190
	5,627	7,649	120	13,396
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)

3.10 Deferred Tax Balances (continued)

Unrecognised deferred tax assets	2019 $'000	2018 $'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)	60,693	64,603
Tax losses (capital in nature)	19,320	19,320
Deductible temporary differences	3,784	5,668

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 Ltd 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.

4. Capital Structure

4.1 Issued Capital

Fully Paid Ordinary Shares	2019 No.'000	2019 $'000	2018 No.'000	2018 $'000
Balance at beginning of financial year	858,077	654,735	373,077	561,275
Issue of shares under institutional placement	-	-	111,923	22,385
Issue of shares under institutional entitlement offer	-	-	78,027	15,605
Issue of shares under retail entitlement offer	-	-	295,050	59,010
Share issue costs	-	-	-	(4,558)
Transfer employee equity settled benefits reserve	-	-	-	1,018
Balance at end of financial year	858,077	654,735	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 2019, executives and employees held rights over 13,207,075 ordinary shares (2018: 9,555,660) in aggregate (see note 5.2).

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

	2019 $'000	2018 $'000
Employee equity settled benefits	621	154
Hedging	(66,176)	(57,290)
Foreign currency translation	199,332	178,590
Balance at end of financial year	133,777	121,454

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 2018.

The capital structure of the Group consists of net debt (borrowings as detailed in note 3.8 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. This has changed from last year where we used a Gearing ratio (measured as net debt to equity). The change was made as the leverage ratio provides a more accurate representation of the security position for all stakeholders by comparing the net debt position to the value of security assets available. 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:

	2019 $'000	2018 $'000
Debt[(i)]	270,634	269,001
Cash and cash equivalents	(70,155)	(69,648)
Net debt	200,479	199,353
Property, plant & equipment[(ii)]	482,322	496,421
Leverage ratio	42%	40%

(i) Debt is defined as gross long and short-term borrowings, as detailed in note 3.8.
(ii) Property, plant and equipment includes all fixed assets owned by the group, as detailed in note 3.5.

5. Other Notes

5.1 Commitments for Expenditure

Capital expenditure commitments	2019 $'000	2018 $'000
Plant and Equipment	15	-
Vessels	2,058	749
Total	2,073	749

Operating leases	2019 $'000	2018 $'000
Payments recognised as an expense:		
Minimum lease payment	13,695	6,230
Non-cancellable operating lease commitments:		
Not later than 1 year	3,268	3,828
Later than 1 year and not later than 5 years	913	3,350
Total non-cancellable operating lease commitments	4,181	7,178

	2019 $'000	2018 $'000
Aggregate operating lease commitments comprise:		
Office rental commitments(i)	1,732	3,661
Onshore facility rental commitments(ii)	943	1,476
Vessel charter fee commitments(iii)	761	1,066
Other(iv)	745	975
Total	4,181	7,178

(i) Office rental commitments:
The Group has a lease on the head office premises at Fremantle, Australia which expires on 4 August 2020, with an option to extend for a further 5-year term. The Group also has a 2-year lease agreement in place for the Singapore office expiring on 31 January 2020.

(ii) Onshore facility rental commitments:
The Group has a rental commitment for the lease of the Singapore Onshore Facility for a term expiring on 15 April 2021.

(iii) Vessel charter commitments:
As of 30 June 2019, the Company had 2 vessels (2018: three) under bare boat charter agreement. Vessel charter commitments represent charter fee payments to be made to the owners of these vessels.

(iv) Other lease commitments:
The Group has leases over a number of residential properties and various items of machinery and equipment. These leases are all on commercial terms for periods up to 5 years.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

5. Other Notes (continued)

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 10 February 2016	2,001,432	18 Nov 2015	1 Jul 2020	0.00	0.02
(2) Issued 10 February 2016	8,037,836	7 Dec 2015	1 Jul 2020	0.00	0.02
(3) Issued 7 June 2016	220,284	18 Apr 2015	1 Jul 2020	0.00	0.02
(4) Issued 16 November 2018	10,625,634	16 Nov 2018	1 July 2023	0.00	0.11
(5) Issued 2 December 2018	2,581,441	21 Nov 2018	1 July 2023	0.00	0.10

None of the Performance Criteria for rights issued during the 2016 financial year as part of Series 1, 2 and 3 were met. As such, all the rights have lapsed in accordance with the terms of the Plan rules in July 2018.

Performance Rights issued during the 2019 financial year as part of Series 4 and 5 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 3-year vesting period.

Please refer to the Remuneration Report on pages [39] to [48] for further details of Performance Rights issued to executives and employees.

Fair value of share rights granted during the year

The share rights issued during the year are detailed in the above table.

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.

5. Other Notes (continued)

5.2 Share Based Payments (continued)

Movement in share rights during the period

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

	2019		2018	
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	9,555,660	0.00	10,923,881	0.00
Issued during the financial year	13,207,075	0.00	-	0.00
Expired during the financial year	(9,555,660)	0.00	(1,368,221)	0.00
Balance at the end of the financial year	13,207,075	0.00	9,555,660	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
(4) Issued 16 November 2018	10,625,634	0.00	1 Jul 2023
(5) Issued 2 December 2018	2,581,441	0.00	1 Jul 2023
Total	13,207,075	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:

	2019 $	2018 $
Short-term employee benefits	3,750,486	3,381,570
Post-employment benefits	182,373	175,939
Other long-term benefits	56,293	64,587
Termination benefits	-	216,011
Share based payments	255,071	36,852
Total	4,244,223	3,874,959

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 (2018: Nil)

Loans to related parties

The Group provided a member of its key management personnel with a short-term loan during a prior year. The loan was forgiven during the year (2018: $25,602).

Other related party transactions

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

5.5 Remuneration of Auditors

	2019 $	2018 $
Auditor of the Parent Entity		
Audit or review of the financial report	194,250	280,750
Advice relating to potential transactions	15,000	-
Advice relating to debt restructure	-	242,920
Advice relating to equity raising	-	18,500
Total	209,250	542,170
Network firms of the Parent Entity auditor		
Audit or review of the financial report	284,181	319,508
Taxation compliance services	65,341	39,077
Total	349,522	358,585

The auditor of MMA Offshore Limited is Deloitte Touche Tohmatsu (“Deloitte”).

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.

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 2019 %	Ownership Interest 2018 %
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 Offshore Logistics 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
Jaya Offshore Services Pte Ltd	(iv)	Singapore	-	100
PT Jaya Asiatic Shipyard		Indonesia	100	100
MMA Global Projects Pte Ltd	(v)	Singapore	100	-
MMA Offshore Services Malaysia Sdn Bhd	(vi)	Malaysia	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 2019.

(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.

(iv) Jaya Offshore Services Pte Ltd was deregistered 14 December 2018.

(v) MMA Global Projects Pte Ltd was incorporated 15 March 2019.

(vi) MMA Offshore Services Malaysia Sdn Bhd was incorporated 12 March 2019.The Group owns 30% of the shares in the company. However based on contractual arrangements between the Group and the other investor, the Group has the power to appoint and remove the majority of the board of directors. Therefore the directors of the Group have concluded they have control.

The consolidated statements of comprehensive income and financial position of entities which are party to the deed of cross guarantee are as follows:

	2019 $'000	2018 $'000
Statement of Comprehensive Income		
Revenue	161,404	142,938
Investment income	1,306	3,715
Other losses	(8,542)	(5,525)
Vessel expenses	(142,003)	(131,804)
Administrative expenses	(7,445)	(7,091)
Impairment (charge)/reversal	(83,351)	87,736
Finance costs	(19,137)	(23,100)
Profit/(Loss) before income tax expense	(97,768)	66,869
Income tax expense	-	-
Profit/(Loss) for the Year	(97,768)	66,869
Total Comprehensive Income/(Loss) for the year	(97,768)	66,869

5. Other Notes (continued)

5.6 Subsidiaries (continued)

	2019 $'000	2018 $'000
Statement of Financial Position		
Current Assets		
Cash and cash equivalents	60,740	58,469
Trade and other receivables	46,655	36,473
Inventories	1,041	611
Prepayments	716	491
Total Current Assets	109,152	96,044
Non-Current Assets		
Other financial assets	334,963	420,923
Property, plant and equipment	104,371	109,303
Total Non-Current Assets	439,334	530,226
Total Assets	548,486	626,270
Current Liabilities		
Trade and other payables	53,041	39,307
Unearned revenue	831	375
Borrowings	2,742	1,734
Provisions	10,682	10,064
Total Current Liabilities	67,296	51,480
Non-Current Liabilities		
Other payables	6,770	5,875
Borrowings	262,804	259,928
Provisions	152	262
Total Non-Current Liabilities	269,726	266,065
Total Liabilities	337,022	317,545
Net Assets	211,464	308,725
Equity		
Issued capital	654,748	654,735
Reserves	621	127
Accumulated losses	(443,905)	(346,137)
Total Equity	211,464	308,725
Retained earnings/(accumulated losses)		
Accumulated losses at beginning of the financial year	(346,137)	(413,006)
Net profit/(loss)	(97,768)	66,869
Accumulated losses at end of the financial year	(443,905)	(346,137)

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	2019 $'000	2018 $'000
Assets		
Current assets	59,395	57,706
Non-current assets	519,736	542,311
Total assets	579,131	600,017
Liabilities		
Current liabilities	5,297	5,018
Non-current liabilities	270,589	266,705
Total liabilities	275,886	271,723
Net Assets	303,245	328,294
Equity		
Issued capital	654,748	654,748
Accumulated losses	(465,765)	(440,716)
Profit reserve - 2016[(i)]	114,122	114,122
Employee equity settled benefits reserve	140	140
Total Equity	303,245	328,294
Financial Performance		
Loss for the year	(25,049)	(20,637)
Other comprehensive gain	-	-
Total comprehensive gain/(loss)	(25,049)	(20,637)
Guarantees provided under the deed of cross guarantee	61,136	45,822

(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	2019 $'000	2018 $'000
Financial assets		
Cash and cash equivalents	70,155	69,648
Trade and other receivables	63,275	61,641
Financial liabilities		
Trade and other payables	35,777	37,329
Borrowings	265,550	261,672

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.

5. Other Notes (continued)

5.8 Financial Instruments (continued)

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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
US Dollars	186,076	195,059	49,846	48,652
Singapore Dollars	7,121	3,076	2,588	2,682
Euro	1,344	445	583	12
Other	441	561	83	2,192

Foreign currency sensitivity analysis

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

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)]	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
US Dollar Impact	(960)	(394)	13,344	13,703
Singapore Dollar Impact	7	12	405	24
Euro Impact	(5)	2	75	37

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

The Group's profit and loss sensitivity to foreign currency has increased at the end of the current period due to higher net USD denominated assets.

5. Other Notes (continued)

5.8 Financial Instruments (continued)

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 $2,655,462 (2018: decrease / increase by $2,690,012). This is attributable to the Group's exposure to interest rates on its variable borrowings.

The Group's sensitivity to interest rates has decreased during the current year due to the decrease in the carrying value of the variable rate debt instruments as a result of the principal repayments made during the year.

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.

Debtor concentration risk is low with the top 3 customers of the Group making up only 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)	61,257	(9,179)	52,078

(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).

5. Other Notes (continued)

5.8 Financial Instruments (continued)

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 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
30 June 2018						
Non-interest bearing	-	19,886	1,891	859	14,693	37,329
Hire purchase liability	2.90%	1	1	5	5	12
Variable interest rate instruments	6.08%	1,390	2,735	12,239	310,039	326,403
Total		21,277	4,627	13,103	324,737	363,744

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 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
30 June 2018						
Non-interest bearing	-	24,960	6,658	17,284	600	61,641
Variable interest rate instruments	2.20	69,775	-	-	-	69,775
Total		94,735	6,658	29,423	600	131,416

5.8 Financial Instruments (continued)

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.
- 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 Events After the Reporting Period

Other than those listed below, 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.

As announced on 24 July 2019, MMA has entered into a contract for the acquisition of the business of Neptune Marine Services Limited ("NMS") key operating subsidiaries, for an expected total consideration of $18.5 million comprising $5.0 million in cash plus approximately $13.5 million in MMA shares. Completion of the acquisition is subject to a number of conditions including NMS shareholder approval. If the acquisition does not proceed, the $5.0 million cash payment is refundable.

5.10 Other Accounting Policies

Adoption of New and Revised Accounting Standards and Interpretations

In the current year, the Group has applied the following new and amended AASB's that are mandatorily effective for an accounting period that begins on or after 1 July 2018:

AASB 9 *Financial Instruments*	AASB 9 introduced new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and general hedge account. Details of the new requirements as well as their impact on the Group's consolidated financial statements are described below.
AASB 15 *Revenue from Contracts with Customers*	AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Group's consolidated financial statements are described below.

AASB 9
The Group adopted AASB 9 as of 1 July 2018.

AASB 9 introduced three significant areas of change from AASB 139 *Financial Instruments: Classification and Measurement:*

- A new model for classification and measurement of financial assets and liabilities;
- A new expected loss impairment model for determining impairment allowances; and
- A redesigned approach to hedge accounting.

AASB 9 requires an expected credit loss ("ECL") model for trade receivables as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires an entity to account for expected credit losses and changes in expected losses to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

5.10 Other Accounting Policies (continued)

The Group measures the loss allowance for lifetime ECL's at initial recognition of the trade receivable. The amount of lifetime ECL's is updated at each reporting date to reflect changes in credit risk since initial recognition. The ECL's on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to debtors, geographic region, general economic conditions and an assessment of current and forecast conditions at reporting date.

The transitional provisions of the standard allow an entity not to restate comparatives, which the Group has adopted. The directors have reviewed and assessed the Group's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the application of AASB 9 has not had a significant impact on the Group's financial performance or position.

AASB 15

The Group adopted AASB 15 as of 1 July 2018.

AASB 15 established a single comprehensive model to use in accounting for revenue from contracts with customers. The core principal of AASB 15 is that revenue is recognised as the promised goods or services are provided to customers in an amount that reflects the consideration expected to be received in exchange for those goods or services.

The standards introduced a five-step process for applying this principle which includes guidance in respect of identifying the performance obligations under the contract, allocation of revenue across those performance obligations and recognising revenue as those performance obligations are satisfied.

The Group has adopted the new standard using the modified retrospective approach where any adjustment, on initial recognition, is recognised in retained earnings at 1 July 2018, without adjustment to comparatives. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Group. The Group's new revenue accounting policy is set out below.

The Group recognises 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.

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.

There was no impact to retained earnings or net assets required to be recognised in the financial statements on initial adoption of the standard.

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to the Company and effective for the current annual reporting period. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company.

New and amended Accounting Standards and Interpretations issued but not yet effective

AASB 16 *Leases* (effective 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

5. Other Notes (continued)

5.10 Other Accounting Policies (continued)

Impact on Lessee Accounting

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117 *Leases*, which were off balance sheet.

The Group plans to adopt the modified retrospective approach on transition, 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 Group has completed an impact assessment of AASB 16 and estimates the following impact on its consolidated statement of financial position as at 1 July 2019:

Estimated Impact on Consolidated Statement of Financial Position:	$'000
Right-of-use assets	4,065
Right of use lease liabilities	4,065

The leases recognised by the Group under AASB 16 predominantly relate to lease of shipyard, office space and equipment.

Operating lease expenses will no longer be recognised in the calculation of Profit/(Loss) before tax but will be replaced by depreciation of Right-of-Use assets and lease finance costs.

Impact on Lessor Accounting

Under AASB 16, the lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. Based on an analysis of the Group's leases at 30 June 2019 and the facts and circumstances that exist on that date, the Group has assessed all leases as operating leases and no impact on the amounts recognised in the Group's consolidated financial statements.

ADDITIONAL SECURITIES EXCHANGE INFORMATION

FOR THE YEAR ENDED 30 JUNE 2019

Ordinary Share Capital (as at 9 September 2019)

858,077,084 fully paid ordinary shares are held by 6,513 individual shareholders. All issued ordinary shares carry one vote per share.

Substantial shareholders (as at 9 September 2019)	Number of Shares	% of Issued Capital
First Samuel Limited	91,287,667	10.64
Black Crane Asia Opportunities Fund	77,418,996	9.02
Halom Investments Pte Ltd	67,481,946	7.86
Thorney Opportunities Ltd / TIGA Trading Pty Ltd[1]	63,301,921	7.38
Eley Griffiths Group Pty Ltd	58,937,264	6.72
Tribeca Investment Partners Pty Ltd	51,523,200	6.00
Forager Funds Management Pty Ltd	45,142,236	5.26
Total	455,093,230	52.88

(1) Both of these related parties have filed a Substantial Shareholders Notice.

Distribution of Holders of Ordinary Shares (as at 31 August 2019)

Size of Holding	Number of ordinary shareholders
1 to 1,000	1,497
1,001 to 5,000	1,722
5,001 to 10,000	992
10,001 to 100,000	1,960
100,001 and over	362
Total	6,533

Twenty Largest Shareholders (as at 9 September 2019)

	Twenty Largest Shareholders (as at 9 September 2019)	Number of Shares	% of Issued Capital
1	J P Morgan Nominees Australia Limited	195,411,305	22.77
2	HSBC Custody Nominees (Australia) Limited	133,812,408	15.59
3	Citicorp Nominees Pty Limited	127,781,617	14.89
4	UBS Nominees Pty Ltd	67,472,093	7.86
5	National Nominees Limited	32,137,975	3.75
6	BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT DRP>	30,986,346	3.61
7	Evelin Investments Pty Limited	9,160,000	1.07
8	Mr Hong Keong Chiu + Ms Yok Kee Khoo	8,830,149	1.03
9	Willoughby Capital Pty Ltd <WILLOUGHBY CAPITAL A/C>	8,400,000	0.98
10	BNP Paribas Noms Pty Ltd <DRP>	5,980,904	0.70
11	Zakher Marine Intl Inc	5,847,378	0.68
12	HSBC Custody Nominees (Australia) Limited <NT-COMNWLTH SUPER CORP A/C>	4,015,241	0.47
13	Ms Jennifer Ann Weber + Mr Jeffrey Andrew Weber <JAWS Family A/C>	3,815,916	0.44
14	Vanward Investments Limited <EQUITIES A/C>	3,776,856	0.44
15	BNP Paribas Nominees Pty Ltd <AGENCY LENDING DRP A/C>	3,055,571	0.36
16	Mr Ross Alexander Macpherson	2,999,000	0.35
17	Peligan Pty Ltd <PELIGAN A/C>	2,961,000	0.35
18	Warbont Nominees Pty Ltd <UNPAID ENTREPOT A/C>	2,890,521	0.34
19	Mrs Elizabeth Aprieska <Tap Money Family A/C>	2,889,106	0.34
20	Mr Wai Foong Lim	2,803,398	0.33
Total		655,026,784	76.34

ADDITIONAL SECURITIES EXCHANGE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

Unmarketable Parcels (as at 31 August 2019)

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
2,632	2,340	2,029,600

Voting Rights

All ordinary shares carry one vote per share without restriction.

Unquoted Options (as at 9 September 2019)

13,207,075 unlisted rights held by 50 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.

This page is intentionally left blank.

CORPORATE DIRECTORY

Directors

Andrew Edwards
Chairman

Jeffrey Weber
Managing Director

Eve Howell
Non-Executive Director

Chiang Gnee Heng
Non-Executive Director

Peter Kennan
Non-Executive Director

Company Secretary

Dylan Darbyshire-Roberts

Registered Office

Endeavour Shed,
1 Mews Road
FREMANTLE WA 6160
Telephone: +61 8 9431 7431
Facsimile: +61 8 9431 7432
www.mmaoffshore.com

Auditors

Deloitte Touche Tohmatsu
Chartered Accountants
Brookfield Place, Tower 2
123 St Georges Terrace
PERTH WA 6000

Telephone: +61 8 9365 7000
Facsimile: +61 8 9365 7001

Solicitors

Ashurst
Brookfield Place, Tower 2
123 St Georges Terrace
PERTH WA 6000

Telephone: +61 8 9366 8000
Facsimile: +61 8 9366 8111

TOGETHER, WE MAKE IT HAPPEN

MMA
OFFSHORE

MMAOFFSHORE.COM

Insight Communication & Design