

ASX Announcement

15 June 2020

The Listing Manager
ASX Limited
Level 4, Stock Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

MMA OFFSHORE LIMITED (“MMA” or “COMPANY”) – JEBSEN & JESSEN OFFSHORE PTE LTD CLAIM – ARBITRATION INTERIM AWARD

The Company wishes to provide an update about proceedings brought by Jebesen & Jessen Offshore Pte Ltd (**J&J**) - which have recently been the subject of an interim award by the Tribunal appointed by the Singapore International Arbitration Centre (**Tribunal**), (**Interim Award**).

By way of background:

- In 2015, J&J commenced arbitration proceedings in the Singapore International Arbitration Centre (**SIAC**) against MMA's wholly owned subsidiary, MMA Offshore Shipyard and Engineering Services Pte Ltd (formerly known as Jaya Shipbuilding & Engineering Pte Ltd), for the cancellation of two contracts entered into between the parties for the construction, sale and delivery of two identical fibre rope Active Heave Compensation Knuckle Boom cranes (**Cranes**).
- The Cranes were to be delivered to MMA and mounted on its vessels – being the new build vessels the “*MMA Prestige*” and “*MMA Pinnacle*”. However, due to late delivery and non-conformance with their contractual specifications, MMA terminated both contracts for the Cranes prior to delivery. MMA believed that it was entitled to do so under both contracts. On termination of the Contracts, MMA then sourced MacGregor cranes for both the “*Prestige*” and “*Pinnacle*” so that these new build Vessels could be completed.
- Despite MMA's position that it was entitled to terminate the contracts (a position that it continues to steadfastly hold), in its Interim Award, the Tribunal has held that MMA wrongfully terminated the Contracts, but also that J&J breached both contracts in the construction of the Cranes that exceeded contractual specifications as to weight. The Tribunal has ordered another hearing to assess the damages suffered by both J&J and MMA. That hearing is subject to MMA bringing an application to set aside the Interim Award (discussed below).

MMA's further recourse would be to apply to the Supreme Court of Singapore for orders setting aside the Interim Award - a course of action which MMA is currently considering. MMA is in the process of taking Singapore legal advice about next steps, and is yet to make any decision about how to proceed.



MMA is currently unable to determine the financial impact of the Interim Award because the quantum of damages under the Interim Award has yet to be decided (and, as mentioned above, is still the subject of a further hearing before the Tribunal or the subject of a setting aside application in the Singapore Supreme Court).

In addition, although J&J had claimed a decree of specific performance (ie that MMA take delivery of the Cranes and pay the balance of the purchase price on each), in its Interim Award the Tribunal has denied its claim for the decree and instead awarded J&J damages for MMA's alleged "wrongful" termination of the contracts. As J&J will keep both Cranes, the damages contemplated by this Interim Award may include J&J's loss of profit on the sale of the Cranes, J&J's costs of storing, insuring and maintaining the cranes and J&J's legal costs.

As such, given that the purchase price for each Crane was approximately SGD6M (being a total of SGD12M), based on MMA's preliminary assessment (and assuming that MMA decided not to apply to set aside the Interim Order or was unsuccessful in any set aside application), the amount of damages awarded to J&J may be significantly less than this amount as:

- The damages awarded under the Interim Award may only include J&J's loss of profit on the sale of the Cranes, J&J's costs of storing, insuring and maintaining the Cranes and J&J's legal costs;
- Any award of damages under the Interim Award will be reduced by the instalments which MMA has already paid on the Cranes (a total of SGD2.34M), plus the loss and expenses suffered by MMA based on the Tribunal's findings that the Cranes exceeded the weight specifications/parameters set out in the contracts that resulted in rectification works to the vessels necessary to accommodate the heavier Cranes, increased fuel consumption and loss of cargo carrying capacity, which MMA has claimed a total of US\$6.435M and is for the Tribunal to assess.

MMA will continue to keep the market up to date in accordance with its continuous disclosure obligations.

This announcement has been authorised for release to ASX by the Company's Board of Directors.

Kind regards,

MMA OFFSHORE LIMITED



DYLAN ROBERTS
Company Secretary