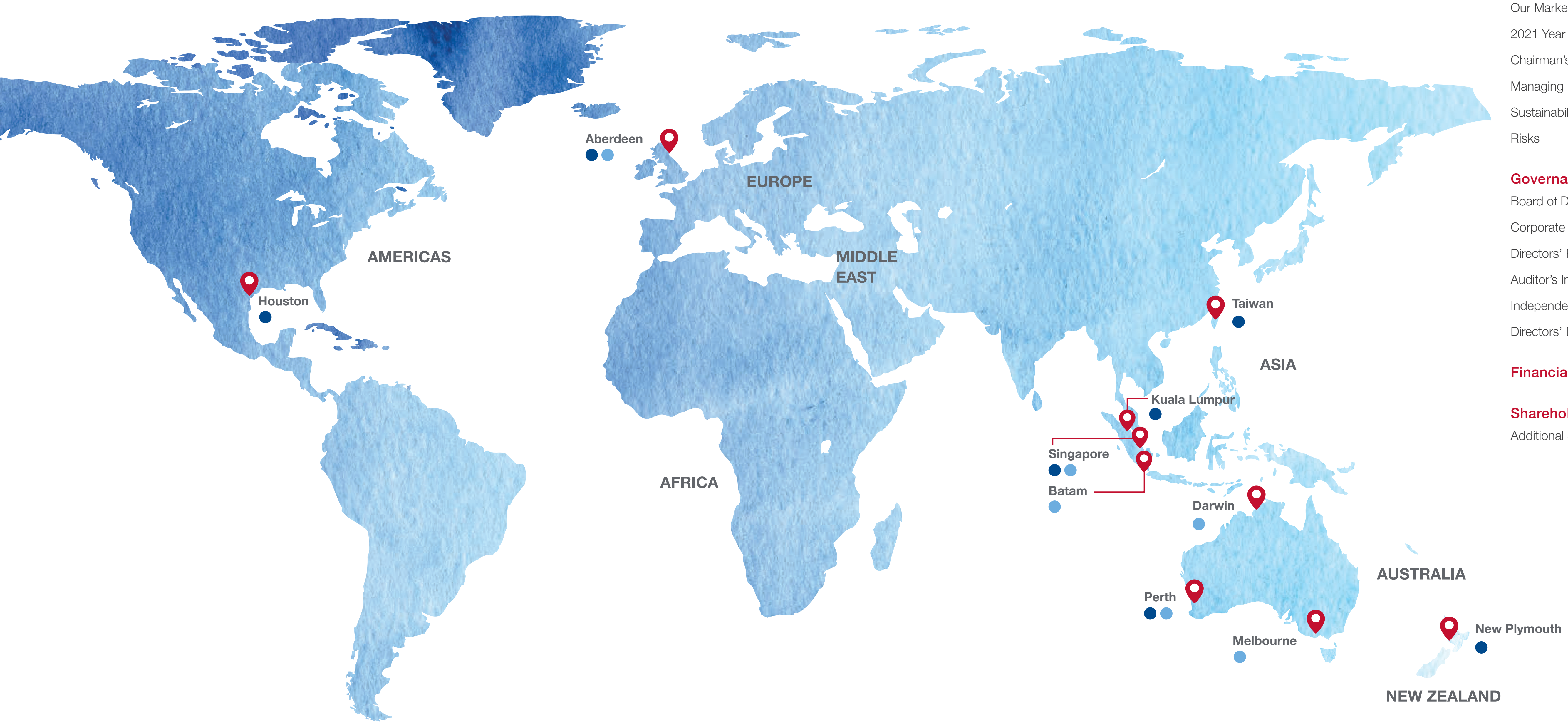
ANNUAL REPORT

2021

TRANSFORMING THE WAY
MARINE SERVICES ARE DELIVERED

MMA
OFFSHORE

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



KEY

- Office
- Operational Facility

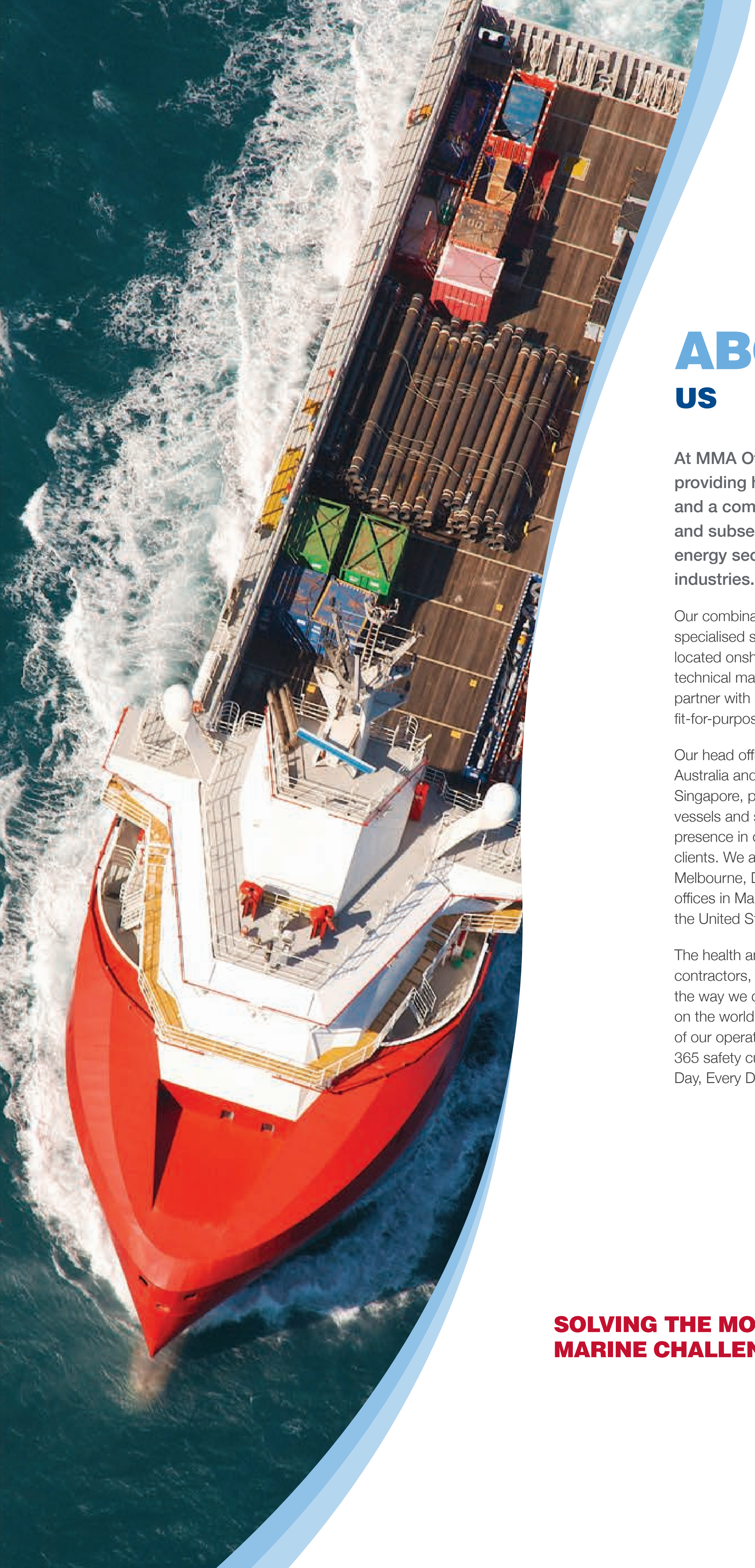
25
Vessels operating internationally

1100+
Employees across the globe

1.13
TRCF per million hours worked

6
Global operational facilities

CONTENTS



ABOUT
US

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

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

Our head office, located in Perth, Western Australia and our regional headquarters in Singapore, provide technical support to our vessels and subsea operations and a regional presence in our key operating areas for our clients. We also have operational facilities in Melbourne, Darwin and Aberdeen and local offices in Malaysia, Taiwan, New Zealand and the United States.

The health and safety of our employees, contractors, clients and stakeholders is core to the way we do business. We pride ourselves on the world class safety, quality and reliability of our operations underpinned by our Target 365 safety culture which strives for "a Perfect Day, Every Day".

SOLVING THE MOST DEMANDING MARINE CHALLENGES

OUR
PURPOSE

At MMA Offshore, we have developed a vision for our organisation that clearly articulates our purpose, who we are and what motivates us.

WHY WE MATTER
We solve the most demanding marine challenges.

WHAT WE DO
We are a pioneering marine services business.

WHAT WE BELIEVE
We believe marine resources should be developed sustainably.

WHERE WE WANT TO BE
We want to transform the way marine services are delivered.

HOW WE'LL GET THERE
Our five principles are our lines in the sand, and guide how we think and act as an organisation every day.

OUR PRINCIPLES

SMARTER TOGETHER
Only by working together can we solve the biggest problems.

DO WHAT'S RIGHT, NOT WHAT'S EASY
We have the courage to do the right thing, even when it's hard.

THINK BIGGER
We embrace big ideas and challenge ourselves to achieve big goals.

FAIL FAST AND LEARN
We back ourselves to innovate and support each other through the process.

CREATE TOMORROW
The future we want is up to us to create.

TRANSFERABLE SKILLS, CAPABILITIES AND SERVICES ACROSS A RANGE OF MARKETS

OUR SERVICES

VESSEL SERVICES

MMA owns and operates 25 offshore vessels capable of supporting a range of offshore marine, renewables and subsea projects.

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

SUBSEA SERVICES

Combining state-of-the-art equipment and highly experienced personnel, MMA provides a range of subsea services including survey, geophysical and geotechnical services, engineering services, commercial diving and ROV operations, subsea stabilisation solutions and manufacturing assembly and test services, all managed by our in-house project management and delivery expertise.

We deliver our services either as an integrated end-to-end solution with our in-house project management expertise, or as a singular service provision to complement our clients' execution preferences.

Combined with our Vessel Services and Project Logistics service offerings, we can leverage MMA's full capability in a single client-facing solution.

PROJECT LOGISTICS

Supporting the marine logistics component of global projects is a key service provided by MMA. We deliver a range of services to our clients including project managing complex marine and vessel spreads, logistics to remote greenfield sites, integrated marine logistics, marine transportation services and onshore construction support to the onshore, near-shore and offshore construction market.

OUR MARKETS

OIL & GAS

MMA has extensive experience providing offshore and onshore operational support to the oil and gas industry.

Our services support all phases of the oil and gas lifecycle, from FEED to construction delivery to maintenance and decommissioning.

Our versatile fleet of offshore vessels combined with our world-class subsea expertise provides integrated solutions to support offshore construction activities, ongoing production support services, inspection, maintenance and repair operations and decommissioning works.

RENEWABLES

MMA delivers a range of marine solutions for the offshore wind industry.

We provide services for field development, construction support and inspection and maintenance works. We can also provide specialised support services for cable installation, management and maintenance.

INFRASTRUCTURE MAINTENANCE

MMA provides services to support construction, repairs and maintenance works to nearshore marine infrastructure such as ports, jetties, marine terminals and nearshore marine projects.

We work with engineering consultants and clients to optimise scopes and support head contractors for new construction and upgrade programs, as well as ongoing maintenance and repair services to owners and operators.

GOVERNMENT & DEFENCE

MMA provides marine services to the government and defence sectors. We are a panel member on the HydroScheme Industry Partnership Program (HIPP), providing hydrographic survey services to the Australian Government's Department of Defence as part of an extensive program to obtain high-quality bathymetric coverage of Australia's Exclusive Economic Zone by 2050.

SCIENCE & RESEARCH

MMA has experience in supporting research voyages and scientific missions through our marine capability and subsea knowledge. With in-house assets and expertise, we can partner with our clients to discover the unexplored.

2021 YEAR IN REVIEW

Revenue
$237.5m

EBITDA
$45.9m

EBIT
$13.1m

NPAT
$2.4m

Operating Cashflow
$26.9m

LVR (Net Debt to Fixed Assets)
18.5%

Cash at Bank
$96.2m

NTA per Share
80c

CHAIRMAN'S REPORT

FY2021 was dominated by the global coronavirus pandemic which severely impacted our business both operationally and financially.

Notwithstanding the challenges presented by COVID-19, I am pleased to report that MMA achieved a number of significant milestones during the past financial year.

Earnings were in line with market guidance with the Company reporting Earnings before Interest Tax and Depreciation ("EBITDA") of $45.9 million for the year. Reported EBITDA included the impact of several one-off items including a $14.8 million debt forgiveness benefit (note 2.2), provision for legal settlement costs of $6.4 million (note 3.11), doubtful debts recovered of $1.3 million (note 3.2) and acquisition and debt restructuring costs totalling $0.7 million (note 2.2).

Importantly, the Company remained cash positive and closed the financial year with cash at bank of $96.2 million.

In November 2020, we successfully restructured our balance sheet through an $80 million equity raising and debt restructuring. As part of the debt restructuring MMA received a $14.8 million debt concession from certain members of its Banking Syndicate, with the total debt reduction amounting to $91.9 million and the term of the facilities extended out to January 2025. In addition, the syndicate reduced from seven to four banks. The balance sheet restructure was a significant milestone for the Company, bringing our leverage metrics within a more appropriate range and enabling the business to focus on delivering its growth strategy. Following the raising, a 10 for 1 share consolidation was undertaken to reduce the number of shares on issue and provide a more appropriate capital structure for the Company going forward.

Whilst we are diversifying our earnings base to more sustainable sectors such as offshore wind and government services, at present we remain highly leveraged to oil and gas activity which was significantly impacted by the pandemic. Several projects were cancelled or deferred, reducing demand for our vessels and services in that market.

MMA ACHIEVED A NUMBER OF SIGNIFICANT MILESTONES DURING THE YEAR

Macro conditions for oil and gas improved during the second half of the financial year with the Brent oil price recovering 79% over the course of the year and remaining above US$60 per barrel since February 2021. This has brought a level of confidence back into the market and we have recently seen activity start to increase including a number of major LNG projects recently sanctioned for development. Final investment decisions on other key projects are also expected in the short term.

Offshore wind activity has been buoyant with construction of a number of offshore wind farms in Taiwan driving activity for MMA. We have seen significant growth in that aspect of our business over the past 12 months with the sector representing 16% of our total revenue for FY2021. The longer-term outlook for offshore wind is extremely positive, with significant new capacity to be installed in the Asia Pacific region over the coming years. A key part of our strategy is around positioning ourselves to capitalise on growth in that market. We recently signed a memorandum of understanding with Worley to jointly provide services to the offshore wind sector in South East Asia and we have established a local operating structure and agreed a joint venture in Taiwan to facilitate growth.

We also made good progress in the government and defence sector predominantly through our participation in the HydroScheme Industry Partnership Program, where we have been contracted to undertake hydrographic surveys for the Australian Department of Defence, as part of an extensive program of nautical charting surveys in Australian waters.

We continue to see the benefits of having acquired the subsea business with our enhanced service offering proving to be valued by clients and resulting in higher utilisation on a number of our vessels during the year. We will continue to focus on maximising the benefits of our broader service offering and skill base within the business, to drive growth in all market sectors.

Whilst our operations have continued successfully throughout the majority of the pandemic, the recent Delta variant has significantly increased the challenge. Border restrictions and quarantine requirements have intensified, making vessel and personnel movements far more difficult and costly and we are beginning to see this impact the timing of work scopes. The increased transmissibility of the Delta strain is also increasing the risk of our personnel being infected in transit, which despite the most robust testing protocols, can result in an entire vessel being shut down and placed in quarantine.

The pandemic has also elevated the global focus on climate change and social issues and has significantly accelerated the pace of the energy transition. Whilst MMA has always had a strong focus on environmental, social and governance issues, during the year we formalised this at Board level expanding the remit of the Audit and Risk Committee to include sustainability issues. Our current focus is on establishing systems and processes to enable us to report in line with the relevant voluntary frameworks and we have included comprehensive detail on our ESG activities in the Sustainability section of this Annual Report.

The health and wellbeing of our people has been a key priority during the pandemic, and we have been particularly conscious of mental health issues at this time. During the year we launched a new Employee Assistance Program which provides 24/7 access to counselling services for our staff both onshore and onboard our vessels as well as a range of other support services. We also signed up to the Neptune Declaration to improve the welfare of seafarers globally during the pandemic.

FY2021 saw a number of changes to the Board of Directors as part of our Board renewal program. We farewelled two of our long-standing Directors, Andrew Edwards and Eve Howell, who retired from the Board during the year. Andrew served on the Board for 11 years, three as Chairman and Eve served on the Board for nine years including three as Chair of the Audit and Risk Committee. I would like to pay tribute to both Andrew and Eve for their significant contribution to the Company during this time. I am also pleased to welcome two new directors, Sue Murphy and Sally Langer, both outstanding appointments to the Board and I very much look forward to their contribution and stewardship as we steer the Company through the next phase of our development.

I would like to conclude by thanking the senior leadership and staff of MMA for their perseverance and dedication to the business in these challenging times. I have been extremely impressed by how our people have risen to the challenges and increased operational complexity presented by the pandemic and I thank each of them sincerely for their efforts.

Whilst we are operating in uncertain and rapidly changing times, I am confident in our growth strategy to deliver improved returns for you our shareholders.

Ian Macliver
Chairman

MANAGING DIRECTOR'S REPORT

REVIEW OF OPERATIONS

FY2021 operational earnings were in line with expectations having regard to the impacts of COVID-19 on the business.

MMA reported Revenue of $237.5 million, down 13% on the prior year. Reported EBITDA for FY2021 was $45.9 million inclusive of a number of one-off items including a $14.8 million debt forgiveness benefit (note 2.2), provision for legal settlement costs of $6.4 million (note 3.11), doubtful debts recovered of $1.3 million (note 3.2) and acquisition and debt restructuring cost totalling $0.7 million (note 2.2). Excluding the impact of these one-off items EBITDA was $36.9 million, in line with our earnings guidance range.

Importantly MMA remained cash positive during the year generating operating cash flow of $26.9 million. Cash at bank as at 30 June 2021 was $96.2 million, providing a solid buffer in the current uncertain times.

MMA's activities were impacted by COVID-19 throughout the financial year both in terms of overall demand for our assets and services and the increased complexity and costs associated with operating assets and moving personnel across borders in a global pandemic environment.

In recent months the COVID-19 challenge has escalated significantly with the new highly infectious Delta variant impacting our key operating regions. Within Australia, interstate border restrictions and increased quarantine requirements are increasing the costs associated with changing crew on our vessels as well as our ability to source personnel for new projects. Internationally, we are seeing activity in some regions suspended and delays in project timelines due to the inability to get project personnel across borders. The new variant has also increased the risk of our personnel being exposed to the virus during transit. Whilst we have a robust suite of on-boarding and testing procedures in place, a positive case can result in an entire vessel being shut down and placed into quarantine which has a significant impact on our business.

Market Conditions

MMA predominantly provides services to the offshore oil and gas sector with a growing focus on the offshore wind and government and defence sectors.

Market conditions for the offshore oil and gas sector were extremely challenging during the year with the sector being one of the worst hit by the COVID-19 pandemic. During the first half of the financial year, we saw oil prices at below US$40 per barrel as global demand for oil plummeted. Macro conditions improved during the second half with the oil price recovering almost 80% and remaining above US$60 per barrel (Brent) since February 2021. The market for LNG held up well with overall demand increasing globally and spot prices rising to record highs in 2021. We have seen a resumption in activity in recent months with previously cancelled projects resuming and a number of major projects being sanctioned or moving into FEED.

Activity remains heavily impacted by the pandemic and the ever-changing status of border controls and lockdowns. At the time of writing this report, some of our key Asian markets, for example Malaysia, are effectively closed due to the pandemic with very limited oil and gas activity in what is traditionally our busiest period of the year. This is having an ongoing impact on our business.

There have been some early signs of rate increases for offshore vessels in certain regional markets and segments, however average rates are still down on pre-pandemic levels and we continue to see pressure from oil and gas companies to reduce rates on existing contract positions.

Activity in the offshore wind market has remained buoyant with construction of several wind farm projects in Taiwan continuing through the pandemic. The past 12 months has seen a significantly increased focus on climate change with the offshore wind industry projected to grow exponentially over the coming decade. As a vessel intensive industry this market is a key focus area of MMA's longer-term growth strategy for both the construction and longer-term maintenance phases.

Other segments such as government and defence and infrastructure have also continued throughout the pandemic, highlighting the benefits of a more diversified revenue base.

Strategy

Our strategy is focused on maximising the returns from our core oil and gas business whilst further diversifying into new markets such as offshore wind, government services and infrastructure maintenance, transforming our business along with the energy transition.

A key strategic focus is to leverage our skills and assets across our vessels, subsea, project logistics and engineering businesses to deliver integrated project scopes for our clients across all markets. We successfully delivered a number of integrated projects in the oil and gas and renewables sectors during the year. We will continue to develop our integrated service model with the aim of further embedding our services with our clients.

Whilst we expect oil and gas will be a fundamental part of the energy mix for some time, the focus on climate change has increased the pace of the transition to renewable energy, including offshore wind. We see renewables as a key future market for MMA with a significant number of new offshore wind farms expected to be developed in the Asia Pacific region over the coming decade. During the year, MMA supported a number of offshore wind development projects in Taiwan utilising our vessels and subsea services to deliver a range of work scopes. We recently signed a memorandum of understanding with Worley to provide integrated services to the offshore wind market and we have established an operating platform in Taiwan to drive our growth in this market.

We are also targeting the government and defence sectors as well as select infrastructure maintenance contracts to further diversify our revenue base. We are currently active in delivering hydrographic survey services to the Australian Navy and we are also engaged on a number of infrastructure maintenance contracts around Australia. We will continue building upon both of these areas as part of our strategy.

Underpinning the strategy is the marine expertise within our business which enables us to deliver innovative solutions to our clients to differentiate us from our competitors.

Our innovation program is focused on finding better and more sustainable ways to deliver marine services. We are involved in a number of exciting innovation initiatives including the printing of 3D parts in collaboration with Wilhelmsen and thyssenkrupp as well as supporting the PIER71 Smart Port Challenge in Singapore, aimed to facilitate innovation within the maritime industry.

Sustainability

Sustainability is integral to our overall strategy as an organisation and we are committed to growing our business whilst achieving sustainability outcomes for our people, the environment and the community whilst operating with strong ethics and governance. Further information on our commitment to sustainability is included in our Sustainability Report which forms part of this Annual Report.

FY2021 HIGHLIGHTS

EBITDA
$45.9m before one-of items

$96.2M
Cash at Bank increased by 11%

RESTRUCTURED BALANCE SHEET
$80m equity raising
$91.9m debt reduction

68%

68% UTILISATION
Across Strategic Fleet

ASSET SALES PROGRESSING
Four AHTS vessels sold

DELIVERING INTEGRATED SERVICES
To both the oil & gas and renewables sectors

PROJECT LOGISTICS
Secured key scopes in Australia

16%

16% REVENUE FROM OFFSHORE WIND
Establishing Taiwan presence

NEW PARTNERSHIPS
Worley MOU and Taiwan JV to target offshore wind

STRONG COVID-19 PROTOCOLS
In place to protect our people and continue operations

REDUCED VISIBILITY
Into FY2022 due to impact of Delta variant on operations

Balance Sheet

MMA's Cash at Bank as at 30 June 2021 was $96.2 million providing a strong buffer against the current economic uncertainty due to the ongoing impacts of the pandemic.

During the financial year, MMA achieved a significant milestone, completing a Balance Sheet restructure in November 2020. The restructure was completed by way of an $80 million equity raising, the proceeds of which were used to reduce debt. As part of the debt restructure, MMA received a $14.8 million debt concession resulting in a total debt reduction of approximately $91.9 million.

The restructure has strengthened MMA's Balance Sheet with MMA's Gross Debt reducing to $163.5 million at 30 June 2021, down from $273.4 million in June 2020 and Net Debt (Gross Debt less Cash) at $67.3 million down from $186.8 million. MMA's key leverage metrics have significantly improved with Net Debt / EBITDA as at 30 June 2021 at 1.8x, down from 3.8x and Net Debt to Property Plant and Equipment of 18.5% down from 45.0%.

As part of the restructure, MMA's debt facilities were extended to January 2025, a significant extension in the current environment and the syndicate reduced from seven to four banks.

In February 2021, MMA undertook a 1 for 10 share consolidation to reduce the number of shares on issue and provide a more appropriate and effective capital structure for the Company going forward.

Asset Sales

As part of our core business strategy, we continually review the composition of our fleet and we are currently in the process of divesting a number of our more commoditised AHTS vessels, where the returns are suboptimal and where there is limited opportunity to differentiate MMA on the basis of our service quality and delivery.

During the year, we completed the sale of four vessels for a total of approximately A$7.5 million, and are continuing to negotiate further sales. Sales values have been generally in line with the assets held for sale value on the Company's balance sheet.

We also entered into sub-lease agreement for a substantial portion of our shipyard facility in Batam, Indonesia and granted the lessor an option to purchase the yard for a total of US$15.0 million. The option to purchase may be exercised by the lessor any time up to 12 March 2024.

As MMA has ceased shipbuilding, the sublease and potential sale of the yard is a sensible strategic decision for the Company.

Cost Control

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

The pandemic has increased the costs and complexity of moving crew and assets across international and interstate borders whilst complying with rapidly changing quarantine requirements.

Notwithstanding the increased complexity, we remain focused on closely managing our costs across both overhead and direct operating costs.

Direct vessel operating costs are a material component of our cost base and the ability to flex these costs in line with market demand is critical in the current environment. We have a well-developed system for switching our vessels into a warm layup mode between contracts to reduce operating costs whilst off-hire. This has the benefit of minimising holding costs whilst ensuring the vessels remain in a well-maintained and operational state, which enables them to be quickly reactivated as new contracts present.

We have stripped a significant amount of overhead out of the business in recent years and continue to seek further efficiencies in our existing business whilst ensuring we invest in the development of our new growth markets.

Operational Update

Vessel Services

Vessel revenue for the year was $165.8 million, down 27.6% on FY2020 and vessel EBITDA was $38.2 million, down 19.7%.

Average utilisation for the year was 53%, down from 64% in FY2020. Utilisation for the more specialised vessels was stronger, with the AHT, PSV and MPSV segments all achieving over 70% utilisation for the year. Utilisation of the AHTS fleet, which is more commoditised and generally operates in the construction and exploration sectors was 19% for the year, bringing down the overall average. A number of the AHTS vessels were laid up for most of the year and we continue to progress our strategy to largely exit this segment.

As at 30 June 2021, MMA had a total 25 vessels, having sold four AHTS vessels and redelivered one chartered MPSV. Of the total fleet, 18 vessels were under short and long-term contracts with the remaining vessels available for work in the spot market. A total of 29% of available vessel days for FY2022 were contracted, increasing to 43% taking into account highly probable contract awards and extension periods. This compares to 32% and 44% at the same time last year. On a revenue basis, 46% of our forecast revenue is already under contract for FY2022, (69% including highly probable) as compared to 61% and 79% at the same time last year.

COVID-19 continues to have a twofold impact on the vessel business, both in terms of demand and increased operational complexity and cost. We continue to manage our operations safely and effectively in the current environment.

RENEWABLES ARE A KEY FUTURE MARKET FOR MMA

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

Long-term Contracts

The MMA Plover and MMA Brewster continued on their long-term contracts with INPEX supporting the Ichthys LNG Project. The MMA Plover recently had its contract extended to provide drilling rig support for a further two-years with additional option periods thereafter.

The Mermaid Strait and Mermaid Cove continue to provide offtake support to Woodside's facilities in the North West Shelf, with the contracts extended during the year through to March 2022.

The MMA Inscription continues on contract with Santos supporting the Bayu-Undan Project and was recently extended to February 2022.

The MMA Pinnacle continues on its contract with iTech 7, Subsea 7's Life of Field business unit, performing a range of work scopes and is currently operating in the North Sea. The vessel is on a three-year firm contract, which completes in December 2021, with a further two optional years if required.

In June 2021, we announced a new contract with OMV New Zealand for the MMA Vision to provide field support duties for the Maari and Maui gas fields in the Taranaki Basin. The contract is for a period of three years firm, with a further two one-year option periods. Expanding our operational portfolio into New Zealand is a key step for MMA and we will seek to expand our footprint within the New Zealand region as further opportunities arise.

Walk to Work Services

We continue to differentiate ourselves by providing value adding services to our clients and have developed a specialisation in providing offshore accommodation and walk to work solutions for offshore construction and maintenance operations. During the year we had three vessels engaged in walk to work services. The MMA Pride supported Shell Brunei as a walk to work vessel and was awarded a number of service awards from the client including "Best Performing Vessel" and one of their top three "Best Performing Maritime Business Partners" during the year. The MMA Pride has since relocated to Taiwan for a walk to work project supporting wind farm construction works.

The MWV Falcon completed a number of accommodation and walk to work scopes in India prior to being redelivered to its owner early in the second half.

The MMA Privilege provided accommodation and walk to work services to support FPSO shutdown operations for a long-term client in Côte d'Ivoire, to be immediately followed by a light construction and walk to work scope for Shell Brunei, commencing in the first quarter of FY2022.

We will continue to focus on expanding our presence in this niche market.

Offshore Wind Support

We are focused on growing our offshore wind support business and had a number of vessels active in the offshore wind sector during the year.

The MMA Prestige completed an integrated survey scope, the MMA Leveque supported a bubble curtain noise mitigation scope and the MMA Vigilant supported piling installation works.

In March 2021, MMA announced three further offshore wind contracts. The MMA Pride was contracted to provide accommodation and walk to work services supporting turbine works for offshore wind farm construction, the MMA Crystal was contacted to support a pre-installation noise mitigation survey for the Formosa 2 Offshore Wind Farm project and the MMA Responder was contracted to support a bubble curtain noise mitigation scope for turbine installation works on the Changfang and Xidao Wind Farm project. The MMA Pride and MMA Crystal commenced in early April 2021 and the MMA Responder in June 2021.

Decommissioning

The Mermaid Searcher is currently on contract with UPS providing support services for the Northern Endeavour FPSO which is currently being operated and maintained in lighthouse mode for the Australian Government pending decommissioning.

With an increased focus on decommissioning by governments and regulatory authorities expected in the coming years, MMA is well placed to service and grow its services in this market.

Integrated Subsea Work-Scopes

Following the acquisition of our subsea business, we continued to grow our integrated service offering delivering a number of integrated work scopes to clients during the year. The MMA Prestige completed a six-month work scope with MMA's survey team supporting the Formosa 2 Offshore Wind Farm project in Taiwan and the MMA Leeuwin supported Esso on an integrated vessel and subsea services scope in the Bass Strait.

Providing integrated services enables MMA to capture incremental margin and enhance vessel utilisation improving the returns on our assets and we continue to focus on growing this aspect of our business.

Subsea Services

The Subsea business has been significantly impacted by COVID-19. Revenue for the financial year was $70.6 million and EBITDA was $(1.5) million. Whilst still in a loss-making position, the financial performance for the second half was encouraging, with the subsea business generating an EBITDA improvement of $0.8 million half on half.

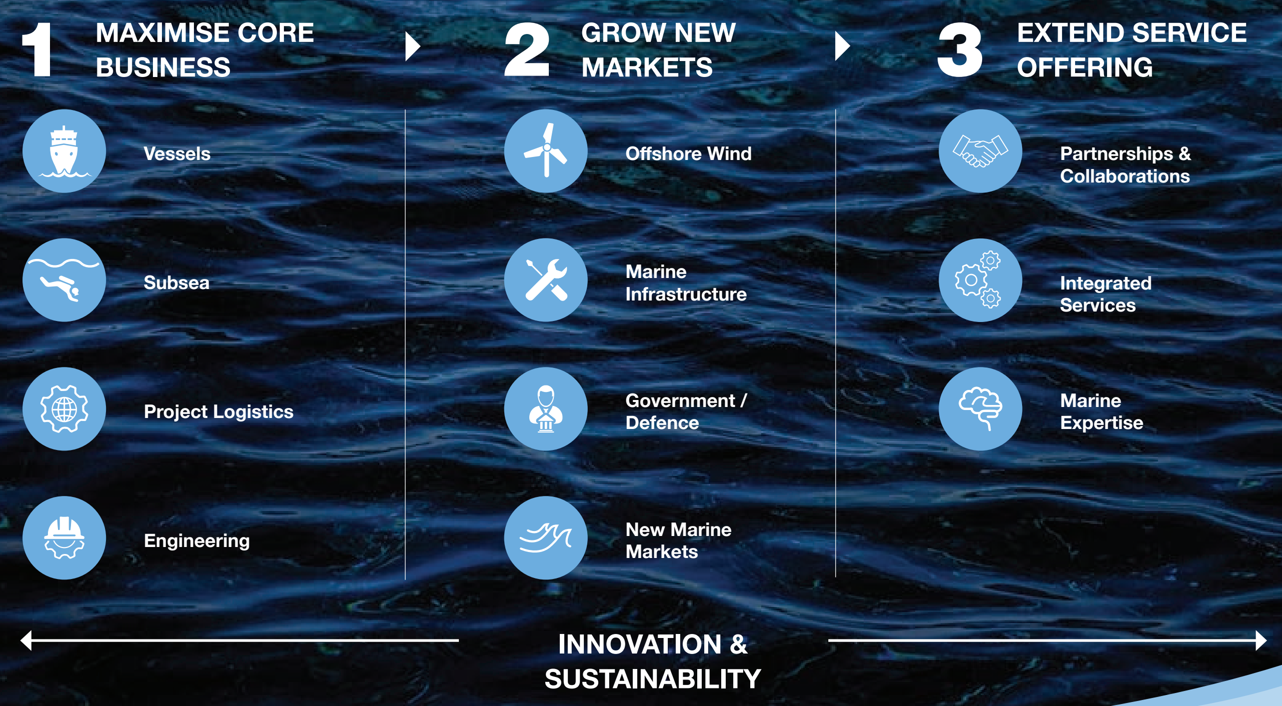
Whilst suppressed activity levels have impacted demand for oil and gas related subsea services, we were successful in securing a number of work scopes supporting large Engineering Procurement and Construction (EPC) contractors on a range of services including stabilisation, grouting and survey. We continue to work closely with EPC contractors as we look to provide support services for larger projects and grow the volume of work we perform for these clients.

During the year the subsea business was active on a number of key projects including several rig positioning scopes including for Woodside in Senegal, an integrated inspection scope with the MMA Leeuwin for Esso, a pipeline inspection scope for Santos utilising hybrid AUV technology and an air diving scope for Woodside.

We have also made good progress on our diversification strategy with a number of projects delivered for the offshore wind sector in Taiwan utilising a combination of MMA and third-party vessels.

GROWTH STRATEGY

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



Responsibility for the renewables business currently sits within the subsea business unit and significant progress has been made on our renewables strategy during the year including the establishment of a local entity and office in Taiwan, recruitment of a local General Manager, and agreeing a joint venture arrangement with a local Taiwanese survey company.

With renewables activity in Taiwan and the wider South East Asian region forecast to grow significantly, we are focused on solidifying our position as a key service provider to offshore wind developments in the Asia Pacific region.

We are also building our government services business and recently secured our second hydrographic survey scope for the Australian Navy under the HydroScheme Industry Partnership Program of which MMA Offshore is one of seven panel members.

The subsea business was also engaged on a number of infrastructure maintenance scopes during the year including a jetty refurbishment scope for South32 on Groote Eylandt and an inspection and maintenance contract for Chevron on Barrow Island which has recently concluded. We will continue to selectively focus on key marine infrastructure projects in Australia to grow this segment of the business.

Our primary rationale for acquiring the subsea business was to broaden our service base and enable MMA to deliver an integrated offering to clients capturing a greater proportion of the value chain. With the subsea business now embedded into MMA's overall operations, we are seeing traction in this area with a number of integrated work scopes completed during the year and multiple bids submitted. We will continue to grow our integrated service offering as well as focus on improving the profitability of the subsea business through improved operational processes.

We are also focused on delivering value through innovation and completed our first remote survey scope during the year. Under the project, MMA provided survey and positioning services remotely from our centre of excellence in Perth to our subsea inspection vessel, the MMA Leeuwin, operating in the Bass Strait. We were also awarded a key contract to bring a state-of-the-art hybrid AUV into Australia for the execution of pipeline inspection surveys in the second half.

The UK engineering and fabrication businesses was impacted by COVID-19 during the year with significantly reduced activity in the first half. Conditions improved through the second half and the UK group was successful in securing a number of work scopes including a well decommissioning scope for OMV New Zealand. MMA's UK-based engineering team designed and developed a number of custom designed engineered connector recovery and wellhead cap replacement components to replace the existing capping mechanisms currently in place on three wells with all equipment designed, manufactured and tested at MMA's UK-based facilities.

FOCUSED ON DELIVERING VALUE THROUGH INNOVATION

Project Logistics

The Project Logistics division was created with the aim of targeting logistics scopes associated with large LNG and offshore wind projects in East Africa, Asia and Australia, predominantly using third-party assets.

The division generated revenue for the year of $16.5 million and EBITDA of $(5.5) million. Reported EBITDA included the impact of a $6.4 million provision raised for settlement costs in relation to a historical shipyard legal dispute.

Project activity in Australia is ramping up and MMA was recently successful in securing three logistics scopes to provide tug and barge services for major projects in the region.

Commencing in September 2021, MMA will support Subsea 7 with two tug and barge sets and two assist vessels on the Julimar 2 Project. The vessels will deliver subsea spools from Indonesia to Dampier, Western Australia and support installation of the equipment.

Following the Julimar scope, MMA will provide TechnipFMC with a fleet of four tug and barge sets and two offshore positioning tugs to support subsea installation works on a major LNG project. MMA will act as lead contractor and will subcontract to other vessel operators to provide the overall vessel requirements. The contract is expected to commence in October 2021 with a total contract value in excess of A$20 million.

MMA has also secured a scope of work on the Ichthys 2 Project which will commence in 2022.

MMA's operations in Mozambique are currently winding down. A total of five third-party landing craft have been on charter supporting the construction of the Mozambique LNG Project. In April 2021, due to a serious escalation of insurgency activity in the region, Total declared force majeure and suspended the construction of the project indefinitely. MMA had a continued involvement in supporting the demobilisation of construction activities through the second half including brokering an accommodation vessel to support personnel as part of the demobilisation activities.

MMA will continue to monitor the market in Mozambique, however in the current environment timelines for a resumption in activity remain uncertain.

Health & Safety

Keeping our people safe and healthy is fundamental to how we operate at MMA.

The ongoing COVID-19 pandemic continues to be a challenge for the organisation in terms of managing our operations and also for our people in their daily lives.

We have implemented a range of control measures, protocols and procedures to safely continue our operations whilst protecting the health and welfare of our people and the wider community. Our COVID-19 management team continues to monitor the situation daily and work to ensure the best practical practices are deployed and vigilantly adhered to across the business.

Several of our regional offices have experienced long lockdowns during the year with many of our people working remotely for extended periods of time. Our offshore personnel have had to adjust to ever-changing quarantine requirements and at times extended time away from their families and friends due to border restrictions. Our operational teams are dealing with increased operational complexity and logistical challenges associated with the pandemic every day. We sincerely appreciate the efforts of our people in maintaining the high quality of our operations through these extraordinary times.

We are acutely aware of the impact the ongoing pandemic can have on the mental health and overall wellbeing of our people. During the year we launched a new Employee Assistance Program with 24/7 access to counselling services and a range of other support services for our staff across the globe both onshore and offshore. We also signed the Neptune Declaration on Seafarer Wellbeing which aims to protect the welfare of seafarers who have been unable to crew change off vessels due to the pandemic.

During FY2021, we maintained an above average safety performance with a Total Recordable Case Frequency ("TRCF") per million hours worked of 1.13 as compared to the marine industry average of 1.53 as measured by the International Marine Contractors Association ("IMCA").

With the subsea business fully integrated into our safety systems and processes during the year we have consolidated the safety statistics for the entire organisation.

Notwithstanding our relatively strong safety record, we operate in a high-risk industry which requires safety to be at the forefront of each and every person's mind each and every day. To enforce our commitment to safety we conducted a "Stand Together for Safety" campaign in June 2021, whereby all of our offices, worksites and vessels paused work to have a critical discussion about how we can improve our safety performance.

We refuse to accept safety incidents and continue to work hard to embed this philosophy across the business as part of our Target 365 "a Perfect Day, Every Day" Program.

Outlook for FY2022

The medium-term outlook is positive with increased project activity forecast in our sectors and regions and our diversification strategy beginning to deliver results.

However, the short-term impacts of the COVID-19 Delta variant are significantly increasing costs and restricting our ability to execute projects.

The first quarter of FY2022 is expected to be soft with the remainder of FY2022 dependent on the ongoing impacts of COVID-19.

David Ross
Managing Director

SUSTAINABILITY REPORT

WE BELIEVE MARINE RESOURCES SHOULD BE DEVELOPED SUSTAINABLY

Sustainability is at the core of MMA's vision and is integral to our strategy as an organisation. MMA is committed to achieving sustainable outcomes for the environment, our people and the community whilst operating with strong ethics and governance.

During FY2021 MMA enhanced its commitment to sustainability, formally adding sustainability to the Board's Audit and Risk Committee agenda, forming a Sustainability Committee and a number of working groups to drive key sustainability initiatives.

MMA's corporate strategy embraces sustainability and addresses both the risks and opportunities arising as a result of the transition to a net zero economy. MMA is diversifying its business and moving into greener sectors such as offshore wind which are seeing rapid growth as governments take steps to reduce their emissions. We are also looking at strategies to reduce our emissions including emerging technologies and innovations to address industry wide challenges.

The importance of ESG issues to all of our stakeholders has accelerated in recent years and particularly since the onset of the COVID-19 pandemic. MMA is committed to helping address the key issues of our time.

MMA's key ESG initiatives are focused on a number of key issues as identified in the United Nations Sustainable Development Goals, adopted by all United Nations Member States in 2015, and which address the key challenges faced globally.

MMA's 2021 Sustainability Report outlines the key sustainability issues and initiatives as they impact MMA. We are working towards aligning our reporting to one of the voluntary reporting frameworks as part of our overall ESG strategy.

Sustainability Strategy

MMA's ESG strategy is focused on the following key elements:

Environment – how MMA performs as a steward of nature.

Social – how MMA manages its relationships with employees, suppliers, customers and the community.

Governance – how MMA is governed.

MMA is committed to being a good corporate citizen and to ongoing improvements in our performance across all of our sustainability measures.

ESG STRATEGY

ENVIRONMENT

Environmental Management System
Certified to ISO14001:2014

Emissions Reduction
Developing strategies and initiatives to reduce emissions across our operations, targets to be set in FY2022

Supporting the Energy Transition
Diversifying our services to support the development of Offshore Wind

Supporting Clean Oceans
Waste management and pollution prevention, plastics reduction

Sustainability Innovation
Innovation program focused on addressing key sustainability challenges of our industry

SOCIAL

Employee Health and Safety
Target 365 culture, Critical Controls, Safety Management System

Employee Wellbeing
Employee engagement, EAP, mental health, flexible working, parental support

Training and Development
Employee support and training

Diversity and Inclusion
Awareness and inclusion events, measurable objectives

Community Support
Community sponsorship, philanthropy and volunteering

Indigenous Engagement
Indigenous training programs, collaboration initiatives

Procurement
Supporting local and Indigenous businesses

GOVERNANCE

Corporate Governance Standards
Compliant with ASX 4th Edition Corporate Governance Principles

Code of Conduct
Focus on working legally, ethically and safely

Group Whistleblower Policy

Anti-Bribery and Corruption
Zero-tolerance approach

Human Rights
Modern Slavery Statement

Maritime Labour Convention

ENVIRONMENT

MMA's environmental management system is certified to ISO 14001: 2015 "Environmental Management Systems" across our global operations. MMA maintained environmental certification and all licences required during FY2021 and did not have any reportable or adverse environmental events.

Environmental Policy

MMA is committed to growing our business in an ecologically sustainable way. To support this goal MMA:

- Complies with relevant laws and regulations and applies responsible standards where laws and regulations do not exist;
- Maintains a relentless focus on environmental responsibility, risk assessment and a culture of mutual accountability;
- Commits to zero spills across land and marine environments;
- Encourages all users of MMA's facilities to understand and adhere to MMA's environmental policies and standards;
- Monitors environmental performance to improve our policies, processes, work practices and behaviours promoting a cycle of continuous improvement; and
- Promotes efficient use of materials and resources (including energy, water, raw materials and other natural resources) through design and operational procedures, wherever practicable throughout our business.

Environmental Management Standards

As an operator in the highly regulated global maritime industry, MMA complies with a number of international regulations and conventions to protect the sensitive marine environments in which we operate, including:

- International Convention for the Prevention of Pollution from Ships (MARPOL 73/78); and
- Technical Code on Control of Emission of Nitrogen Oxides from Marine Diesel Engines.

The International Maritime Organisation "(IMO)" recently announced enhanced provisions under MARPOL to reduce greenhouse gas emissions from ships including a requirement to calculate and report a ships carbon intensity indicator (CII) which will be implemented from 1 January 2023 and which MMA will comply with.

Emissions Reduction

One of the most significant environmental issues in relation to the shipping industry is the emissions generated by heavy fuel oil, particularly sulphur oxide. MMA's vessel fleet operates entirely on marine gas oil (MGO) which is a low sulphur fuel oil and considered to be a clean fuel used on ships today.

Significant research into alternative fuels such as LNG, hydrogen, ammonia and methane is currently being undertaken by the industry. MMA's technology team are at the forefront of new technologies and are investigating (in conjunction with our clients) the potential to introduce alternative fuels as well as battery technology on vessels to reduce the overall carbon footprint of our clients' operations and assist in meeting the global goal of net zero emissions by 2050.

MMA is currently not required to report its greenhouse gas emissions under the National Greenhouse and Energy Reporting Act 2007 in Australia as its Australian emissions fall below the reporting thresholds.

MMA's has calculated its emissions for its global operations for the financial years ended 30 June 2021 and 30 June 2020, with its Scope 1, Scope 2 and Scope 3 emissions outlined below.

Scope 1 reflects MMA's direct fuel use and associated emissions while our vessels are off-hire and fuel is MMA's responsibility. Once MMA's vessels have been contracted, fuel comes under the client's control and emissions are classified as Scope 3.

Fuel burn and total emissions are correlated with vessel utilisation, with fuel use considerably higher when vessels are at work. To facilitate a comparison over time we have used "available vessel days" as a normalisation factor to calculate emissions intensity as the fleet size and utilisation fluctuates. MMA's emissions intensity reduced between FY2020 and FY2021 and we are focused on achieving further reductions through a range of measures over time.

Total Emissions (tCO_2-e)	FY2021	FY2020
Scope 1	15,336	12,975
Scope 2	1,210	1,467
Scope 3	71,755	96,791
TOTALS	88,301	111,233

Emissions Intensity	FY2021	FY2020
Scope 1 Emissions (tCO_2e)/ Unutilised available vessel days	3.37	3.70
Scope 3 Emissions (tCO_2e)/ Utilised available vessel day	12.80	13.68
Total Emissions (tCO_2e)/ Total available vessel days	8.69	10.51

MMA has established an Emissions Reduction Working Group to develop out our strategy to reduce emissions and set tangible targets for emissions reduction between now and 2050.

MMA's emissions reduction strategy focuses on the following areas which have the greatest potential to impact emissions generated by our vessels:

- Developing marine solutions which reduce the overall carbon footprint of client operations;
- A culture of energy awareness on board our vessels including the monitoring of fuel consumption as part of operational planning;
- Optimising hull maintenance schedules to reduce fuel consumption; and
- Investigating alternative fuel sources and the installation of battery technology.

MMA has developed a number of marine solutions for clients which have materially reduced the emissions intensity of the marine support operation. MMA previously modified a platform supply vessel to undertake static tow and offtake duties, which eliminated the need for a second support vessel. This significantly reduced the carbon footprint of the operations with the added benefit of reducing cost. MMA has also introduced unique vessel sharing arrangements between clients which has reduced the overall vessel requirement in a region.

COMMITTED TO GROWING OUR BUSINESS IN AN ECOLOGICALLY SUSTAINABLE WAY

SUPPORTING CLEAN OCEANS

In May 2021, MMA's crew on the Mermaid Searcher came to the rescue of a stranded sea turtle.

Based in the Timor Sea, the Mermaid Searcher crew spotted the trapped turtle which had become entangled in a pile of discarded netting.

The vessel was maneuvered alongside, and our crew worked with care to safely disentangle the turtle from the netting. Thanks to the quick actions of our crew, the turtle was successfully freed and swam back out to sea.

Our team then ensured all netting and debris was removed from the location and properly disposed of.

In leading by example, our crew on the Mermaid Searcher were praised for their teamwork, quick thinking and actions to clean up our oceans and protect our irreplaceable marine life.

Supporting the Energy Transition

A key part of MMA's strategy is to diversify our service offering to support the rapidly growing offshore wind market, thereby using our skills and assets to facilitate the global energy transition.

During FY2021 MMA increased its share of revenue from offshore wind to 16% of total revenue and our strategy is focused on significantly growing this part of our business.

To support MMA's goal to be a leader in marine support for the renewables sector, we have recently established a local entity in Taiwan "MMA Clean Energy" and agreed a joint venture with a local Taiwanese company. We have also signed a memorandum of understanding with Worley to jointly service the offshore wind sector in South East Asia.

Supporting Clean Oceans

Waste Management

MMA has a robust suite of policies and procedures in place to ensure that we do not inadvertently pollute the precious marine environments in which we operate.

MMA complies with a range of waste management regulatory requirements and international conventions across all of its vessels and facilities including:

- International Convention for the Control and Management of Ships' Ballast Water and Sediments;
- International Convention for the Control of Harmful Anti-fouling Systems on Ships;
- International Maritime Dangerous Goods Code (IMDG Code); and
- The Hong Kong International Convention for the Safe and Environmental Recycling of Ships.

Plastics Reduction

As a Company, we are targeting the elimination of single use water bottles on our vessels by 2024 through the deployment of new potable water systems on our vessels and operational sites.

To date, four of our larger vessels have had systems installed to trial the use of potable water systems. A Waste Management working group has been set up to manage the roll out of these systems across the fleet.

Australian Hydrographic Survey Program

MMA is also active in the hydrographic survey market through the Australian Government's HydroScheme Industry Partnership Program which seeks to obtain full, high quality bathymetric coverage of Australia's waters for the safety of ships navigating in Australian waters. MMA is pleased to contribute to this important program which will assist in protecting Australia's marine environment from potential incidents.

Innovation Program

At MMA, one of the key pillars of our Innovation Program is Sustainability.

We have tasked a multidisciplinary team to address the challenge "How do we develop the marine resources industry more sustainably?".

We are working on internally generated ideas as well as co-developing innovation at an industry level.

PIER71 Maritime Innovation Program

MMA is a corporate partner of the PIER71 Smart Port Challenge which is aimed at facilitating an eco-system for innovation within the maritime industry. With sustainability at the heart of the innovation challenge we hope to participate in some exciting developments at an industry level.

3D Printing Pilot Program

MMA has partnered with Wilhelmsen and thyssenkrupp to help develop and test their 3D parts printing program. In April 2021, MMA participated in the recent launch of the program which successfully digitised, printed, tested and delivered a 3D printed cooling water pipe connector by drone to the MMA Monarch which was moored off the coast of Singapore.

MMA is excited to be involved in this innovation which has the potential to significantly improve the supply chain for marine parts, making it more efficient and sustainable.

SOCIAL

PEOPLE

Health & Safety

At MMA, protecting the health and safety of our people is fundamental to how we do business and is ingrained in our Target 365 culture which aims for 'a Perfect Day, Every Day'.

While the COVID-19 pandemic presented significant logistical challenges, our staff, crews, and project personnel have successfully worked together to deliver an above average health and safety performance that is essential to the way MMA does business.

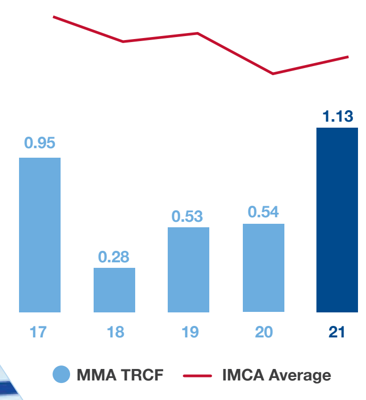
In FY2021, our Total Recordable Case Frequency ("TRCF") increased from 0.54 the previous year to 1.13 (per million hours worked). Whilst our TRCF increased on a percentage basis, the absolute number of lost time injuries was relatively low at four, and our performance remains positive as compared to the industry average as measured by IMCA.

We were however, below our target of top quartile IMCA TRCF performance for the year and instigated a number of initiatives to address the increase in lost time injuries including a "Stand Together for Safety" event held in June 2021, whereby all of MMA's offices, work sites and vessels paused work over a two-day period to have critical discussions about how we can improve our safety.

We also use our internal measure of "Perfect Days" to measure our safety performance. As the key metric of our Target 365 Program, we continually strive for 'a Perfect Day, Every Day' with a perfect day being a day free of recordable injuries or material incidents. In FY2021, we achieved 321 (88%) perfect days, a slight reduction on the previous and below our annual target of 92%.

We continually strive for improvements to both leading and lagging measures in order to achieve our Target 365 goal. We also regularly conduct intervention and proactive campaigns to address performance and will continue to support our staff and contractors in preventing injury and illness.

TOTAL RECORDABLE CASE FREQUENCY
(PER MILLION HOURS)



In FY2021, we continued to undertake improvements in our HSEQ systems and processes.

Highlights for the year included:

- Achieved global certification for all operations to ISO 9001: 2015, ISO 14001: 2015 and transitioned the Company to ISO 45001: 2018;
- Completed Target 365 Leadership Sessions across the business. The sessions highlighted our strengths and opportunities to improve our approach to achieving our 'Perfect Day, Every Day' aspiration;
- Continued to demonstrate the value of Senior Management engaging with front line crews and projects. Senior management attended project mobilisations, undertook vessel voyages and spent time in operations to gain a greater appreciation of frontline operations and provide support to achieve Target 365;
- Ran a major campaign promoting our new Employee Assistance Program which provides 24/7 counselling support and a dedicated online portal with tools designed to promote mental health;
- Achieved our first certification for a Dive Safety Management System under the Australian Offshore Regulator. This confirms MMA's commitment to managing risks associated with potentially high-risk operations;
- Maintained vessel safety cases in both Australia and Brunei;
- Completed a comprehensive internal assurance programme to ensure our controls are adequately robust to prevent incidents, protect the environment, and maintain our licence to operate; and
- Continued to manage the challenges brought by the unprecedented global COVID-19 pandemic.

MMA was again active in contributing to the improvement of HSEQ management across our industry. MMA's Managing Director, Mr David Ross, is the Co-Chair of the Marine Working Group of Safer Together (Western Australia and Northern Territory) and a member of the Safer Together Safety Leaders Group. MMA's Executive General Manager of People and Safety also continued as Chair of the International Marine Contractors Association (IMCA) Global Core HSSE Committee.

Employee Wellbeing

At MMA, we are committed to fostering a diverse, engaging, and high-performance workplace, one that supports individual employees' wellbeing and their journey towards realising their full potential.

We aim to provide a healthy, safe and inclusive workplace, free from harassment and bullying. We foster an environment where all our people feel safe to speak up, and treat each other fairly, respectfully and with dignity. We achieve this by having several key processes and support mechanisms in place.

Employee Assistance Program (EAP)

In December 2020, MMA launched a new Employee Assistance Program provider across our entire business. Critical to this change was the ability for multi-channel access and 24/7 individualised support across all of the Company's work locations. This support can be accessed from any MMA site or vessel in the world. Personal support services not only include individual counselling, but our employees can also access resources for managers, information targeted at individuals and their family members, as well as general financial, mental health and nutritional advice.

Employee Opinion Survey

Listening to our people is critical to the company's ongoing success. During the past 12 months, MMA implemented our third annual Employee Opinion Survey, measuring key areas of our employees' thoughts and perceptions about the business. Target areas of improvement have been identified with specific action plans put in place.

HR Policies & Procedures

MMA has a number of policies and procedures which are designed to foster employee wellbeing.

These include:

- Flexible working arrangements to facilitate personal and family commitments;
- Generous parental support and flexibility on return to work arrangements to facilitate ongoing participation; and
- A Mental Health Policy enabling staff to use their sick leave for mental health reasons.

COVID-19 RESPONSE

MMA first responded to the COVID-19 pandemic in January 2020 by implementing our Prevention of Transmissible Disease and Crisis Management procedures.

Throughout FY2021, the MMA Crisis Management Team held meetings every two days in order to continually monitor changes across our business. Our Crisis Management Team continues to closely monitor the pandemic and routinely tests that our controls are fit for purpose.

COVID-19 brought and continues to bring significant challenges to our people, both personally and professionally. MMA's vessel crewing teams in Singapore and Australia worked relentlessly to clarify and work with restrictions put in place around the world. Mobilisation plans were regularly updated multiple times per day to ensure our crew made it safely to vessels and returned home safely COVID-free.

MMA's strong investment in remote-working technology over recent years ensured staff were able to work from home with ease when required, connecting to critical business systems and colleagues without any major disruption to workflows.

MMA is incredibly proud of all employees' efforts throughout the pandemic. Our entire team was able to ensure continuity of service to our clients, while always maintaining a firm focus on the safety and wellbeing of all employees and stakeholders.

We continue to monitor and appropriately adjust our response to this ongoing situation with a view to always act in the best interest of our people, our stakeholders, our business and the communities in which we operate.

Training & Development

The key areas of training and competency are two of the fundamental pillars of our strategic Human Resources plan.

A total of 786 employees accessed training during the past 12 months, completing over 5,995 individual training outcomes. The ongoing skilling and competency of our workforce ensures that we are able to meet complex business challenges for our clients in our future, whilst developing our people to enhance their career progression.

Crew Welfare

Neptune Declaration

In February 2021, MMA was proud to sign the Neptune Declaration – a global call to action in support of seafarers affected by the ongoing COVID-19 pandemic. As a vessel operator, MMA recognised the necessity of industry and governmental collaboration and the shared responsibility we all have in resolving the unique issues for maritime crew presented by the pandemic.

Crew Engagement

MMA recognises the importance of regularly engaging with our vessel crew. During April 2021, members of our Australian offshore crew gathered in Perth, Western Australia for a day of information, collaboration and networking at MMA's annual Crew Conference event.

The event was an important platform for our offshore crew to have open conversations with our senior leadership team and provided a valuable networking opportunity for our crew members across MMA's fleet of vessels to come together.

Enterprise Agreements

Industrially, MMA continued its operational activity with zero interruptions resulting from workplace disputes. The current Enterprise Agreements covering Australian marine personnel expired in April/May 2021. High-level planning involving key internal and external stakeholders commenced in 2020 and is ongoing.

Diversity & Inclusion

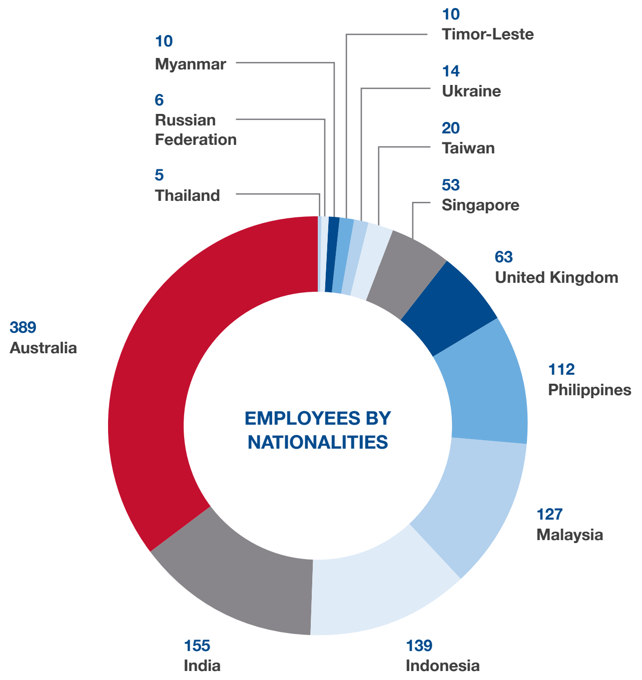
With operational sites and locations positioned around the world, MMA is proud to be a highly culturally diverse organisation. Celebrating our different backgrounds and experiences is a major focus for MMA's Diversity and Inclusion Committee, who organise and promote a range of employee engagement activities throughout the year.

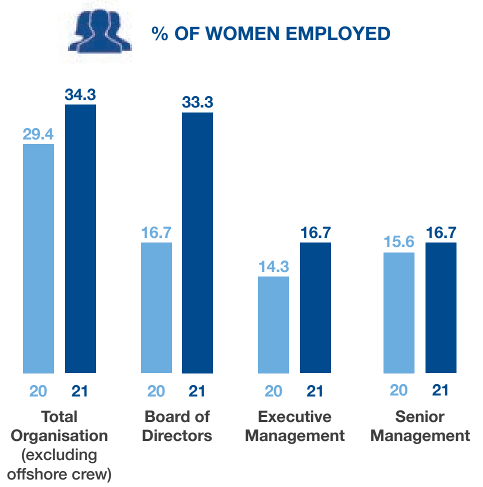
We also regularly review our remuneration practices to ensure equal pay across the organisation.

Diversity Measurable Objectives

To assist with promoting our objective to facilitate greater diversity and inclusion at all levels within our Company, we have a Diversity and Inclusion Committee responsible for:

- Assisting the Board with diversity and inclusion issues;
- Establishing and monitoring strategies on promoting and maintaining diversity and inclusion;
- Implementing the measurable objectives set by the Board; and
- Reviewing achievements and progress against these measurable objectives and reporting this to the Board.





Annually MMA develops a set of Diversity Measurable Objectives, including targets for female participation in senior management positions and encouraging training and development of high potential women within the business.

Whilst MMA's percentages of women in senior management are below our targets, pleasingly our percentage of women on the MMA Board of Directors has increased during the year to 33.3% following the appointments of Ms Sue Murphy and Ms Sally Langer.

Whilst the offshore marine and subsea industries are traditionally predominantly male dominated, MMA continues to focus as a priority on promoting and supporting women through the organisation through both our recruitment and ongoing employee development practices.

Diversity Events

During FY2021, MMA employees came together to recognise a range of events including NAIDOC Week, International Women's Day, Ramadan and Eid al-Fitr.

NAIDOC Week

In November 2020, MMA came together to recognise the rich history, culture and achievements of Aboriginal and Torres Strait Islander peoples for NAIDOC Week.

At MMA's Perth office, we were privileged to hear from Ron Bradfield Jnr, a local Indigenous storyteller, who shared his own story growing up in the mid-west region of Western Australia and the experiences that shaped him. Ron also provided our team members with the opportunity to participate in an activity aimed at exploring our own personal stories and the shared experiences that bring us together. We were also able to share this invaluable presentation via recorded video with our offices in Darwin, Melbourne, Singapore and the United Kingdom.

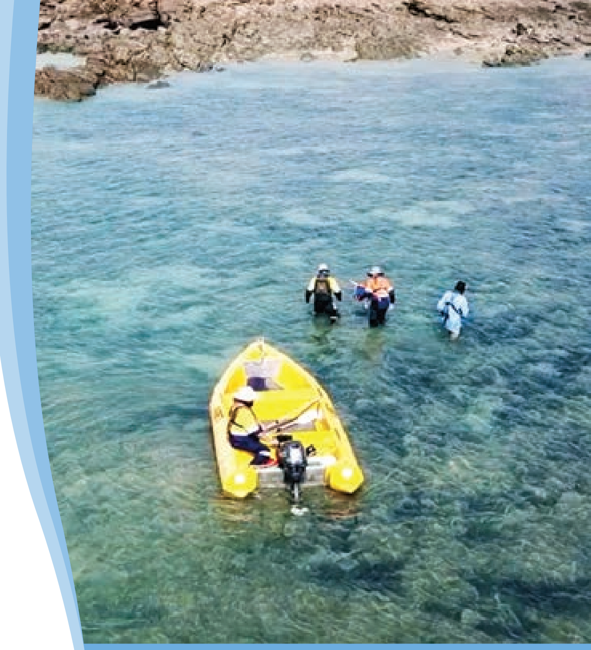
More recently, we conducted an awareness campaign for NAIDOC Week 2021 focusing on the theme "Heal Country". During the campaign we shared insights into the history and cultural traditions of the traditional owners of MMA's key operating regions around Australia including Gumap (Elizabeth Quay), Murujuga (Dampier), Garramilla (Darwin) and Naarm (Melbourne). We also made a donation to the Wirrpanda Foundation supporting the provision of education, employment and business opportunities for Aboriginal and Torres Strait Islander Australians.

International Women's Day

In March 2021, MMA celebrated International Women's Day by taking time to reflect on the Company's gender equality statistics, as well as the broader gender equality employment statistics of our major operating regions. We were also delighted to present a special video interview with one of MMA's female employees who is engaged in the non-traditional role of a Deck Officer within our fleet.

Ramadan

During April and May 2021, MMA recognised the Muslim holiday of Ramadan. Throughout Ramadan, we interviewed three of our staff members via video link to share insights into their personal practices and family traditions. Our Perth office was also able to come together in May 2021 and enjoy a 'breaking the fast lunch' in celebration of Eid al-Fitr.



TRADITIONAL OWNER ENGAGEMENT

MMA is committed to the development of long-term relationships and partnerships with the Indigenous communities in which we operate.

From September to December in FY2021, MMA completed a survey work scope for the Australian Department of Defence as a part of the HydroScheme Industry Partnership Program (HIPP) at Mavis Reef, Western Australia.

MMA's Subsea Services team engaged Indigenous rangers from the Dambimangari Aboriginal Corporation at the project outset and worked cooperatively with the Corporation throughout. As the Traditional Owners of the area in which works were conducted, the rangers joined our vessel throughout the project and accompanied our team of surveyors in accessing the land.

Through this process of engagement, MMA developed a strong working relationship with the Dambimangari People. MMA looks forward to working further with the Dambimangari Aboriginal Corporation on the upcoming Camden Sound HIPP work scope which is scheduled to begin during FY2022 and covers twice the survey area of the Mavis Reef work scope.

COMMUNITY

MMA is committed to making a positive contribution to the communities in which we work by creating mutual opportunities that support economic growth and social wellbeing. To support our goal MMA will:

- Invest in local community projects that have a positive and sustainable benefit;
- Seek business opportunities with local suppliers and subcontractors;
- Strive to be good corporate citizens, conducting business in an ethical manner;
- Develop long term relationships with local Indigenous communities in order to increase Indigenous participation within our workforce and promote opportunities for training and development; and
- Create and maintain cross cultural awareness throughout the business.

By engaging with Indigenous communities and the broader communities within our areas of operation, we can contribute to a safe, sustainable and rewarding future.

Training

Veterans' Employment Program

2021 saw MMA accepted into the Australian Prime Minister's 'Veterans' Employment Program'. The Veterans' Employment Commitment is a public declaration regarding MMA's support of greater employment opportunities for veterans.

MMA recognises the skills and value that veterans can bring to the company and our Human Resources team has updated the Company's recruitment processes to reflect this commitment.

PROUD SUPPORTER OF® VETERANS' EMPLOYMENT

Indigenous Training Programs

MMA continues to provide training opportunities to Indigenous trainees and Timor-Leste nationals in Able Seaman roles.

Indigenous trainees are engaged on our modern PSV vessels operating out of Darwin and Broome. Candidates complete face-to-face training within the TAFE system, then go on to complete qualifying seatime, gaining critical work skills and experience, over a period of 16 months.

Over the past four years, MMA has worked closely with our partners in Dili, Timor Leste to provide Able Seafarer trainee positions within our international fleet. 12 individuals have been provided the opportunity to gain an Able Seafarer Certificate of Competency, with sea time being completed on several of the Company's PSV and AHTS vessels.

Community Support

MMA recognises that supporting community philanthropic endeavours, either in kind or monetarily, is a responsibility we have to the communities in which we operate.

During FY2021, MMA and its employees participated in a number of activities in support of our local communities.

Face Mask Donations for Batam

As a part of Indonesia's annual 'Heroes Day' events, MMA's Batam office was proud to support the Indonesian government's "five million masks for Batam" initiative by donating around 4,000 face masks to their local community. These face masks were distributed to a range of areas across Batam including housing communities, police stations, churches, and mosques, with our team promoting a critical COVID-19 safety message: "be a hero by using a mask."

Christmas Food Donation Drive

With 2020 having been an incredibly challenging year for our communities, MMA's employees came together during the holiday season to provide their support towards the ongoing humanitarian challenge of food insecurity in our communities. Throughout December, MMA employees across our primary locations of Perth, Singapore and United Kingdom worked together to run an employee-led food donation drive with all donations provided to Foodbank Western Australia, Willing Hearts Singapore and Instant Neighbour United Kingdom.

Dress for Success

In March 2021, MMA celebrated and acknowledged International Women's Day. In support of this, our Perth-based team participated in a clothing donation drive with all items donated to Dress for Success Perth – a registered charity which aims to provide local women in need with work-appropriate attire, mentoring and career workshops.

Epilepsy Western Australia

In June 2021, our Perth-based employees supported Epilepsy Western Australia through their participation in an employee-led charity raffle and morning tea with prizes generously donated by one of MMA's team members. Our employees worked together to raise much needed funds to provide support services to Western Australians living with and affected by epilepsy, with MMA matching the total funds raised.

A STRONG FOCUS ON WORKING LEGALLY, ETHICALLY AND SAFELY

GOVERNANCE

MMA believes that a high standard of corporate governance is paramount for sustainable long-term performance and value creation.

MMA's complies with the 4th Edition of the Australian Securities Exchange's Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition ASX Recommendations).

Code of Conduct

MMA has in place a Code of Conduct for its Directors, Senior Management and employees and places a strong focus on working legally, ethically and safely.

We encourage the reporting of unlawful and unethical behaviour, actively promote and monitor compliance with the Code of Conduct and protect those who report breaches in good faith.

Under MMA's Group Whistleblower Policy, whistleblowers are protected from any disadvantage, prejudice or victimisation for reporting any breaches of the Policy or the Corporations Act.

Anti-Bribery & Corruption

We have a zero-tolerance approach towards bribery and corrupt conduct. MMA and its personnel will not engage in any form of bribery or other corrupt conduct. The Company has an Anti-Bribery and Anti-Corruption Policy for preventing the offering or acceptance of bribes and other unlawful or unethical payments or inducements. MMA had no known incidents of bribery or corruption during FY2021.

Further details of the Company's Corporate Governance Policies are available on the Corporate Governance page of our website.

Modern Slavery

MMA is committed to ensuring that no forms of slavery or forced labour occur within its operations or supply chains.

MMA's management of modern slavery falls under its overall approach to business as set out in its code of conduct.

MMA has developed a strong supply chain and a network of suppliers and subcontractors to support its operations. These suppliers include marine spare parts original equipment manufacturers, providers of logistics, port and agency services and providers of marine fuel, provisions, personal protective equipment, uniforms and consumables. We have established multi-year relationships with a majority of our suppliers. Approximately 40% of our procurement is from Australian-based companies, whilst 35% is from Singapore and 25% from other areas (primarily South East Asia).

MMA's operations are also carried out in accordance with the Maritime Labour Convention 2006 (MLC) which provides minimum standards and regulations relating to employment, working and living conditions.

MMA's Modern Slavery Statement, published in December 2020, reports on how MMA assesses and addresses the risks of modern slavery occurring within its supply chains (whether in Australia or internationally). MMA's modern slavery statement is a public document which can be found on the Australian Government's Modern Slavery Register at modernslaveryregister.gov.au.

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 & Gas Industry

The level of activity in offshore industries may vary and be affected by, amongst other things, prevailing or predicted future oil and gas prices and macro conditions.

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 industry activity will be maintained or increased in the future or that offshore companies will not further reduce their offshore activities and capital expenditure. Any prolonged period of low offshore activity or demand or changes in energy technology will have an adverse effect on MMA's business.

The Company aims to mitigate the impact of lower offshore investment and lower offshore activity by:

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

COVID-19

COVID-19 continues to have a significant impact on the Company's activity. As a result of COVID-19, MMA has been impacted by:

- Projects being delayed or cancelled, and current work scopes being suspended;
- Border closures and quarantine restrictions affecting the movement of our vessels, their crews and equipment and spares to and from our vessels;
- Additional cost of protecting and quarantining personnel; and
- Working from home and other Government restrictions.

MMA has implemented the Company Transmissible Disease (Prevention) Plan and activated the Company Crisis Management team led by executive expertise and with assistance from Company medical advisers to manage the COVID-19 risk. MMA has also (where possible) introduced specific COVID-19 or Force Majeure clauses in its contracts to try and limit its liability for non-performance due to COVID-19.

Debt Refinancing & Covenant Breaches

Further decreases in industry activity or a lack of recovery in industry activity (as outlined above) may also increase the risk of the Company failing to comply with the covenants associated with its Banking Facility.

MMA's debt facility was extended to January 2025 during the financial year as part of the debt restructuring and capital raising that was undertaken. In addition to the extended term the syndicated facility was reduced from seven to four lenders along with gross debt reducing by over A$90 million in FY2021.

MMA seeks to manage these risks through proactively engaging with its lenders and closely monitoring earnings and cash flows monthly.

Vessel Oversupply & Market Demand

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

In the current market (which has been exacerbated due to COVID-19), there continues to be 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;
- Focusing on regional strategies to position itself in the most advantageous areas to operate (both in terms of demand and clients) and in emerging markets (such as the offshore wind services sector in Taiwan);
- Having an active lay-up programme to minimise holding costs for vessels between contracts with vessels either cold or warm stacked – predominantly at MMA's land-based facilities in Batam and Singapore to minimise costs;
- Expanding its subsea services business through the acquisition of Neptune Marine Services - with the combined service offering likely to result in expanded vessel capability, increased asset utilisation and an enhanced return on assets;
- Expanding its service offering into the growing offshore wind sector (particularly in Taiwan); and
- Differentiating itself from its competitors through operational excellence, proactive and innovative solutions, long-term customer relationships and responsive account management.

Operational Risks

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

Operational risks include (but are not limited to):

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

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

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

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

Geopolitical, Government & Regulatory Factors

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

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

MMA may face restrictions on its ability to win work in certain countries due to changing cabotage regulations or COVID-19 controls and may be required to form joint ventures in some countries in order to access the local offshore oil and gas markets. Joint ventures may introduce a higher level of operational, financial and counterparty risk. The prevalence of bribery and/or corruption in some foreign jurisdictions also limits MMA's ability to operate in these areas.

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

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.

Cyber Security

MMA utilises information technology and sophisticated technology to deliver high quality services in conjunction with interfaces with third party information technology systems. Instances of cyber-attacks has the potential to cause disruption and/or financial and reputational damage to the Company.

MMA has adopted a suite of strategies and security measures to prevent cyber-attacks impacting the Company. The Company cyber response is governed by an Information and Communications Technology (ICT) Steering Committee which compromises ICT experts, access to external expertise and Executive Management representatives.

Climate Change

Any move from fossil fuel sources of energy to renewables has the potential to impact MMA's traditional oil and gas markets and customers. The move to alternate fuels will also affect MMA's current assets as regulation and social norms require less carbon intensive operations.

MMA is diversifying its service offering into alternative market sectors such as offshore wind in order to support the global emissions reduction targets. MMA is also investigating alternate technologies to power existing and future assets and has elevated Sustainability as key strategic business imperative led by an Executive Management team member.

BOARD OF DIRECTORS

Mr Ian Alexander Macliver
Chairman
– Appointed 28 January 2021

Ian was appointed as a Director of the Company on 20 January 2020 and as Chairman of the Company on 28 January 2021.

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

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

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

Ian was previously a Non-Executive Director of Otto Energy Limited and Mount Gibson Iron Limited.

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

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

Mr David Colin Ross
Managing Director
– Appointed 13 January 2020

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

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

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

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

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

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

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 currently the Chairman of the Board of ITE Education Services Pte Ltd in Singapore.

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

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

Mr Peter Kennan
Non-Executive Director
– Appointed 22 September 2017

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

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

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

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

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

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

Ms Susan Murphy AO
Non-Executive Director
– Appointed 30 April 2021

Sue has over 40 years of experience in the resources and infrastructure industries. Holding a Bachelor of Civil Engineering from the University of Western Australia, Sue commenced as a Graduate Engineer with Clough Engineering in 1980. She went on to enjoy a 25-year career with Clough, progressing through a wide range of operational and leadership roles before being appointed to the Board of Clough Engineering Ltd in 1998.

After leaving Clough in 2004, she joined the Water Corporation of Western Australia as the General Manager of Planning and Infrastructure, before being appointed as Chief Executive Officer in 2008, a role she held for over a decade.

Sue has received many accolades throughout her career including being awarded the prestigious Sir John Holland Civil Engineer of the Year Award and is an Honorary Fellow of Engineers Australia. In addition, she was won the International Water Association's 2014 Women in Water award and was the 2018/19 West Australian Business Leader of the Year at the AIM WA Pinnacle Awards. In 2019, Sue was made an Officer of the Order of Australia.

Sue is currently a Director of Monadelphous Group Limited, the West Australian Treasury Corporation, Fremantle Dockers Football Club, UWA Business School and serves as a Senate Member of the University of Western Australia.

Sue is Chair of the Company's Audit & Risk Committee and a member of the Company's Nomination and Remuneration Committee.

Ms Sally Langer
Non-Executive Director
– Appointed 6 May 2021

Sally has over 25 years' experience in professional services including as founder and Managing Partner of management consulting and executive recruitment firm Derwent Executive - where she set up and led the growth of the Perth office servicing a wide range of clients both locally and nationally and led the Mining and Industrial Practice.

Prior to that, Sally was a Director at international recruitment firm Michael Page and a Chartered Accountant at accounting and consulting firm Arthur Andersen. During her career, Sally has been responsible for strategy development and execution with a strong focus on profitable business growth, supervising and coordinating large teams and other management functions including strategy, business development, budgeting and human resources. She has been a trusted advisor to numerous Boards on recruitment, talent management, culture and organisational structure.

Sally holds a Bachelor of Commerce from the University of Western Australia, is a qualified Chartered Accountant and is a graduate of the Australian Institute of Company Directors.

Sally is also currently a Non-Executive Director of Northern Star Resources Ltd, Sandfire Resources Ltd and the Gold Corporation/Perth Mint.

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

A PIONEERING MARINE SERVICES BUSINESS

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 4th edition of the Corporate Governance Principles and Recommendations ("4th 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 2021, 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 30 August 2021 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 4th Edition ASX Principles and the reason for any departure from the 4th Edition ASX Principles.

The table below lists each of the 4th Edition ASX Principles and the Company's assessment of its compliance with these for the year ended 30 June 2021. The Company's Corporate Governance Statement and Annual Report set out in greater detail the Company's assessment of its compliance with the 4th Edition ASX Principles.

	4th Edition ASX Corporate Governance Principles and Recommendations	Comply
	Principle 1: Lay solid foundations for management and oversight	
1.1	A listed entity should have and disclose a board charter setting out:	
	(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 director or senior executive or putting someone forward 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 and disclose a diversity policy;	Yes
	(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and	Yes
	(c) disclose in relation to each reporting period:	
	(1) the measurable objectives set for that period to achieve gender diversity;	Yes
	(2) the entity's progress towards achieving those objectives; and	Yes
	(3) either:	
	A. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or	Yes
	B. (B) 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
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 for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	Yes
1.7	A listed entity should:	
	(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and	Yes
	(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	Yes
	Principle 2: Structure the board to be effective and 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.	Yes
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills 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 or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and	N/A
	(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 program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Yes

4th Edition ASX Corporate Governance Principles and Recommendations		Comply
Principle 3: Instil a culture of acting lawfully, ethically and responsibly		
3.1	A listed entity should articulate and disclose its values.	Yes
3.2	A listed entity should:	
	(a) have and disclose a code of conduct for its directors, senior executives and employees; and	Yes
	(b) ensure that the board or a committee of the board is informed of any material breaches of that code.	Yes
3.3	A listed entity should:	
	(a) have and disclose a whistleblower policy; and	Yes
	(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	Yes
3.4	A listed entity should:	
	(a) have and disclose an anti-bribery and corruption policy; and	Yes
	(b) ensure that the board or a committee of the board is informed of any material breaches of that policy.	Yes
Principle 4: Safeguard the integrity of corporate reports		
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.	Yes
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 should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Yes
Principle 5: Make timely and balanced disclosure		
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	Yes
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Yes
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Yes

4th Edition ASX Corporate Governance Principles and Recommendations		Comply
Principle 6: Respect the rights of security holders		
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 have an investor relations program that facilitates effective two-way communication with investors.	Yes
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Yes
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Yes
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes
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.	Yes
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 that the entity is operating with due regard to the risk appetite set by the board; 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.	Yes
7.4	A listed entity should disclose whether it has any material exposure to environmental or social 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.	Yes
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 2021.

Directors

With the exception of Mr Hugh Andrew Jon (Andrew) Edwards (who ceased to be a Director on 28 January 2021) and Ms Eva Alexandra (Eve) Howell (who ceased to be a Director on 30 April 2021), 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 30 to 31 (including their qualifications, experience and special responsibilities).

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

- Mr A Edwards – who resigned on 28 January 2021;
- Mr E Howell – who resigned on 30 April 2021;
- Ms S Murphy – who was appointed on 30 April 2021; and
- Ms S Langer – who was appointed on 6 May 2021.

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 I Macliver	Western Areas Limited	Since October 2011
	Sheffield Resources Limited	Since August 2019
	Otto Energy Limited	January 2004 – November 2019
Ms S Murphy	Monadelphous Group Limited	Since June 2019
Ms S Langer	Northern Star Resources Limited	Since February 2021
	Sandfire Resources Limited	Since July 2020
	Gold Corporation/The Perth Mint	Since February 2021
Mr P Kennan	Threat Protect Australia Limited	Since July 2021

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:

Directors	Fully paid ordinary shares direct	Fully paid ordinary shares indirect	Performance rights direct
Mr I Macliver	-	100,000	-
Mr D Ross	284,835	190,758	4,871,501
Mr C G Heng	83,157	-	-
Mr P Kennan	-	29,706,815	-
Ms S Murphy	-	-	-
Ms S Langer	-	-	-

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 42 to 54. 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 7,916,189 performance rights were granted to the following Director and to the five highest remunerated officers of the Company as part of their remuneration:

Name	Number of rights granted	Issuing entity	Number of ordinary shares under rights
Mr D Ross	4,520,356	MMA Offshore Limited	4,520,356
Mr D Cavanagh	1,854,666	MMA Offshore Limited	1,854,666
Mr D Roberts	408,333	MMA Offshore Limited	408,333
Mr S Edgar	361,667	MMA Offshore Limited	361,667
Mr D Thomas	386,167	MMA Offshore Limited	386,167
Mr T Radic	385,000	MMA Offshore Limited	385,000

Company Secretary

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

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

Previously, he was a Senior Associate with the law firm DLA Piper where he practised in the areas of insurance, corporate and marine law. After obtaining a Bachelor of Commerce degree and a LLB degree at the University of Natal (PMB), Dylan qualified as a Solicitor in South Africa, New South Wales and Western Australia. Dylan has worked in a legal capacity in all of these jurisdictions as well as the UK over the past 23 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 vessels, marine and subsea services to the offshore energy, renewables and wider maritime industries.

There were no significant changes in the nature of the activities of the consolidated entity during the financial year.

Review of Operations

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

Changes in State of Affairs

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

Subsequent Events

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

Future Developments

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

Environmental Regulations

The Company continues to conduct its operations within the parameters of all applicable statutory and subsidiary legislative requirements. There were no known reportable or adverse environmental events for the year ended 30 June 2021.

Dividends

In respect of the financial year ended 30 June 2020, 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 2021. Accordingly, no interim or final dividend has been recommended, declared or paid for the 2021 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	1,846,954	Ordinary	0.00(a)	1 Jul 2022
MMA Offshore Limited	351,145	Ordinary	0.00(a)	1 Jul 2022
MMA Offshore Limited	6,663,685	Ordinary	0.00(b)	1 Jul 2023
MMA Offshore Limited	4,616,666	Ordinary	0.00(c)	1 Nov 2023

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

(b) These performance rights vest on 1 July 2023 subject to the performance criteria as detailed in note 5.2 and have a two-year exercise period to 1 July 2025 (being the expiry date of the performance rights).

(c) These performance rights vest on 1 November 2023 subject to the performance criteria as detailed in note 5.2 and have a two-year exercise period to 1 November 2025 (being the expiry date of the performance rights).

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

Shares Issued on Vesting of Rights

No shares were issued during or since the end of the financial year as a result of the vesting of performance 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 external 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[(1)]	5	5	2	2	1	1
Mr I Macliver	8	8	4	4	3	3
Mr D Ross	8	8	4	4	3	3
Ms E Howell[(2)]	7	7	4	4	2	2
Mr CG Heng	8	8	4	4	3	3
Mr P Kennan	8	8	4	4	3	3
Ms S Murphy[(3)]	1	1	-	-	1	1
Ms S Langer[(4)]	1	1	-	-	1	1

(1) Ceased as a Non-Executive Director on 28 January 2021

(2) Ceased as a Non-Executive Director on 30 April 2021

(3) Appointed as a Non-Executive Director on 30 April 2021

(4) Appointed as a Non-Executive Director on 6 May 2021

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

During the year, no amounts were paid or are payable to the external auditor (Deloitte) for the provision of non-audit services as outlined in note 5.5 to the Financial Statements.

During the year, the Company:

- did not engage Deloitte to provide any non-audit services; and
- paid Deloitte and the sum of $584,056 for the provision of audit services.

A such, the Directors are satisfied that the independence of the external auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth).

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 55 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 (Audited)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of the Company's key management personnel for the financial year ended 30 June 2021.

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

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

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

Key Management Personnel

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

Executive Director	Non-Executive Directors
Mr D Ross (Managing Director/CEO)	Mr I Macliver (Chairman)(1)
	Mr CG Heng
	Mr P Kennan
	Ms S Murphy(2)
	Ms S Langer(3)
	Mr A Edwards(4)
	Ms E Howell(5)

Other Key Management Personnel
Mr D Cavanagh (Chief Financial Officer)
Mr D Roberts (Executive General Manager Legal/Company Secretary)
Ms L Buckey (Executive General Manager Corporate Development)
Mr D Thomas (Executive General Manager People and Safety)
Mr R Furlong (Executive General Manager Operations)(6)
Mr S Edgar (Executive General Manager Vessel Services)(7)
Mr T Radic (Executive General Manager Subsea Services)

(1) Appointed as Chairman on 28 January 2021
(2) Appointed as a Non-Executive Director on 30 April 2021
(3) Appointed as a Non-Executive Director on 6 May 2021
(4) Ceased as a Non-Executive Director & Chairman on 28 January 2021
(5) Ceased as a Non-Executive Director on 30 April 2021
(6) Ceased as Executive General Manager Operations on 16 February 2021
(7) Appointed as Executive General Manager Vessel Services on 12 October 2020

Apart from Mr Macliver, Ms Murphy, Ms Langer, Mr Edwards, Ms Howell, Mr Furlong and Mr 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 2021 financial year, without engaging the services of an independent remuneration consultant. The Board is satisfied that the remuneration recommendations made by the Nomination and Remuneration Committee were free from undue influence by any member of the key management personnel to whom the recommendations relate.

Key Remuneration Outcomes

Having regard to the overall performance of the Company and current market conditions, the key remuneration outcomes for the Company's key management personnel in 2021 were as follows:

Fixed Annual Remuneration (FAR)

- While the Managing Director and other Senior Management of the Company did not receive an increase in FAR for the 2021 financial year, the Chief Financial Officer did receive a $45,000 increase in FAR for the 2021 financial year.

Short-term Incentive (STI)

- The Board exercised its discretion to reinstate the STI component in relation to the Managing Director and other key management personnel for the 2021 financial year.

Long-term Incentive (LTI)

- The Board exercised its discretion to maintain the LTI component in relation to the Managing Director and other key management personnel for the 2021 financial year.

Remuneration Report 2020

MMA Offshore Limited's Remuneration Report for the 2020 financial year was adopted at the Company's Annual General Meeting on 28 January 2021 with a clear majority of 1,293,867,655* votes in favour of the motion (representing 99% of the votes received).

* Please note that this number of shares is prior to the 1-for-10 share consolidation effected by the Company on 11 February 2021.

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 2021 financial year, there was no increase in Non-Executive Directors' fees.

Other Key Management Personnel

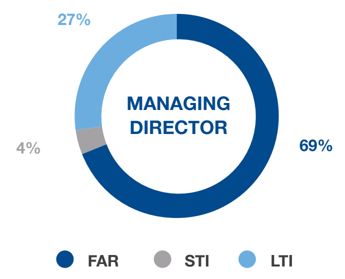
Remuneration of the Managing Director and other executive key management personnel generally comprises both a fixed component and an incentive or "at-risk" component, which is designed to remunerate key management personnel for increasing shareholder value and for achieving financial targets and business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

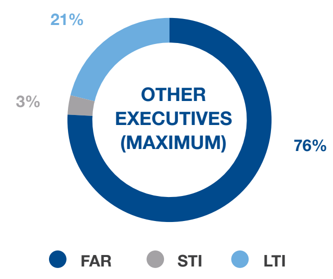
The remuneration of the Managing Director and other key management personnel has the following three components:

No.	Remuneration Component	Details
1	Fixed Annual Remuneration (FAR)	• Comprising base salary and superannuation. • In setting FAR, consideration is given to current market rates and industry benchmarking against appropriate comparator groups (including the median market rates within the sector and industry peers), current market conditions, Company performance and individual performance. • While the Managing Director and other Senior Management of the Company did not receive an increase in FAR for the 2021 financial year, the Chief Financial Officer did receive a $45,000 increase in FAR during the 2021 financial year in line with the current market rates for Chief Financial Officers of listed companies of comparable size.
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, in order to retain and motivate the Managing Director and Senior Management of the Company, the Board reinstated the STI component for the 2021 financial year. • The 2021 STI had a 12-month measurement period (i.e. from 1 July 2020 to 30 June 2021) and, if the performance conditions were met, was payable (either in cash or shares at the absolute discretion of the Board) 24-months after the commencement of the measurement period (i.e. from 1 July 2022); • The performance hurdles under this 2021 STI component related to identified Group EBITDA Targets (80% weighting) and identified Group Safety Targets (20% weighting); • The Company's performance against each of these metrics resulted in a 0% vesting in relation to the identified Group Safety Targets and a 54% vesting in relation to the identified Group EBITDA Targets. Overall, 37% of the total 2021 STI component vested. Please note that in the calculation of the Group EBITDA Target, the impact of Jobkeeper has been excluded. As such, the vesting under the Group EBITDA Target has been met despite Jobkeeper; • Having exercised its discretion, the Board has decided that the vested 2021 STI award will take the form of deferred rights (which shall convert into ordinary, fully paid shares in the Company) on completion of an additional 12-months of service by the participant (i.e. on 1 July 2022); and • If required, Shareholder approval will be obtained prior to the issue of any deferred rights to the Managing Director under this 2021 STI component.
3	Long-term Incentive (LTI)	• The Company grants rights over its ordinary shares under the LTI. • The vesting of these rights is based on the achievement of stipulated performance criteria targets over a three-year period. • The LTI also aims to align executives' long-term interests with those of shareholders and to retain executives. • As previously reported and recognising the need to retain and suitably incentivise the Managing Director and other key personnel (in the interests of the Company and all its shareholders), the Board has determined to continue the LTI component for the Managing Director and other Senior Management for the 2021 financial year. *LTI Performance Rights* • The FY2021 LTI Performance Rights have a three-year performance period (commencing 1 July 2020 and ending on 30 June 2023). • For the Managing Director and Chief Financial Officer, the FY2021 LTI Performance Rights includes a single performance hurdle relating to Share Price / Net Tangible Assets **(NTA)** with: (1) a 50% vesting if the Company's share price is equal to 75% of NTA or 65cps on 30 June 2023; (2) a 100% vesting if the Company's share price is equal to 110% of NTA or 96cps on 30 June 2023; and (3) a pro-rata vesting on a straight line basis between (1) and (2) above **(Share Price / NTA Target)**. • For other Senior Management of the Company, the FY2021 LTI Performance Rights includes performance hurdles relating to the Share Price / NTA Target (70% weighting) and a Retention Hurdle (30% weighting). • The Board obtained shareholder approval for the grant of the FY2021 LTI Performance Rights at Company's 2020 AGM. *Retention Incentive Performance Rights* • In addition, the Board has granted an additional "one-off" Retention Incentive Performance Rights to the Company's Managing Director and Chief Financial Officer to both incentivise and retain the Managing Director and CFO and support MMA's ability to execute and deliver on the Company's ongoing debt management plan and refined strategy for growth. • The FY2021 Retention Incentive Performance Rights have a 3-year performance period (commencing 1 November 2020 and ending on 31 October 2023). • The FY2021 Retention Incentive Performance Rights have performance hurdles relating to a Share Price Hurdle (with 100% vesting if the Company's share price is ≥ 90cps on 31 October 2023) (70% weighting) and a Retention Hurdle (30% weighting). • The Board obtained shareholder approval for the grant of the FY2021 Retention Incentive Performance Rights at Company's 2020 AGM. • Board considers that the grant of the FY2021 LTI Performance Rights and the grant of the FY2021 Retention Incentive Performance Rights (including the selected performance hurdles) are appropriate to retain key management personnel within the Company and to achieve the strategic objectives of the Company in the current market conditions.

Allocation of Executive Remuneration between Fixed and Variable Remuneration

The allocation of total executive remuneration between fixed and variable remuneration for the 2021 financial year is as follows:





Relationship between the Remuneration Policy and Company Performance

The table below summarises information about the Company's earnings for the 2021 financial year and the Company's earnings and movements in shareholder wealth for the five years to 30 June 2021, which is a key factor in the Board's decision not to grant any increase in FAR to the Managing Director and other key management personnel (other than the Chief Financial Officer) for the 2021 financial year and to award the vested 2021 STI in the form of deferred rights (which shall convert into shares) rather than cash for the 2021 financial year.

	30 June 2021 $'000	30 June 2020 $'000	30 June 2019 $'000	30 June 2018 $'000	30 June 2017 $'000
Revenue	237,507	273,011	239,259	200,444	256,396
Net profit/(loss) before tax	3,362[3]	(93,657)[3]	(35,879)[3]	(27,376)[3]	(379,791)[3]
Net profit/(loss) after tax	2,391	(94,187)	(37,373)	(27,909)	(378,032)
Share price at start of the year	$0.065	$0.18	$0.25	$0.15	$0.31
Share price at end of the year	$0.425[4]	$0.065	$0.18	$0.25	$0.15
Interim dividend[1]	0cps	0cps	0cps	0cps	0cps
Final dividend[1]	0cps	0cps	0cps	0cps	0cps
Basic earnings per share	0.87cps	(10.44cps)	(4.36cps)	(4.11cps)	(93.86cps)[5]
Diluted earnings per share	0.86cps	(10.44cps)	(4.36cps)	(4.11cps)	(93.86cps)[5]
3-year compound annual TSR[2]	(45%)	(24%)	(16%)	(21%)	(49%)

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

(2) TSR comprises share price growth and dividends.

(3) There was no impairment charge against the carrying value of the Company's assets as at 30 June 2021 [2020: $57.7 million impairment charge; 2019: $10.4 million impairment charge; 2018: $8.4 million impairment reversal; 2017: $312 million impairment charge].

(4) The share price at the end of the year is post the 1-for-10 share consolidation effected by the Company on 11 February 2021.

(5) 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 2021 financial year (i.e. the actual "take-home" pay received by key management personnel for the 2021 financial year); and

(B) The statutory presentation of the remuneration of the Directors and other key management personnel of the Company for the 2021 financial year and for the previous financial year based on the requirements of accounting standards.

(A) Key Management Personnel Remuneration (Actual Payments)

	Short-term employee benefits			Post-employment benefits			Share based payments	Total
2021	Salary & fees $	STIP $	Non-monetary[2] $	Superannuation $	Termination $	Annual/Long Service Leave Payout $	Rights[3] $	$
Directors								
Mr I Macliver[1]	120,617	-	-	11,459	-	-	-	132,076
Mr A Edwards[1]	101,159	-	-	9,610	-	-	-	110,769
Mr D Ross	531,537	-	85,940	-	-	-	-	617,477
Mr P Kennan	100,127	-	-	-	-	-	-	100,127
Ms E Howell[1]	86,147	-	-	8,184	-	-	-	94,331
Mr CG Heng	112,807	-	-	6,926	-	-	-	119,734
Ms S Murphy[1]	14,680	-	-	1,395	-	-	-	16,074
Ms S Langer[1]	11,958	-	-	1,136	-	-	-	13,094
Senior Management								
Mr D Cavanagh	360,962	-	-	25,000	-	-	-	385,962
Mr D Roberts	328,306	-	-	21,694	-	-	-	350,000
Ms L Buckey[4]	194,417	-	-	18,470	-	-	-	212,887
Mr D Thomas	309,306	-	-	21,694	-	-	-	331,000
Mr R Furlong[1]	207,334	-	-	14,185	-	354	-	221,873
Mr S Edgar[1]	309,306	-	-	21,694	-	-	-	331,000
Mr T Radic	308,306	-	-	21,694	-	-	-	330,000
Total	3,096,968	-	85,940	183,140	-	354	-	3,366,402

(B) Key Management Personnel Remuneration (Statutory Presentation)

	Short-term employee benefits			Post-employment benefits			Share based payments	Total
2021	Salary & fees $	STIP $	Non-monetary[2] $	Superannuation $	Termination $	Annual/Long Service Leave Payout $	Rights[3] $	$
Directors								
Mr I Macliver[1]	120,617	-	-	11,459	-	-	-	132,076
Mr A Edwards[1]	101,159	-	-	9,610	-	-	-	110,769
Mr D Ross	531,537	32,756	85,940	-	-	8,933	249,040	908,206
Mr P Kennan	100,127	-	-	-	-	-	-	100,127
Ms E Howell[1]	86,147	-	-	8,184	-	-	-	94,331
Mr CG Heng	112,807	-	-	6,926	-	-	-	119,734
Ms S Murphy[1]	14,680	-	-	1,395	-	-	-	16,074
Ms S Langer[1]	11,958	-	-	1,136	-	-	-	13,094
Senior Management								
Mr D Cavanagh	360,962	16,457	-	25,000	-	-	103,773	506,192
Mr D Roberts	328,306	11,429	-	21,694	-	5,834	49,270	416,533
Ms L Buckey[4]	194,417	6,794	-	18,470	-	3,472	29,287	252,440
Mr D Thomas	309,306	10,808	-	21,694	-	5,517	46,597	393,922
Mr R Furlong[1]	207,334	-	-	14,185	-	3,515	34,900	259,934
Mr S Edgar[1]	309,306	10,182	-	21,694	-	5,667	44,842	391,691
Mr T Radic	308,306	8,082	-	21,694	-	-	54,363	392,445
Total	3,096,969	96,508	85,940	183,141	-	32,938	612,072	4,107,568

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

[1] These salaries & fees are only for part of the financial year as Mr I Macliver was appointed as Chairman of the Company on 28 January 2021; Mr A Edwards ceased to be a Non-Executive Director/Chairman of the Company on 28 January 2021; Ms E Howell ceased to be a Non-Executive Director of the Company on 30 April 2021; Ms S Murphy was appointed as a Non-Executive Director of the Company on 30 April 2021; Ms S Langer was appointed as a Non-Executive Director of the Company on 6 May 2021; Mr R Furlong ceased as the Executive General Manager Operations on 16 February 2021; Mr S Edgar was appointed to the position of Executive General Manager Vessel Services on 12 October 2020; Mr J Weber ceased to be a Director of the Company on 21 November 2019; Mr I Macliver was appointed as a Non-Executive Director on 20 January 2020; and Mr T Radic commenced employment with the Company on 3 February 2020.

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

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

[4] Ms L Buckey (Executive General Manager Corporate Development) 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	
	2021	2020	2021	2020
Non-Executive Directors				
Mr I Macliver	100%	100%	0%	0%
Mr A Edwards[1]	100%	100%	0%	0%
Ms E Howell[2]	100%	100%	0%	0%
Mr CG Heng	100%	100%	0%	0%
Mr P Kennan	100%	100%	0%	0%
Ms S Murphy[3]	100%	N/A	0%	N/A
Ms S Langer[4]	100%	N/A	0%	N/A
Executive Directors				
Mr D Ross[5]	69%	77%	31%	23%
Senior Management				
Mr D Cavanagh	76%	77%	24%	23%
Mr D Roberts	85%	84%	15%	16%
Ms L Buckey	85%	85%	15%	15%
Mr D Thomas	85%	85%	15%	15%
Mr R Furlong[6]	87%	85%	13%	15%
Mr S Edgar[7]	86%	85%	14%	15%
Mr T Radic[8]	84%	72%	16%	28%

(1) Ceased on 28 January 2021
(2) Ceased on 30 April 2021
(3) Appointed on 30 April 2021
(4) Appointed on 6 May 2021
(5) Appointed on 13 January 2020
(6) Ceased on 16 February 2021
(7) Appointed on 12 October 2020
(8) Appointed on 3 February 2020

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

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

STI

As noted above, in order to retain and motivate the Managing Director and Senior Management of the Company, the Board reinstated the STI component for the 2021 financial year.

The 2021 STI had a 12-month measurement period (i.e. from 1 July 2020 to 30 June 2021) and, if the performance conditions were met, was payable (either in cash or shares at the absolute discretion of the Board) 24-months after the commencement of the measurement period (i.e. from 1 July 2022).

The performance hurdles under this 2021 STI component related to identified Group EBITDA Targets (80% weighting) and identified Group Safety Targets (20% weighting).

The Company's performance against each of these metrics resulted in a 0% vesting in relation to the identified Group Safety Targets and a 54% vesting in relation to the identified Group EBITDA Targets. Overall, 37% of the total 2021 STI component vested. Please note that in the calculation of the Group EBITDA Target, the impact of Jobkeeper has been excluded. As such, the vesting under the Group EBITDA Target has been met despite Jobkeeper.

Having exercised its discretion, the Board has decided that the vested 2021 STI award will take the form of deferred rights (which shall convert into ordinary, fully paid shares in the Company) on completion of an additional 12-months of service by the participant (i.e. on 1 July 2022). If required, Shareholder approval will be obtained prior to the issue of any deferred rights to the Managing Director under this 2021 STI component.

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 the "one-off" Retention Incentive Performance Rights granted to the Company's Managing Director and Chief Financial Officer (as detailed above) and the LTI Performance Rights granted to the Managing Director and other Senior Management of the Company (as detailed above) (together the **FY2021 LTI Plans**).

Each right under the FY2021 LTI Plans 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 FY2021 LTI Plans. The rights carry neither the right to a dividend nor a voting right. Please refer to the table below for details of the performance criteria for the rights granted during the 2021 financial year under the FY2021 LTI Plans.

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

LTI Performance Rights

(A) Managing Director and Chief Financial Officer

Performance Criteria	Performance Period	Percentage of LTI subject to Performance Criteria	Performance Criteria Targets	Percentage of Performance Rights which vest if Target met
Share Price to Net Tangible Assets **(NTA)** Target - being the Company's share price relative to the Company's NTA immediately following the November 2020 Equity Raising of 87c per share*	1 July 2020 and ending 30 June 2023	100%	**0% vesting** if Company's share price is less than 75% of NTA or 65 cps* at the end of the LTI Performance Period. **50% vesting** if Company's share price is equal to 75% of NTA or 65 cps* at the end of the LTI Performance Period. **Pro-rata vesting** (on a straight-line basis) if Company's share price is greater than 75% of NTA or 65 cps* but less than 110% of NTA or 96 cps* at the end of the LTI Performance Period. **100% vesting** if Company's share price is 110% of NTA or 96 cps* or greater at the end of the LTI Performance Period.	100%

(B) Senior Management (i.e. other than the Managing Director and Chief Financial Officer)

Performance Criteria	Performance Period	Percentage of LTI subject to Performance Criteria	Performance Criteria Targets	Percentage of Performance Rights which vest if Target met
Share Price to Net Tangible Assets **(NTA)** Target - being the Company's share price relative to the Company's NTA immediately following the November 2020 Equity Raising of 87c per share*	Beginning 1 July 2020 and ending 30 June 2023	70%	**0% vesting** if Company's share price is less than 75% of NTA or 65 cps* at the end of the LTI Performance Period. **50% vesting** if Company's share price is equal to 75% of NTA or 65 cps* at the end of the LTI Performance Period. **Pro-rata vesting** (on a straight-line basis) if Company's share price is greater than 75% of NTA or 65 cps* but less than 110% of NTA or 96 cps* at the end of the LTI Performance Period. **100% vesting** if Company's share price is 110% of NTA or 96 cps* or greater at the end of the LTI Performance Period.	100%
Retention Hurdle	Beginning 1 July 2020 and ending 30 June 2023	30%	**100% vesting** if the employee remains employed by the Company on 30 June 2023.	100%

* Please note: the number of performance rights and share price hurdles have been adjusted to reflect the 1-for-10 share consolidation effected by the Company on 11 February 2021.

Retention Incentive Performance Rights

(A) Managing Director and Chief Financial Officer

Performance Criteria	Performance Period	Percentage of LTI subject to Performance Criteria	Performance Criteria Targets	Percentage of Performance Rights which vest if Target met
Share Price Hurdle	Beginning 1 November 2020 and ending 31 October 2023	70%	**100% vesting** if the Company's share price is ≥ 90 cps* at the end of the Retention Incentive Performance Period.	100%
Retention Hurdle	Beginning 1 November 2020 and ending 31 October 2023	30%	**100% vesting** if the Managing Director / Chief Financial Officer remains employed by the Company on 31 October 2023.	100%

* Please note: the number of performance rights and share price hurdles have been adjusted to reflect the 1-for-10 share consolidation effected by the Company on 11 February 2021.

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

Series	Number issued	Grant date	Vesting date	Exercise price $	Fair value at grant date $	Expiry date (for vested rights)
(1) 16 Nov 2018 (a)	1,062,563	19 Oct 2018	1 Jul 2021	0.00	0.11	1 Jul 2023
(2) 2 Dec 2018 (a)	258,144	21 Nov 2018	1 Jul 2021	0.00	0.10	1 Jul 2023
(3) 8 Jun 2020 (b)	1,846,954	29 Nov 2020	1 Jul 2022	0.00	0.16	1 Jul 2024
(4) 8 Jun 2020 (b)	351,145	21 Nov 2019	1 Jul 2022	0.00	0.16	1 Jul 2024
(5) 29 Apr 2021 (c)	1,758,356	28 Jan 2021	1 Jul 2023	0.00	0.14	1 Jul 2025
(6) 29 Apr 2021 (c)	4,905,329	28 Jan 2021	1 Jul 2023	0.00	0.20	1 Jul 2025
(7) 29 Apr 2021 (d)	4,616,666	28 Jan 2021	1 Nov 2023	0.00	0.17	1 Nov 2025

(a) 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. The Board has determined that none of the performance rights vested on 1 July 2021 and, as such, these performance rights have lapsed in accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2018.

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

(c) In accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2020 (issued by the Board on 4 March 2021 and as approved by the shareholders at the Company's Annual General Meeting on 28 January 2021) the number of LTI Performance Rights which vest on 1 July 2023 will depend on: (A) in the case of the Managing Director and Chief Financial Officer:- the Company achieving the Share Price to Net Tangible Assets (NTA) Target (100% weighting) as set out in note 5.2 of the Financial Statements; and (B) in the case of other Senior Management (i.e. other than the Managing Director and Chief Financial Officer):- the Company achieving the Share Price to Net Tangible Assets (NTA) Target (70% weighting) and the Retention Hurdle (30% weighting) as set out in note 5.2 of the Financial Statements. Subject to the performance rights vesting on 1 July 2023, the vested performance rights must be exercised within a two-year period from the vesting date (i.e. by 1 July 2025) or such other time as determined by the Board in its sole and absolute discretion.

(d) In accordance with the terms of the MMA Offshore Limited Performance Rights Plan – 2020 (issued by the Board on 4 March 2021 and as approved by the shareholders at the Company's Annual General Meeting on 28 January 2021) the number of Retention Incentive Performance Rights which vest in favour of the Managing Director and Chief Financial Officer on 1 November 2023 will depend on the Company achieving the Share Price Hurdle (i.e. 100% vesting if the Company's share price is ≥ 90 cps at the end of the Retention Incentive Performance Period) (70% weighting) and the Retention Hurdle (30% weighting) as set out in note 5.2 of the Financial Statements. Subject to the performance rights vesting on 1 November 2023, the vested performance rights must be exercised within a two-year period from the vesting date (i.e. by 1 November 2025) or such other time as determined by the Board in its sole and absolute discretion.

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

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

Name	Performance rights issued	Number granted	Number vested	% of grant vested	% of grant forfeited	% of compensation for the year consisting of share-based payment
Mr D Ross	29 Apr 21	4,520,356	–	–	–	27%
Mr D Cavanagh	29 Apr 21	1,854,666	–	–	–	21%
Mr D Roberts	29 Apr 21	408,333	–	–	–	12%
Mr D Thomas	29 Apr 21	386,167	–	–	–	12%
Ms L Buckey	29 Apr 21	242,717	–	–	–	12%
Mr R Furlong	29 Apr 21	408,333	–	–	–	13%
Mr S Edgar	29 Apr 21	361,667	–	–	–	11%
Mr T Radic	29 Apr 21	385,000	–	–	–	14%

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

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

Name	Value of rights granted at grant date $	Value of rights at vesting date $
Mr D Ross	733,350	–
Mr D Cavanagh	297,653	–
Mr D Roberts	81,667	–
Mr D Thomas	77,233	–
Ms L Buckey	48,543	–
Mr R Furlong	81,667	–
Mr S Edgar	72,333	–
Mr T Radic	77,000	–

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

Key Management Personnel Equity Holdings

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

2021	Balance at 1 July 2020	Granted as compensation	Received on vesting of Performance Rights	Net other change	Balance at 30 June 2021	Balance held nominally
Mr I Macliver	-	-	-	100,000	100,000	-
Mr P Kennan	18,240,815	-	-	11,466,000	29,706,815	29,706,815
Mr CG Heng	20,000	-	-	63,157	83,157	-
Ms S Murphy[1]	-	-	-	-	-	-
Ms S Langer[2]	-	-	-	-	-	-
Mr D Ross	153,157	-	-	322,436	475,593	-
Mr D Cavanagh	2,100	-	-	4,421	6,521	-
Mr D Roberts	-	-	-	-	-	-
Ms L Buckey	147	-	-	-	147	-
Mr D Thomas	-	-	-	-	-	-
Mr S Edgar	2,470	-	-	-	2,470	-
Mr T Radic	-	-	-	-	-	-

2020	Balance at 1 July 2019	Granted as compensation	Received on vesting of Performance Rights	Net other change	Balance at 30 June 2020	Balance held nominally
Mr I Macliver	-	-	-	-	-	-
Mr P Kennan	7,741,900	-	-	10,498,915	18,240,815	18,240,815
Mr CG Heng	20,000	-	-	-	20,000	-
Mr D Ross	153,157	-	-	-	153,157	-
Mr D Cavanagh	2,100	-	-	-	2,100	-
Mr D Roberts	-	-	-	-	-	-
Ms L Buckey	147	-	-	-	147	-
Mr D Thomas	-	-	-	-	-	-
Mr S Edgar	2,470	-	-	-	2,470	-
Mr T Radic[3]	-	-	-	-	-	-

(1) Appointed 30 April 2021

(2) Appointed 6 May 2021

(3) Appointed on 3 February 2020

During the next 12 months, the Company will develop a policy regarding minimum shareholding requirements for its Non-Executive Directors.

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

2021 Executives	Balance at 1 July 2020	Granted as compensation	Vested	Net other change (lapsed)	Balance at 30 June 2021	Vested but not exercisable	Rights vested during year
Mr D Ross	511,171	4,520,356	-	-	5,031,527	-	-
Mr D Cavanagh	278,283	1,854,666	-	-	2,132,949	-	-
Mr D Roberts	169,028	408,333	-	-	577,361	-	-
Ms L Buckey	100,471	242,717	-	-	343,188	-	-
Mr D Thomas	159,852	386,167	-	-	546,019	-	-
Mr R Furlong[1]	164,736	408,333	-	-	573,069	-	-
Mr S Edgar	142,488	361,667	-	-	504,155	-	-
Mr T Radic	111,833	385,000	-	-	496,833	-	-

2020 Executives	Balance at 1 July 2019	Granted as compensation	Vested	Net other change (lapsed)	Balance at 30 June 2020	Vested but not exercisable	Rights vested during year
Mr D Ross	160,026	351,145	-	-	511,171	-	-
Mr D Cavanagh	107,483	170,800	-	-	278,283	-	-
Mr D Roberts	50,417	118,611	-	-	169,028	-	-
Ms L Buckey	29,968	70,503	-	-	100,471	-	-
Mr D Thomas	47,680	112,172	-	-	159,852	-	-
Mr R Furlong	46,125	118,611	-	-	164,736	-	-
Mr S Edgar	37,433	105,055	-	-	142,488	-	-
Mr T Radic[2]	-	111,833	-	-	111,833	-	-

(1) Ceased on 16 February 2021

(2) Appointed on 3 February 2020

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

Further details of the share based payment arrangements during the 2021 and 2020 financial years are contained in note 5.2 of the Financial Statements.

Share Trading Restrictions

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

Key Terms of Employment Contracts

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

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

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

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

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

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

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

On behalf of the Directors,

I Macliver

Ian Macliver
Chairman
Perth, 30 August 2021

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

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
12 The Esplanade,
Perth WA 6000

30 August 2021

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 2021, 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

Vincent Snijders
Partner
Chartered Accountants
Perth, 30 August 2021

Deloitte.

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 2021, 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 2021 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

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 - Continuing Operations Cash Generating Unit As disclosed in Note 3.7, included in the Group's consolidated statement of financial position at 30 June 2021 are non-current assets associated with the Vessel – Continuing Operations Cash Generating Unit ("Vessel CGU") of $323 million. The assessment of the recoverable amount of the Vessel CGU requires management to exercise judgement and has been based on a Fair Value Less Cost of Disposal ("FVLCD") approach. The Group appointed external valuers to perform a valuation of the Vessel CGU. Key assumptions used in assessing the recoverable amount include current and forecast economic conditions including potential movements in the market as a consequence of commodity prices and the application of an 'en bloc' discount to the vessel fleet.	Our procedures included, but were not limited to: • Understanding the process management undertakes to evaluate the recoverability of the Vessel CGU; • Assessing management's determination of the Vessel CGU based on our understanding of the nature of the Group's business and the economic environment in which the segments operate; • Assessing the objectivity and competence of the external valuers; • Evaluating the external valuations obtained by the Group by assessing the valuation methodology adopted and the assumptions used; • Comparing actual sales prices, including 'en bloc' discounts, of vessels during and post the reporting period to evaluate the reasonableness of the valuation; and • Assessing the appropriateness of the disclosures in Note 3.7 to the financial statements.
Carrying value of the Subsea Cash Generating Unit As disclosed in Note 3.7, included in the Group's consolidated statement of financial position at 30 June 2021 are non-current assets associated with the Subsea Cash Generating Unit ("Subsea CGU") of $20.2 million. Management undertakes an assessment as to whether any non-current asset or cash generating unit may be impaired at balance date. The assessment requires significant judgement due to assumptions and estimates involved in preparing a value in use model ('VIU') to estimate recoverable amount, including: - Forecast future cash flows; and - Discount rates.	Our procedures included, but were not limited to: • Obtaining management's impairment assessment carried out for the Subsea CGU, and assessing the work performed against the requirements of the relevant accounting standard; • In conjunction with our internal valuation specialists we specifically assessed the recoverable value modelling for the Subsea CGU, as it demonstrated characteristics suggesting impairment testing was required, by: ➢ Inquiring of management and the directors in relation to forecasting assumptions within the VIU model and agreeing these to approved budgets; ➢ Assessing the mathematical accuracy and modelling integrity of the value-in-use (ViU) model;

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
	➢ Challenging the assumptions contained in the cash flow forecasts, including the revenue and expense projections, forecast gross margins and capital expenditures including the impact of COVID-19 and the outlook for easing of restrictions in relevant regions; and ➢ Performing sensitivity analysis on key assumptions within the model, including the expected revenues, margins, growth rates and discount rate. • Assessing the appropriateness of the disclosures in Note 3.7 to the financial statements.
Carrying value and classification of assets held for sale As disclosed in Note 3.4, included in the Group's consolidated statement of financial position at 30 June 2021 are non-current assets associated with non-core vessels classified as assets held for sale of $30.7 million. The assessment of the recoverable amount of the assets held for sale requires management to exercise judgement and has been based on a Fair Value Less Cost of Disposal ("FVLCD") approach. A market based approach has been used by the Directors, reflecting the value which could be expected to be realised through sales executed in the period to 30 June 2022. In assessing the recoverable amount of these non-core vessels, the Group has used internal management valuations incorporating existing industry knowledge including actual sales achieved during the period, current discussions with prospective purchasers and market sales of similar vessels. The Group has also appointed external valuers to provide a comparative current market values of these vessel for the purposes of assessing appropriateness and reasonableness of the valuations of these assets.	Our procedures included, but were not limited to: • Understanding the process management undertakes to evaluate the recoverability of non-core vessels; • Evaluating and challenging management's conclusions as to unsold non-core vessels to ensure they continue to meet the definition of AASB 5 Held for sale assets; • Evaluating and challenging management's determination of the carrying values; • Assessing the objectivity and competence of the external valuers; • In conjunction with our valuation specialists evaluating the external valuations obtained by the Group by assessing the valuation methodology adopted and the assumptions used; • Comparing actual market sale prices of similar vessels sold in the period to 30 June 2021 as indicated by the Company's external valuer and up to the date of the financial statements; and • Evaluating successful disposals to 30 June 2021 and current discussions and/or negotiations held with prospective purchasers in respect of non-core vessels; • Evaluating management's ability to forecast expected carrying value through previously executed fleet sales; • Evaluating the appropriateness of classification and presentation of these assets in the Consolidated Statement of Financial Position as at 30 June 2021 and the recognition and disclosure of the disaggregated revenue generated from the non-core vessels during the period in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021; and • Assessing the appropriateness of the related disclosures in Note 2.1, 3.4 and 3.7 to the financial statements.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Debt Restructure As disclosed in Note 3.9 the Group restructured its debt facility and entered into the seventh amendment of the banking syndicate agreement. As part of the restructure, 3 of the banks exited the facility and total debt was reduced by approximately $91.9 million through repayments totalling $67.3 million to the exiting banks, repayments totalling $9.8 million to the remaining banks and debt concessions from the exiting banks totalling $14.8 million. At the date of the restructure, $1.9 million of remaining unamortised loan fees associated with the extinguished finance facility were amortised to nil. The new terms of the syndicated facility have extended the loan facility to January 2025. The modification of the loan agreement has been accounted for by management as an extinguishment of the original financial liability and the recognition of a new financial liability due to the substantially different terms of the revised agreement.	Our procedures included, but were not limited to: • Assessing the terms and conditions under the new Syndicated Facility Agreement; • Evaluating management's treatment of the restructure including recognition of a new financial instrument, recognition of debt forgiveness and treatment of unamortised borrowing costs against the requirements of the relevant accounting standards; • Assessing the financial covenant calculations through the period to 31 August 2022 to identify whether potential breaches may occur; and • Assessing the appropriateness of the disclosures included in Note 3.9 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in on pages 42 to 54 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of MMA Offshore Limited, for the year ended 30 June 2021, 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

Vincent Snijders
Partner
Chartered Accountants
Perth, 30 August 2021

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 5.12 to the Financial Statements;

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

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

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

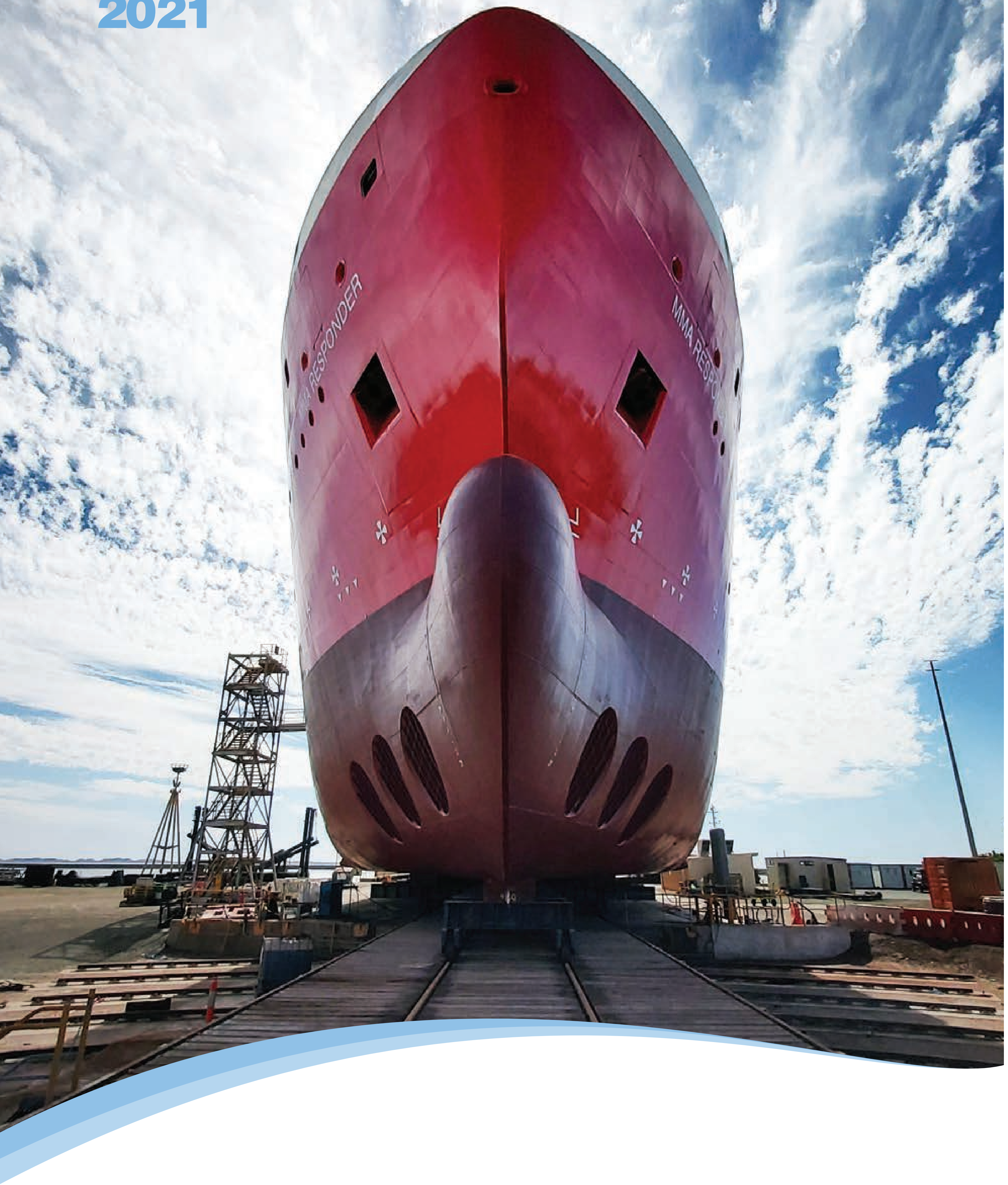
In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* applies, as detailed in note 5.6 to the Financial Statements will, as a Group, be able to meet any obligations or liabilities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

Ian Macliver
Chairman
Perth, 30 August 2021

FINANCIAL REPORT 2021



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $'000	2020 $'000
Revenue	2.1	237,507	273,011
Finance income		99	823
Other income/(expenses)	2.2	23,678	4,474
Vessel expenses		(147,316)	(220,298)
Subsea expenses		(67,866)	(41,872)
Project Logistics expenses		(20,650)	(18,459)
Administration expenses		(10,094)	(15,494)
Impairment charges	2.1	-	(57,723)
Finance costs		(11,996)	(18,119)
Profit/(loss) before tax		3,362	(93,657)
Income tax expense	2.5	(971)	(530)
Profit/(loss) for the Year		2,391	(94,187)
Other Comprehensive Income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	2.3	(30,183)	7,518
Share of other comprehensive income of associates		289	-
Gain/ (Loss) on hedge of net investment in a foreign operation	2.3	12,912	(3,247)
Other comprehensive income/(loss) for the year, net of tax		(16,982)	4,271
Total Comprehensive Loss for the Year		(14,591)	(89,916)
Profit/(loss) for the year attributable to:			
Owners of the parent		2,424	(93,977)
Non-controlling interests		(33)	(210)
		2,391	(94,187)
Total comprehensive loss attributable to:			
Owners of the parent		(14,575)	(89,706)
Non-controlling interests		(16)	(210)
		(14,591)	(89,916)

		Cents Per Share	Cents Per Share
Earnings/ (Loss) per share			
From continuing operations			
Basic	2.4	0.87	(10.44)
Diluted	2.4	0.86	(10.44)

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 2021

	Note	2021 $'000	2020 $'000
Current Assets			
Cash and cash equivalents	3.1	96,226	86,637
Trade and other receivables	3.2	49,864	52,429
Inventories	3.3	2,691	2,216
Prepayments		3,679	2,822
Assets classified as held for sale	3.4	30,682	41,961
Total Current Assets		183,142	186,065
Non-Current Assets			
Property, plant and equipment	3.5	333,399	372,661
Right-of-use assets	3.6	9,938	10,117
Intangibles		765	977
Total Non-Current Assets		344,102	383,755
Total Assets		527,244	569,820
Current Liabilities			
Trade and other payables	3.8	36,230	41,879
Unearned revenue		3,152	538
Borrowings	3.9	15,568	12,739
Lease liabilities	3.10	3,502	3,729
Provisions	3.11	23,218	15,815
Current tax liabilities		1,242	2,684
Total Current Liabilities		82,912	77,384
Non-Current Liabilities			
Borrowings	3.9	147,932	257,838
Lease liabilities	3.10	6,635	7,164
Provisions	3.11	112	256
Deferred tax liabilities	3.12	56	57
Total Non-Current Liabilities		154,735	265,315
Total Liabilities		237,647	342,699
Net Assets		289,597	227,121
Equity			
Issued capital	4.1	742,247	667,251
Reserves	4.2	124,105	139,305
Accumulated losses		(576,548)	(579,244)
Equity attributable to owners of the company		289,804	227,312
Non-controlling interest	4.3	(207)	(191)
Total Equity		289,597	227,121

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 2021

Year Ended 30 June 2021	Issued Capital $'000	Employee Equity Settled Benefits Reserve $'000	Hedging Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Equity Holders of Parent $'000	Non-controlling Interest $'000	Total $'000
Balance at 1 July 2020	667,251	1,878	(69,423)	206,850	(579,244)	227,312	(191)	227,121
Profit for the year	-	-	-	-	2,424	2,424	(33)	2,391
Other comprehensive income/(loss) for the year	-	-	12,912	(30,183)	272	(16,999)	17	(16,982)
Total Comprehensive Income/(Loss) for the Year	-	-	12,912	(30,183)	2,696	(14,575)	(16)	(14,591)
Issue of shares	75,014	-	-	-	-	75,014	-	75,014
Recognition of share based payments	-	2,071	-	-	-	2,071	-	2,071
Non-controlling interest arising on the acquisition	(18)	-	-	-	-	(18)	-	(18)
Balance at 30 June 2021	742,247	3,949	(56,511)	176,667	(576,548)	289,804	(207)	289,597

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

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 2021

	Note	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Receipts from customers		249,761	285,230
Government grants received		9,403	2,819
Interest received		99	823
Payments to suppliers and employees		(222,019)	(234,351)
Income tax paid		(1,640)	(207)
Interest and other costs of finance paid		(8,691)	(15,853)
Net Cash Provided by Operating Activities	3.1	26,913	38,461
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(9,390)	(10,448)
Proceeds from sale of property, plant and equipment		2,701	1,414
Proceeds from sale of assets classified as held for sale		7,524	-
Investment in subsidiary	5.6	(631)	-
Net cash inflow on acquisition of business		-	(862)
Net Cash Used in Investing Activities		204	(9,896)
Cash Flows from Financing Activities			
Repayment of borrowings	3.9	(81,762)	(5,805)
Payment for share issue costs		(5,006)	-
Payment of debt restructure costs		(426)	-
Proceeds from issues of equity securities		80,020	-
Repayment of lease liabilities	3.10	(6,237)	(5,724)
Net Cash Used in Financing Activities		(13,411)	(11,529)
Net increase/(decrease) in cash and cash equivalents		13,706	17,036
Cash and cash equivalents at the beginning of the financial year		86,637	70,155
Effects of exchange rate changes on the balance of cash held in foreign currencies		(4,117)	(554)
Cash and Cash Equivalents at the End of the Financial Year		96,226	86,637

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

1. General Notes

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

1.1 Basis of Preparation

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

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

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

1.2 Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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.

Estimation of expected credit losses – refer note 3.2

Assets classified as held for sale – refer note 3.4

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

Impairment of non-current assets – refer note 3.7

Provisions – refer note 3.11

2. Financial Performance

2.1 Segment Information

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

Information reported to the Managing Director is focused on the category of services provided through the Groups operating activities.

The group's reportable segments are:

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

Segment revenues and results

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

	Vessel Services	Subsea Services	Project Logistics	Eliminations	Consolidated
	2021 $'000	2021 $'000	2021 $'000	2021 $'000	2021 $'000
Revenue					
External sales	134,099	63,039	14,694	-	211,832
External sales – Assets classified as held for sale	25,675	-	-	-	25,675
Inter-segment sales	6,064	7,511	1,755	(15,330)	-
Total revenue	165,838	70,550	16,449	(15,330)	237,507

Inter-segment sales are charged at prevailing market prices

Result					
Segment profit/(loss) before impairment	12,458	(4,827)	(5,956)	-	1,675
Impairment charge	-	-	-	-	-
Segment profit after impairment	15,857	(4,827)	(5,956)	-	1,675
Finance income					99
Other income and expenses					23,678
Administration costs					(10,094)
Finance costs					(11,996)
Profit for the year before income tax					3,362

2. Financial Performance (continued)

2.1 Segment Information (continued)

	Vessels Services	Subsea Services	Project Logistics	Eliminations	Consolidated
	2020 $'000	2020 $'000	2020 $'000	2020 $'000	2020 $'000
Revenue					
External sales	191,495	38,092	6,007	-	235,594
External sales – Assets classified as held for sale	37,417	-	-	-	37,417
Inter-segment sales	-	7,887	1,037	(8,924)	-
Total revenue	228,912	45,979	7,044	(8,924)	273,011

Inter-segment sales are charged at prevailing market prices

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

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

Disaggregation of revenue

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

	2021 $'000	2020 $'000
Revenue recognised over time:		
Vessel hire	129,750	167,124
Revenue from vessels classified as held for sale	25,675	37,417
Equipment hire	21,636	1,810
Personnel	14,557	16,161
Mobilisation/Demobilisation	11,356	12,628
Project management	8,871	255
Fabrication	9,324	8,620
Materials	2,383	2,810
Mattresses	2,053	1,780
Other	9,595	17,244
	235,200	265,849
Revenue recognised at a point in time:		
Fuel sales	2,307	7,162
Total	237,507	273,011

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OF 30 JUNE 2021

2. Financial Performance (continued)

2.1 Segment Information (continued)

Revenue from charter of vessels

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

Revenue from subsea services

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

Revenue from project logistics

Revenue from Project Logistics relates to management of large marine spreads and complex marine logistics. Revenue is recognised over time based on the input method by reference to estimates of work completed for each contract

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

Segment Assets

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

	2021 $'000	2020 $'000
Vessel Services (i)	387,250	444,646
Subsea Services (i)	30,581	30,963
Project Logistics	2,761	1,895
Unallocated assets	106,652	92,316
Total (ii)	527,244	569,820

(i) Vessel and Subsea Services segments assets include assets classified as held for sale (refer note 3.4).

(ii) Segment assets are held in both A$ and US$ denominated currencies. The US$ assets are translated into A$ using exchange rates prevailing at the end of the reporting period. The movement in the exchange rate has resulted in an unrealised negative movement in the asset value of $30.2 million in A$ terms. Offsetting the negative movement in asset value was a reduction in the US$ debt of $12.9 million in A$ terms.

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

Other Segment Information

	Depreciation and amortisation		Additions to non-current assets	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Vessel Services	25,739	38,940	8,641	10,793
Subsea Services	3,291	3,091	2,208	1,007
Project Logistics	458	1,007	642	-
Unallocated assets	3,246	2,754	2,902	187
Total	32,734	45,792	14,393	11,987

2. Financial Performance (continued)

2.1 Segment Information (continued)

Impairment charges

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

	2021 $'000	2020 $'000
Vessels Service held for continuing operations	-	-
Vessels classified as held for sale	-	55,797
Subsea Services classified as held for sale	-	1,926
Total	-	57,723

Geographical information

The Group is based in two principal geographical areas – Australia (country of domicile) and Singapore. However, vessel services, subsea services and project logistics are provided around the world mainly in Australia, South East Asia, Europe and other locations.

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

	Revenue from external customers		Non-current assets	
Location	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Australia / New Zealand	121,244	143,572	138,724	127,868
Asia / South East Asia	67,160	69,635	137,357	152,667
Europe	22,952	14,281	37,788	1,619
Other	26,151	45,524	30,233	101,601
Total	237,507	273,011	344,102	383,755

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

Information about major customers for continuing operations

Included in revenues there are approximately $31.2 million (2020: $41.4 million) which arose from sales to the Group's largest customer, revenues of approximately $20.8 million (2020: $34.5 million) which arose from sales to the Group's second largest customer and revenues of approximately $20.7 million (2020: $27.8 million) which arose from sales to the Group's third largest customer.

2. Financial Performance (continued)

2.2 Other Income and Expenses

	2021 $'000	2020 $'000
Profit/(loss) for the year has been arrived at after recognising the following specific amounts:		
Other income and expenses:		
Government grants [i]	8,251	3,974
Other gains and losses:		
Net foreign exchange losses	(743)	(569)
Profit on disposal of property, plant and equipment	137	455
Profit on disposal of assets classified as held for sale	1,973	589
Debt forgiveness on banking facility	14,757	-
Debt restructure costs	(426)	-
Revalue contingent consideration liability [MGP]	(631)	-
Other	360	25
Total	23,678	4,474

(i) The Group has received Government grants in Australia of $7.3 million (2020: $3.5 million) and in Singapore of $0.9 million (2020: $0.5 million) to assist in dealing with the impact of the COVID-19 pandemic. This support has been accounted for on a 'gross' basis with the income included in 'Other income and expenses' in the Statement of Profit & Loss. The related employee expenses are recorded in their respective operating segment. From 1 January 2021 onwards, the Company ceased to qualify for Australian government support, except for the Subsea operations, which ceased to be eligible from 31 March 2021.

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

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

	2021 $'000	2020 $'000
Depreciation and amortisation:		
Leasehold buildings and improvements	268	94
Vessels	24,295	36,772
Plant and equipment	2,807	2,298
Computer Software	213	213
Right-of-use assets	5,151	6,415
Total	32,734	45,792

	2021 $'000	2020 $'000
Impairment and loss allowance charges:		
Loss allowance on trade receivables	327	13,158
Reversal of loss allowance on trade receivable recovery (see note 3.2)	(1,434)	-
Impairment charge recognised on vessel services cash generating unit	-	55,797
Impairment charge recognised on subsea services cash generating unit	-	1,926
Employee benefits:		
Post-employment benefits:		
Defined contribution plans	8,715	9,525
Share based payments:		
Equity settled share based payments	2,071	1,257
Other employee benefits	112,618	106,698
Total	123,404	117,480

2. Financial Performance (continued)

2.3 Exchange rate movements

The AUD:USD exchange rate increased significantly during the period, from $0.69 to $0.75. This has resulted in the current period having larger exchange movements on items within Other Comprehensive Income and Statement of Cash Flows.

2.4 Earnings per Share

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

	2021 $'000	2020 $'000
Profit / (Loss) for the year used in the calculation of basic earnings per share	2,391	(94,187)

	2021 No.'000	2020 No.'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	276,337	901,886
	-	-
Weighted average number of ordinary shares	276,337	901,886

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

	2021 $'000	2020 $'000
Profit / (Loss) for the year used in the calculation of diluted earnings per share	2,391	(94,187)

	2021 No.'000	2020 No.'000
Weighted average number of ordinary shares used in the calculation of weighted earnings per share	276,337	901,866
Effect of dilutive potential ordinary shares	1,774	-
Weighted average number of ordinary shares used for purpose of diluted earnings per share	278,111	901,886

The weighted average number of shares used for the purposes of calculating both basic and diluted earnings per share have been adjusted to reflect the capital raising and subsequent share consolidation completed during the period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OF 30 JUNE 2021

2. Financial Performance (continued)

2.5 Income Taxes	2021 $'000	2020 $'000
Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax expense in respect of the current year	579	423
Adjustment recognised in the current year in relation to tax provisions of prior years	392	107
Total income tax expense	971	530
The income tax expense for the year can be reconciled to accounting loss as follows:		
Profit/(Loss) before tax	3,362	(93,657)
Income tax benefit calculated at 30%	1,009	(28,097)
Effect of revenue that is exempt from taxation	(1,535)	(801)
Effect of expenses that are not deductible in determining taxable profit	6,083	26,870
Effect of tax deductible items not included in accounting profit	-	(273)
Effect of foreign income taxable in Australia	566	382
Effect of tax losses utilised	(5,149)	-
Effect of unused tax losses and temporary differences not recognised as deferred tax assets	(973)	2,117
Effect of different tax rates of subsidiaries operating in other jurisdictions	578	225
	579	423
Adjustment recognised in the current year in relation to tax provisions of prior years	392	107
Total income tax expense	971	530

The tax rate used for the 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 in certain jurisdictions. 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.

2.6 Dividends Provided for or Paid

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

	2021 $'000	2020 $'000
Adjusted franking account balance	47,589	47,589

3. Assets and Liabilities

3.1 Cash and cash equivalents

Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks.

	2021 $'000	2020 $'000
Cash and cash equivalents (i)	96,226	86,637

Reconciliation of profit/(loss) for the year to net cash flows from operating activities	2021 $'000	2020 $'000
Profit/ (loss) for the year	2,391	(94,187)
Depreciation of non-current assets	32,734	45,792
Impairment charge of non-current assets	-	57,723
(Gain) on forgiveness of loan	(14,757)	-
Amortisation of borrowing costs	2,827	2,261
(Gain) / Loss on sale of property, plant and equipment	(137)	(455)
(Gain) / Loss on sale of assets classified as held for sale	(1,973)	(589)
Unrealised foreign exchange gain	743	246
Reversal of loss allowance on receivables	-	13,158
Equity settled share-based payment	2,071	1,257
Interest expense - leases	479	-
Non-controlling interest earnout consideration	631	-
Debt restructure costs	426	-
Change in net assets and liabilities:		
(Increase)/Decrease in trade and other receivables	2,565	11,642
(Increase)/Decrease in prepayments	(857)	(741)
(Increase)/Decrease in inventories	(475)	664
Increase/(Decrease) in current tax balances	(1,442)	335
Increase/(Decrease) in provisions	7,259	2,884
Increase/(Decrease) in trade and other payables	(5,649)	(1,204)
Increase/(Decrease) in unearned revenue	2,613	(311)
Increase/(Decrease) in deferred tax liabilities	1	(14)
Effect of foreign exchange on net assets and liabilities	(2,537)	-
Net cash flows Provided by operating activities	26,913	38,461

(i) includes $3.1 million from sale of a vessel which was be remitted to the banking syndicate in July 2021.

3. Assets and Liabilities (continued)

3.2 Trade and Other Receivables	2021 $'000	2020 $'000
Trade receivables	66,409	73,537
Allowance for expected credit losses	(19,387)	(22,373)
Other receivables	2,842	1,265
Total	49,864	52,429

During January 2021, the Group received a payment of US$1.0 million relating to a debtor balance that was fully provisioned for credit loss as at 30 June 2020. The allowance for credit loss has been reversed with a decrease in 'Vessel expenses' in the Consolidated Statement of Profit & Loss. The group continues to hold promissory notes to the value of US$ 5.1 million and is enforcing payment of those in the relevant execution courts however the impact of the COVID-19 pandemic continues to affect our ability to enforce the court orders.

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 allowance for expected credit losses 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 2020	290	22,083	22,373
Transfer to credit-impaired	-	327	327
Amounts recovered	-	(1,434)	(1,434)
Foreign exchange gains and losses	(25)	(1,854)	(1,879)
Balance as at 30 June 2021	265	19,122	19,387

3.3 Inventories	2021 $'000	2020 $'000
Fuel – at cost	1,763	1,085
Consumables	796	998
Work in progress	132	133
Total	2,691	2,216

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

3. Assets and Liabilities (continued)

3.4 Assets Classified as Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount or fair value less costs of disposal and no depreciation is recorded on these assets. An impairment loss is recognised for any initial write-down of the asset to fair value less costs of disposal. Information regarding the assets held for sale in the Statement of Financial Position is presented below.

At 30 June 2021, the Company holds eight (2020: 12) non-core vessels within the fleet to be disposed of. Refer to note 3.7 for details of impairments recognised on the reclassification of these assets in the year 30 June 2020. No depreciation is recorded on these assets.

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

	2021 $'000	2020 $'000
Vessels (i)	30,662	41,685
Subsea - ROV Equipment (ii)	20	276
Total	30,682	41,961

(i) Decrease in carrying value for assets classified as held for sale is due to the disposal of four vessels with a total carrying value of $8.7 million.

(ii) Decrease in the carrying value of ROV equipment held for sale is due to the disposal of assets with a carrying value of $0.25 million.

(iii) The remainder of the decrease in the carrying value of vessels held for sale is due to the increase in the AUD: USD exchange rate during the period from 0.69 to 0.75.

3.5 Property, Plant and Equipment

	Buildings and Improvements at cost $'000	Vessels at cost $'000	Plant and Equipment at cost $'000	Total $'000
Year ended 30 June 2020				
At 1 July 2019				
Gross carrying amount	14,763	1,024,504	13,832	1,053,099
Accumulated depreciation and impairment loss	(13,576)	(545,922)	(12,360)	(571,858)
Carrying amount	1,187	478,582	1,472	481,241
Additions	-	9,639	809	10,448
Disposals	(3)	-	(367)	(370)
Acquisition of subsidiaries	1,043	-	11,618	12,661
Reclassified as held for sale	-	(41,685)	(276)	(41,961)
Depreciation	(94)	(36,772)	(2,298)	(39,164)
Impairment losses recognised in profit and loss	-	(55,797)	(1,926)	(57,723)
Effect of foreign currency exchange differences	(76)	7,470	135	7,529
Total	870	(117,145)	7,695	(108,580)
Balance at 30 June 2020				
Gross carrying amount	16,739	687,527	17,165	721,431
Accumulated depreciation and impairment loss	(14,682)	(326,090)	(7,998)	(348,770)
Carrying amount	2,057	361,437	9,167	372,661

3. Assets and Liabilities (continued)

3.5 Property, Plant and Equipment (continued)

	Buildings and Improvements at cost $'000	Vessels at cost $'000	Plant and Equipment at cost $'000	Total $'000
Year ended 30 June 2021				
At 1 July 2020				
Gross carrying amount	16,739	687,527	17,165	721,431
Accumulated depreciation and impairment loss	(14,682)	(326,090)	(7,998)	(348,770)
Carrying amount	2,057	361,437	9,167	372,661
Additions	-	7,475	1,915	9,390
Disposals	-	(5)	(187)	(192)
Acquisition of subsidiaries	-	-	-	-
Reclassified as held for sale	-	-	-	-
Depreciation	(268)	(24,295)	(2,807)	(27,370)
Impairment losses recognised in profit and loss	-	-	-	-
Effect of foreign currency exchange differences	(59)	(20,992)	(39)	(21,090)
Total	(327)	(37,817)	(1,118)	(39,262)
Balance at 30 June 2021				
Gross carrying amount	15,370	654,494	15,128	684,992
Accumulated depreciation and impairment loss	(13,640)	(330,874)	(7,079)	(351,593)
Carrying amount	1,730	323,620	8,049	333,399

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. Buildings and improvements are depreciated over the period of the lease or estimated useful life using the straight-line method.

Key source of estimation uncertainty

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

3. Assets and Liabilities (continued)

3.6 Right of use assets

	Buildings and Improvements at cost $'000	Vessels at cost $'000	Plant and Equipment at cost $'000	Total $'000
Year ended 30 June 2020				
At 1 July 2019				
Gross carrying amount	5,002	795	441	6,238
Accumulated depreciation and impairment loss	-	-	-	-
Carrying amount	5,002	795	441	6,238
Additions	264	1,236	39	1,539
Acquisition of subsidiaries	8,093	-	662	8,755
Depreciation	(4,295)	(1,779)	(341)	(6,415)
Total	4,062	(543)	360	3,879
Balance at 30 June 2020				
Gross carrying amount	13,359	2,031	1,142	16,532
Accumulated depreciation	(4,295)	(1,779)	(341)	(6,415)
Carrying amount	9,064	252	801	10,117
Year ended 30 June 2021				
At 1 July 2020				
Gross carrying amount	13,359	2,031	1,142	16,532
Accumulated depreciation	(4,295)	(1,779)	(341)	(6,415)
Carrying amount	9,064	252	801	10,117
Additions	3,778	1,094	131	5,003
Disposals	-	-	-	-
Depreciation	(3,392)	(1,310)	(449)	(5,151)
Other	(31)	-	-	(31)
Total	355	(216)	(318)	(179)
Balance at 30 June 2021				
Gross carrying amount	17,137	3,125	1,273	21,535
Accumulated depreciation	(7,718)	(3,089)	(790)	(11,597)
Carrying amount	9,419	36	483	9,938

The Group leases several assets including

- Subsea and operating premises at Welshpool, Australia which expires 30 April 2025, with an option to extend 2 x 5-year terms.
- Current head office premises in Perth which expires 30 November 2026, with an option to extend for 1 x 5-years was entered into in the current financial year.
- Batam shipyard lease which expires in 2042.
- Various items of plant and equipment with an average lease term of 5 years.

Amounts recognised in profit and loss

	2021 $'000	2020 $'000
Depreciation expense on right-of-use assets	5,151	6,415
Interest expense on lease liabilities	479	600
Income from sub-leasing right-of-use assets	357	68

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FOR THE YEAR ENDED OF 30 JUNE 2021

3. Assets and Liabilities (continued)

3.7 Impairment of Non-Current Assets

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

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

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

Impairment testing

The Group has identified the following indicators of impairment at 30 June 2021:

- the carrying amount of the net assets of the Group is greater than the Company's market capitalisation; and
- challenging market conditions in both Australia and internationally as the impact of the COVID-19 pandemic and lower oil prices continue to impact across the industry.

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

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

			Impairment charge	
Segment/CGU	Class of asset	Method	2021 $'000	2020 $'000
Vessels	Property, Plant & Equipment	FVLCOD	-	-
Vessels	Assets classified as held for sale	FVLCOD	-	55,797
Subsea	Property, Plant & Equipment	ViU	-	-
Subsea	Assets classified as held for sale	FVLCOD	-	1,926
Project Logistics	Property, Plant & Equipment	ViU	-	-
Total				57,723

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

CGU	Level 3[(i)] $'000	Recoverable Amount $'000
Vessels		
Continuing operations	323,508	323,508
Classified as held for sale	30,662	30,662
Subsea		
Continuing operations	20,230	20,230
Classified as held for sale	20	20
Project Logistics	4,507	4,507

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

3. Assets and Liabilities (continued)

3.7 Impairment of Non-Current Assets (continued)

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

Industry Conditions

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

1. COVID-19
2. Oil Price

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

During the reporting period the brent oil price remained stable around US$57 for the March 2021, and fluctuated in an upwards range for the three months to 30 June 2021 with an end price of approximately US$77. While this upward trend is positive, there is still some uncertainty as to the levels and timing of the price settling on a longer term basis.

Vessels

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

Vessels - Continuing Operations

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

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

A key input into the recoverable amount of the CGU was the application of a discount to the independent vessel valuation to reflect the amount which would be achieved if the core fleet was disposed of in one single transaction. The report separately considers the classified as held for sale fleet and core fleet and provides guidance on respective en bloc discounts. This results in a lower % for the core fleet which is considered appropriate as it acknowledges the underlying differences in the fleets with the held for sale fleet. The Board have decreased this discount to 15.8% for the current period. This specific rate has been used as it falls within the range specified by the independent valuer and is the breakeven point at which there is nil impairment. In the June 2020 impairment assessment, the company used a discount of 19.6%, representing a combined discount for the entire fleet.

Consistent with previous periods, selling costs are also assumed to be 2% of the vessel sales value.

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

- the movement in the oil price during the period
- the continuing impact of the COVID-19 pandemic
- the adopted % being within the range provided by the valuer

Key assumptions and sensitivity

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

3. Assets and Liabilities (continued)

3.7 Impairment of Non-Current Assets (continued)

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

Assumption	Rate used	Sensitivity movement	Change in carrying value $'000
En bloc discount	15.8%	2.5	9,609
Selling costs	2%	0.5	1,651

Vessels - Classified as Held for Sale

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

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

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

In updating the values at 30 June, the Group also took into account current vessel sales contracts, marketing activities and negotiations.

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

Key assumptions and sensitivity – Classified as Held for Sale assets

The FVLCOD method requires an estimate of the current market value of the vessels and costs that would be associated with a disposal of the assets. In estimating the current market value of the vessels and the value to be achieved in an accelerated sale, estimates have been made about the fair value to be realised. If the value to be realised was 5% higher or lower than the impairment on these vessels would decrease or increase by $1.2 million.

Subsea

Items of plant & equipment from the Subsea CGU were classified as being held for sale as at 30 June 2020. This classification has resulted in two separate recoverable value assessments, being for the ongoing business and the plant & equipment that is held for sale at 30 June 2021 majority of the held for sale assets have been disposed.

Subsea - Continuing Operations

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

There were no changes in the underlying assumptions used for the assessment as at 30 June 2020, except for expected cashflows for the 12 months to 30 June 2021 being updated to reflect recent forecasts. In determining the forecast revenues and operating expenses, consideration has been given to the following:

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

3. Assets and Liabilities (continued)

3.7 Impairment of Non-Current Assets (continued)

A discount rate of 10.9% (2020: 10.6%) has been used for ViU assessments.

In the budget approved by the board, forecast revenues have been kept consistent for the FY22 year to reflect the continuing impact of the COVID-19 pandemic. In FY23 and FY24, revenues are budgeted to increase on the assumption of an increase in activity in these years. Nil revenue growth in FY25 and FY26 has been assumed, with terminal year growth of 2% (2020: 2%) reflecting a long term inflation rate estimate.

Key assumptions and sensitivity

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

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

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

Assumption	Rate used	Sensitivity movement	Increase/(Decrease) in recoverable value $'000
Discount rate	10.9%	+0.5%	(2,391)
		-0.5%	2,675
Terminal year growth rate	2.0%	+0.5%	1,754
		-0.5%	(1,569)

Further, assuming achievement of FY22 budgeted performance, unless an annual average revenue increase of 5% (2020: 5%) p.a was achieved over the remaining balance of the five year period to 30 June 2025, then the carrying cost and value in use of the relevant assets may need to be revisited.

Subsea - Classified as Held for Sale

The majority of Subsea assets classified as held for sale were disposed of during the reporting period. The remaining items are still held at their expected recoverable value.

Project Logistics

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

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

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

A discount rate of 10.9% (2020: 10.6%) has been used for ViU assessments.

3. Assets and Liabilities (continued)

3.8 Trade and Other Payables

	2021 $'000	2020 $'000
Trade payables	8,675	14,447
Other payables and accruals	26,895	26,416
Goods and services tax payable	660	1,016
Total	36,230	41,879

The average credit period on purchases of all goods is 30 - 45 days. The Group monitors payments to ensure that payables are generally paid within the credit time frame.

3.9 Borrowings

	2021 $'000	2020 $'000
Secured – at amortised cost		
Current		
Bank loans(i)	15,568	15,000
Unamortised loan fees(ii)	-	(2,261)
Total	15,568	12,739
Non-Current		
Bank loans(i)	147,932	258,404
Unamortised loan fees(ii)	-	(566)
Total	147,932	257,838

Summary of borrowing arrangements:

(i) During the financial year and in conjunction with a capital raising, MMA restructured its syndicated debt facility. As part of the restructure, three of the banks exited the facility and total debt was reduced by approximately $91.9 million with repayments totalling $67.3 million to the exiting banks and $9.8 million to the remaining banks.

The three exiting banks also agreed to debt concessions of approximately $14.8 million. $0.4 million of refinancing costs incurred on the refinancing have been offset against the debt concession amount and are reflected in 'Other income' in the Consolidated Statement of Profit & Loss.

The new terms of the syndicated facility are:

- Extension of the loan facility to January 2025
- The fixed amortisation profile of the facility is now
  - $12.5 million during FY22
  - $15.0 million during FY23
  - $15.0 million during FY24
  - $7.5 million during FY25 and the outstanding balance on 31 January 2025.
- Additional variable amortisation of the facility occurs from
  - proceeds from vessels classified as held for sale
  - cash sweep of amounts above $70.0 million from December 2021 while the gross leverage ratio is above 3.5
- The interest rate payable is a base rate (LIBOR for US$ denominated loans, BBSY for A$ denominated loans plus a margin calculated by reference to the groups leverage ratio as below:

Leverage ratio	Interest margin
<3.0	3.00%
3.0-5.5	3.75%
>5.5	4.00%

3. Assets and Liabilities (continued)

3.9 Borrowings (continued)

- The interest payable on the US$ denominated loan is currently linked to LIBOR, and this will be phased out globally over the next few years. As such, MMA will engage with the banking syndicate to discuss the timeline for transition to a new interest rate mechanism to replace LIBOR, which is not expected to happen until the company's 2022 financial year. At this time, the change in the interest rate benchmark is not expected to have any material effect on the loan amount, classification of the loan or the covenant other than a change in reference rate.
- The group has the right to pay dividends /conduct share buybacks once the gross leverage is below 3.5x.
- Resetting the loan covenants to align with the outlook of the business in the context of COVID-19

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

As at the end of the reporting period, the amounts owing under the facility comprises an A$ amount of $69.3 million and a US$ amount of $70.5 million. The US$ amount qualifies as an accounting hedge of a net investment in a foreign operation and the resulting foreign exchange movements are therefore included in Other Comprehensive Income offsetting the foreign exchange movements in the US$ denominated entities.

(ii) The debt restructure resulted in a substantial change to the terms and cashflows of the facility and as a result the unamortised loan fees from the old facility were fully amortised during the financial year.

Available borrowing facilities	2021 $'000	2020 $'000
Secured loan facilities with various maturity dates through to 2021 and which may be extended by mutual agreement:		
Amount used	163,500	273,404
Amount unused	-	-
Total	163,500	273,404

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

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.

2021	Hire purchase liability $'000	Bank loans $'000	Loan fees $'000	Total $'000
Balance at 1 July 2020	-	273,404	(2,827)	270,577
Repayment of loan	-	(81,762)	-	(81,762)
Loan forgiveness	-	(14,757)	-	(14,757)
Non-cash foreign exchange movement	-	(13,385)	-	(13,385)
Amortised loan fees	-		2,827	2,827
Balance at 30 June 2021	-	163,500	-	163,500

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

3. Assets and Liabilities (continued)

3.10 Lease liabilities

	2021 $'000	2020 $'000
Opening Balance	10,893	6,238
Additions	5,003	1,539
Repayments	(6,237)	(6,324)
Interest expense	478	600
Acquisition of subsidiaries	-	8,842
Net currency exchange differences	-	(2)
Balance at end of financial year	10,137	10,893
Current	3,502	3,729
Non-current	6,635	7,164
Total	10,137	10,893
Maturity analysis:		
Year 1	3,723	4,224
Year 2	2,227	3,231
Year 3	2,150	1,610
Year 4	1,868	1,607
Year 5	567	1,382
Onwards	340	-
	10,875	12,054
Less: unearned interest	(738)	(1,161)
Balance at end of the year	10,137	10,893

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

3.11 Provisions

	2021 $'000	2020 $'000
Current		
Ongoing legal claims	11,936	5,602
Employee benefits – annual leave	5,844	5,112
Employee benefits – long service leave	5,438	5,101
Total	23,218	15,815
Non-current		
Employee benefits – long service leave	112	256

The Group has various legal claims currently in progress relating to contractual disputes. As disclosed to the ASX on 23 June 2021, a final arbitration award was made a wholly owned subsidiary of MMA. The subsidiary is currently taking Singaporean legal advice regarding next steps which may include applying to the Supreme Court of Singapore for orders setting aside the Final Award.

Significant Estimates

In the current year, the Group has a total provision of $11.9 million (2020: $5.6 million), with an additional $6.4 million in provisions raised during the year. These amounts have been estimated by the directors as a possible outflow that may be required to settle these legal claims. As these legal claims have not been finalised, this provision is only an estimate and the actual liability may differ depending on the outcome of these hearings.

3. Assets and Liabilities (continued)

3.11 Provisions (continued)

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.

3.12 Deferred Tax Balances

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

2021	Opening Balance $'000	Recognised in Profit or Loss $'000	Recognised in Equity $'000	Acquisition of Subsidiary $'000	Closing Balance $'000
Gross deferred tax liabilities:					
Property, plant and equipment	(24,619)	(2,850)	-	-	(27,469)
Inventory	(117)	(36)	-	-	(154)
Receivables	(3)	6	-	-	3
Other	121	(1,783)	-	-	(1,662)
	(24,618)	(4,663)	-	-	(29,281)
Gross deferred tax assets:					
Provisions	180	1,844	-	-	2,024
Unused tax losses and credits	24,334	251	-	-	24,585
Other	104	2,512	-	-	2,616
	24,618	4,607	-	-	29,225
Total	-	(56)	-	-	(56)

2020					
Gross deferred tax liabilities:			-	-	(312)
Property, plant and equipment	(19,729)	(4,515)	(375)	(147)	(24,766)
Inventory	(312)	195	-	-	(117)
Receivables	(118)	115	-	-	(3)
Other	-	121	-	-	121
	(20,159)	(4,084)	(375)	(147)	(24,765)
Gross deferred tax assets:					
Provisions	40	140	-	-	180
Unused tax losses and credits	19,440	4,477	417	130	24,464
Other	679	(533)	(42)	(40)	64
	20,159	4,084	375	90	24,708
Total	-	-	-	(57)	(57)

3. Assets and Liabilities (continued)

3.12 Deferred Tax Balances (continued)

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.

Unrecognised deferred tax assets	2021 $'000	2020 $'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)	86,798	85,136
Tax losses (capital in nature)	19,727	19,748
Deductible temporary differences	4,474	4,369

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	2021 No.'000	2021 $'000	2020 No.'000	2020 $'000
Balance at beginning of financial year	925,730	667,251	858,077	654,735
Issue of shares	2,667,570	80,020	67,655	12,516
Share issue costs	-	(5,006)	-	-
Share consolidation	(3,233,972)	-	-	-
Balance at end of financial year (i)	359,328	742,265	925,732	667,251

During the current reporting period the company completed a capital raising totalling $80.0 million resulting in the issuing of 2,667,570,000 additional shares. The proceeds were used for partial repayments of the group's syndicated debt facility and working capital.

A share consolidation was completed during February 2021 through the conversion of every ten shares held by a shareholder into one share. This reduced the number of shares on issue by 3,223,972,000 shares.

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

(i) includes non-controlling interest equity balance of $0.018 million (2020: $0.019 million).

Share Rights

As at 30 June 2021, executives and employees held rights over 14,799,157 ordinary shares (2020: 35,188,068).

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

Reserves	2021 $'000	2020 $'000
Employee equity settled benefits	3,949	1,878
Hedging	(56,511)	(69,423)
Foreign currency translation	176,667	206,850
Balance at end of financial year	124,105	139,305

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 Non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

MMA Global Projects Pte. Ltd	2021 $'000	2020 $'000
Current Assets	2,747	1,149
Non-current Assets	89	96
Current Liabilities	(3,870)	(2,199)
Non-current Liabilities	-	-
Equity attributable to owners of the Company	(828)	(763)
Non-controlling interests	(207)	(191)
Revenue	10,958	2,133
Expenses	11,113	3,185
Profit (loss) for the year	(155)	(1,052)
Profit (loss) attributable to owners of the Company	(124)	(842)
Profit (loss) attributable to the non-controlling interests	(31)	(210)
Profit (loss) for the year	(155)	(1,052)
Total comprehensive income attributable to owners of the Company	(124)	(842)
Total comprehensive income attributable to the non-controlling interests	(31)	(210)
Total comprehensive income for the year	(155)	(1,052)
Net cash inflow (outflow) from operating activities	929	127
Net cash inflow (outflow) from investing activities	-	(96)
Net cash inflow (outflow) from financing activities	-	771
Net cash inflow (outflow)	929	802
Balance at 1 July 2019		
Share of profit/(loss) for the year		(210)
Non-controlling interests arising on the acquisition of MMA Global Projects Pte. Ltd		19
Balance at 30 June 2020		(191)
Balance at 1 July 2020		
Share of profit/(loss) for the year		(16)
Balance at 30 June 2021		(207)

4. Capital Structure (continued)

4.4 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 the 2020 financial year.

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

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

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

Leverage Ratio

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

	2021 $'000	2020 $'000
Debt (i)	163,500	273,404
Cash and cash equivalents	(96,226)	(86,637)
Net debt	67,274	186,767
Property, plant & equipment (ii)	364,080	414,622
Leverage ratio	18%	45%

(i) Debt is defined as gross long and short-term borrowings, as detailed in note 3.9.

(ii) Property, plant and equipment includes all fixed assets owned by the group, as detailed in note 3.5.

The significant improvement in the capital ratio during the year is due to the proceeds from the capital raising being used to repay a portion of the debt facility. In addition, as part of the debt restructure, A$14.8 million of debt concessions were obtained from the banking syndicate, further reducing the Net debt amount.

5. Other Notes

5.1 Commitments for Expenditure

Capital expenditure commitments	2021 $'000	2020 $'000
Plant and Equipment	357	-
Vessels	710	1,136
Total	1,067	1,136

5.2 Share Based Payments

Share rights incentive plans

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

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

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

Series	Number issued	Grant Date	Expiry Date	Exercise price $	Fair Value at Grant date $
(1) Issued 16 November 2018	1,062,563	19 Oct 2018	1 Jul 2023	0.00	0.11
(2) Issued 2 December 2018	258,144	21 Nov 2018	1 Jul 2023	0.00	0.10
(3) Issued 8 June 2020	1,846,954	29 Nov 2019	1 Jul 2024	0.00	0.16
(4) Issued 8 June 2020	351,145	21 Nov 2019	1 Jul 2024	0.00	0.16
(5) Issued 29 April 2021	1,758,356	28 Jan 2021	1 Jul 2025	0.00	0.14
(6) Issued 29 April 2021	4,905,329	28 Jan 2021	1 Jul 2025	0.00	0.20
(7) Issued 29 April 2021	4,616,666	28 Jan 2021	1 Nov 2025	0.00	0.17

The number of rights issued in Series 1,2,3 and 4 have been adjusted to reflect the impact of the 1 for 10 share consolidation undertaken during the year.

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

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

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

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

Performance Rights issued during the 2021 financial year as part of Series 5,6 and 7 to executives and employees are subject to achievement of a number of vesting targets.

5. Other Notes (continued)

5.2 Share Based Payments (continued)

For the Series 5 issue to Key Management Personnel, the number of rights vesting are subject to the company share price reaching a minimum level of $0.65, with pro rata vesting on a straight line basis up to 100% vesting if the share price is $0.96 or higher.

For the Series 6 issue to other employees, 30% relate to a retention hurdle with the participant required to be employed by the Group at the end of the three-year vesting period and the remaining 70% are subject to the same share price hurdle as Series 5.

For the Series 7 issue to Key Management Personnel, 30% relate to a retention hurdle with the participant required to be employed by the Group at the end of the three year vesting period and the remaining 70% vests if the share price is larger than or equal to $0.90.

Please refer to the Remuneration Report on pages 42 to 54 for further details of Performance Rights issued to executives and employees.

Fair value of share rights granted during the year

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

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

The following shows the inputs into the valuation model for the rights granted during the year:

Inputs into the model	Series 5	Series 6	Series 7
Grant date share price	$0.33	$0.33	$0.33
Exercise price	$0.00	$0.00	$0.00
Expected volatility	60%	60%	60%
Life of rights	2.4 years	2.4 years	2.8 years
Dividend yield	Nil	Nil	Nil
Risk free rate	0.11%	0.11%	0.11%

Movement in share rights during the period

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.

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

	2021		2020	
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	35,188,068	0.00	13,207,075	0.00
Adjustment for share consolidation	(31,669,263)	-	-	-
Issued during the financial year	11,280,352	0.00	21,980,993	0.00
Expired during the financial year	-	-	-	-
Balance at the end of the financial year	14,799,157	0.00	35,188,068	0.00
Exercisable at end of the financial year	-	-	-	-

5. Other Notes (continued)

5.2 Share Based Payments (continued)

Share rights outstanding at the end of the year

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

Series	Number	Exercise price $	Expiry Date
(1) Issued 16 November 2018	1,062,563	0.00	1 July 2023
(2) Issued 2 December 2018	258,144	0.00	1 July 2023
(3) Issued 8 June 2020	1,846,954	0.00	1 July 2024
(4) Issued 8 June 2020	351,145	0.00	1 July 2024
(5) Issued 29 April 2021	1,758,356	0.00	1 Jul 2025
(6) Issued 29 April 2021	4,905,329	0.00	1 Jul 2025
(7) Issued 29 April 2021	4,616,666	0.00	1 Nov 2025
Total	14,799,157	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:

	2021 $	2020 $
Short-term employee benefits	3,279,417	3,443,131
Post-employment benefits	183,141	194,007
Other long-term benefits	32,938	43,936
Termination benefits	-	962,832
Share based payments	612,072	663,361
Total	4,107,568	5,307,267

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 (2020: Nil)

Loans to related parties

There were no loans to related parties during the year.

Other related party transactions

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

5. Other Notes (continued)

5.5 Remuneration of Auditors

	2021 $	2020 $
Deloitte and related network firms*		
Audit or review of financial reports:		
- Group	254,625	248,850
- Subsidiaries and joint operations	324,571	303,185
	579,196	552,035
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	4,860	4,682
Other services:		
- Other consulting services	-	40,894
- Tax compliance services	-	-
	-	40,894
	584,056	597,611

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OF 30 JUNE 2021

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 2021 %	Ownership Interest 2020 %
Parent Entity				
MMA Offshore Limited	(i)	Australia		
Subsidiaries				
MMA Offshore Vessel Operations Pty Ltd	(ii) (iii)	Australia	100	100
MMA Offshore Charters Pty Ltd	(ii) (iii)	Australia	100	100
MMA Offshore Supply Base Pty Ltd	(ii) (iii)	Australia	100	100
MMA Offshore Asia Pte Ltd		Singapore	100	100
MMA Subsea Services Pty Ltd	(ii) (iii)	Australia	100	100
MMA Offshore Vessel Holdings Pte Ltd	(ii)	Singapore	100	100
MMA Offshore Malaysia Sdn Bhd		Malaysia	100	100
MMA Offshore Shipyard and Engineering Services Pte Ltd		Singapore	100	100
Airia Jaya Marine (S) Pte Ltd		Singapore	100	100
MMA Offshore Asia Vessel Operations Pte Ltd		Singapore	100	100
JSE Offshore Shipping Pte Ltd		Singapore	100	100
JSE Offshore (Labuan) Pte Ltd	(iv)	Malaysia	-	100
Concord Offshore (Labuan) Ltd	(iv)	Malaysia	-	100
PT Jaya Asiatic Shipyard		Indonesia	100	100
MMA Subsea Services Pte Ltd		Singapore	100	100
MMA Subsea Engineering Services Pte Ltd		Singapore	100	100
Neptune Asset Integrity Services Pty Ltd	(iii)	Australia	100	100
Neptune Subsea Engineering Pty Ltd	(iii)	Australia	100	100
Neptune Geomatics Pty Ltd	(iii)	Australia	100	100
Neptune Subsea Stabilisation Pty Ltd	(iii)	Australia	100	100
Neptune Diving Services Pty Ltd	(iii)	Australia	100	100
Neptune Offshore Services (PNG) Ltd		PNG	100	100
Neptune Subsea Stabilisation Pte Ltd		Singapore	100	100
Neptune Marine Pacific Pte Ltd		Singapore	100	100
Neptune Subsea Engineering Ltd		UK	100	100
Neptune Offshore Services Ltd		UK	100	100
Neptune Subsea Inc		USA	100	100
MMA Global Projects Pte Ltd		Singapore	80	80
Premium Project Services Pte Ltd		Singapore	100	100
B&R Marine Pte Ltd		Singapore	100	100
Premium Project Services Middle East LLC		UAE	100	100
Premium Project Services Limitada		Mozambique	100	100
MMA Offshore Services Malaysia Sdn Bhd		Malaysia	30	30
MMA Clean Energy Co Ltd		Taiwan	100	-

(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 2021.

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

(iv) These companies were wound up during the financial year.

5. Other Notes (continued)

5.6 Subsidiaries (continued)

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

Statement of Comprehensive Income	2021 $'000	2020 $'000
Revenue	149,201	154,139
Finance income	17	772
Other losses	15,765	(3,989)
Vessel expenses	(80,263)	(100,100)
Subsea expenses	(38,978)	(26,537)
Project Logistics expenses	(403)	(706)
Administrative expenses	(19,877)	(16,611)
Impairment charge	0	(76,556)
Finance costs	(11,875)	(17,812)
Profit/(Loss) before income tax expense	13,587	(87,400)
Income tax expense	2	(59)
Profit/(Loss) for the Year	13,589	(87,459)
Total Comprehensive Income/(Loss) for the year	13,589	(87,459)

Statement of Financial Position		
Current Assets		
Cash and cash equivalents	22,429	60,264
Trade and other receivables	69,487	42,210
Inventories	582	466
Prepayments	1,714	1,277
Assets classified as held for sale	4,605	5,984
Total Current Assets	98,818	110,201
Non-Current Assets		
Other financial assets	265,866	279,921
Property, plant and equipment	87,258	91,287
Right-of-use assets	7,834	6,981
Total Non-Current Assets	360,959	378,189
Total Assets	459,776	488,390
Current Liabilities		
Trade and other payables	48,558	62,914
Unearned revenue	305	14
Borrowings	15,568	12,739
Lease liabilities	2,101	1,546
Provisions	10,187	9,344
Current tax liabilities	238	222
Total Current Liabilities	76,958	86,779
Non-Current Liabilities		
Other payables	-	-
Borrowings	147,932	257,838
Lease liabilities	6,303	5,675
Provisions	112	320
Total Non-Current Liabilities	154,347	263,833
Total Liabilities	231,304	350,612
Net Assets	228,472	137,778
Equity		
Issued capital	742,298	667,264
Reserves	3,949	1,878
Accumulated losses	(517,775)	(531,364)
Total Equity	228,472	137,778
Accumulated losses		
Accumulated losses at beginning of the financial year	(531,364)	(443,905)
Net profit/(loss)	13,589	(87,459)
Accumulated losses at end of the financial year	(517,775)	(531,364)

5. Other Notes (continued)

5.6 Subsidiaries (continued)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by NCI		Profit/ (loss) allocated to NCI for the year		Non-controlling interests	
		2021 %	2020 %	2021 $'000	2020 $'000	2021 $'000	2020 $'000
MMA Global Projects Limited	Singapore	20	20	(31)	(210)	(207)	(191)

The Group owns 80 percent of the equity shares of MMA Global Projects Pte Ltd and has the power to appointment and remove the directors of the company. Therefore the directors of the Group concluded that the Group has control over MMA Global Projects Pte Ltd, and the company is consolidated in these financial statements.

On acquisition of the company in December 2019, the transaction agreement included a contingent consideration arrangement to pay the non-controlling interests up to an additional $0.8 million Singapore Dollars on achievement of gross margins in future years. As the business was in the early stages of development with no assets or contracts at the time, the Group estimated the fair value of this consideration to be nil.

During the year, the gross margins required to trigger the earn out were monitored and at June 2021 they were assessed to have been met. As a result a liability with fair value of $0.6 million Singapore dollars was recognised in respect of cash payable to the vendors based on the expected probable outcome, and this amount was paid in full in June 2021.

5.7 Parent Company Information

Statement of Financial Position	2021 $'000	2020 $'000
Assets		
Current Assets	10,759	56,254
Non-Current Assets	447,398	446,594
Total Current Assets	458,157	502,848
Liabilities		
Current liabilities	15,585	12,846
Non-current liabilities	152,974	262,881
Total liabilities	168,559	275,727
Net Assets	289,598	227,121
Equity		
Issued capital	742,285	667,264
Retained earnings/(accumulated loss)	(566,949)	(554,405)
Profit reserve - 2016	114,122	114,122
Employee equity settled benefits reserve	140	140
Total Equity	289,598	227,121
Financial Performance		
Profit/(loss) for the year	(12,544)	(88,640)
Other comprehensive gain	-	-
Total comprehensive gain/(loss)	(12,544)	(88,640)
Guarantees provided under the deed of cross guarantee	62,745	74,885
Commitments for the acquisition of property, plant and equipment by the parent entity	-	-

5. Other Notes (continued)

5.8 Financial Instruments

Categories of financial instruments	2021 $'000	2020 $'000
Financial assets		
Cash and cash equivalents	96,226	86,637
Trade and other receivables	49,864	52,429
Financial liabilities		
Trade and other payables	30,318	33,704
Lease liabilities	10,137	10,893
Borrowings	163,500	270,577

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

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

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

Market risk

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

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

Foreign currency risk management

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

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

	Liabilities		Assets	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
US Dollars	110,267	173,134	92,548	45,899
Singapore Dollars	1,418	7,557	556	3,883
Euro	19	186	6	7
British Pound Sterling	1,492	3,693	4,675	3,055
Other	1,425	5,693	3,077	2,910

5. Other Notes (continued)

5.8 Financial Instruments (continued)

Foreign currency sensitivity analysis

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

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

	Profit or Loss		Equity (i)	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
US Dollar Impact	(645)	(325)	2,255	11,853
Singapore Dollar Impact	3	7	75	350
Euro Impact	2	-	-	16
British Pound Sterling Impact	(2)	-	(267)	613

(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 AUD:USD exchange rate increased significantly during the period, from $0.69 to $0.77. This has resulted in the current period having larger exchange movements on items within Other Comprehensive Income and Statement of Cash Flows.

Interest rate risk management

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

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

Interest rate sensitivity analysis

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

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

- Net profit would decrease / increase by $2,705,774 (2020: decrease / increase by $2,705,774). The decrease in the exposure to interest rates on its variable borrowings is attributable to the $91m reduction in the loan facility during the current financial 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.

5. Other Notes (continued)

5.8 Financial Instruments (continued)

Debtor concentration risk is low with the top three customers of the Group making up only 20% (2020:20%) 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)	66,409	(19,387)	47,022

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

Liquidity risk management

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

Liquidity and interest risk tables

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

	Weighted average effective interest rate %	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	Total $'000
30 June 2021						
Non-interest bearing		18,736	10,714	868	-	30,318
Variable interest rate instruments		4,021	1,047	17,067	152,458	174,593
Fixed interest rate instruments		457	793	2,472	7,153	10,875
Total		23,214	12,554	20,407	159,611	215,786
30 June 2020						
Non-interest bearing	-	17,018	16,686	-	-	33,704
Variable interest rate instruments	4.17	953	1,903	23,363	261,117	287,336
Fixed interest rate instruments	5.99	574	977	2,674	7,830	12,055
Total		18,545	19,566	26,037	268,947	333,095

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED OF 30 JUNE 2021

5. Other Notes (continued)

5.8 Financial Instruments (continued)

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

	Weighted average effective interest rate %	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000	Total $'000
30 June 2021						
Non-interest bearing		38,757	8,841	599	1,668	49,864
Variable interest rate instruments	0.19	96,241	-	-	-	96,241
Total		134,998	8,841	599	1,668	146,105
30 June 2020						
Non-interest bearing	-	40,746	11,332	351	-	52,429
Variable interest rate instruments	0.20	86,641	-	-	-	86,641
Total		127,387	11,332	351	-	139,070

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 Operating lease arrangements

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

During the year the Group has entered a contract to sublease a substantial portion of the Company's shipyard facility in Batam, Indonesia. The sublease commenced on 15 April 2021 and is for a firm period of three years (subject to the option to purchase detailed below). The total rent payable under the sublease will total A$6.5 million should the lease continue for the full period. Further, as part of the overall transaction, MMA has granted WASCO an option to purchase the Company's interest in the Batam Facility for a purchase price of US$15M. The option to purchase may be exercised by WASCO at any time up to 12 March 2024. WASCO will pay MMA a fee of US$1.5m in the event that WASCO does not exercise the option, and a bank guarantee for US$1.5m has been received in relation to this non-exercise fee. This is subject to none of the waiver conditions being met. The sublease will terminate upon exercise of the option.

Maturity analysis of operating lease payments:

	2021 $'000	2020 $'000
Year 1	39,159	39,216
Year 2	11,766	17,049
Year 3	4,793	1,225
Year 4	-	-
Year 5 and onwards	-	-
Total	55,718	57,490

5. Other Notes (continued)

5.10 Contingent Liabilities

As previously reported, the Company advised that it was evaluating its casual employment arrangements to determine whether the Company had any contingent liability arising out of the decision in WorkPac Pty Ltd v Rossato [2020] FCAFC 84 ("Rossato"). Since then:

- The Federal Government has introduced legislation which defines a casual worker on the basis of their express contract of employment rather than subsequent conduct and also enables employers to set-off any casual loadings paid to workers who subsequently pursue claims that they are permanent employees [the Fair Work Amendment (Supporting Australia's Jobs and Economic Recovery) Act 2021 (Cth)]; and
- The High Court of Australia has overturned the Rossato ruling in its recent decision on 4 August 2021 [WorkPac Pty Ltd v Rossato & Ors (2021) HCA 23].

Based on the above, the Company has assessed that it has no contingent liability in this regard.

In addition to the above, the Company has recently received a claim from a casual employee for long service leave (LSL) entitlements whilst engaged under the terms of the MMA Offshore Vessel Operations Enterprise Agreement 2017 ("EBA"), who is of the belief that their LSL entitlements lie with the Long Service Leave Act 1958 (WA) ("LSL Act"). The Company is resisting the claim on the basis that the relevant casual employee's prior periods of casual service would not be regarded as "continuous service" for the purposes of the EBA nor "continuous employment" for the purposes of the LSL Act. The Company is currently evaluating its long service leave arrangements for its casual employees to determine whether the Company has any contingent liability in this regard, including any "claw-back" for the long service leave entitlements which have already been paid by way of casual leave loading.

Guarantees given to third parties in respect of dealings, are in the normal course of business. Total amount of the guarantee facility is $20.0 million (2020: $20.0 million) with total drawn amounts of $2.8 million (2020: $2.7 million).

5.11 Events After the Reporting Period

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

5.12 Other Accounting Policies

Adoption of New and Revised Accounting Standards and Interpretations

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

The accounting policies and methods of computation adopted in the preparation of the financial report are consistent with those adopted and disclosed in the company's 2021 annual financial report for the financial year ended 30 June 2021. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

5. Other Notes (continued)

5.12 Other Accounting Policies (continued)

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

New or revised requirement	Description
AASB 2018-7 Amendment to Australian Accounting Standards – Definition of Material	These amendments are intended to address concerns that the wording in the definition of 'material' was different in the Conceptual Framework for Financial Reporting, AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments address these concerns by: • Replacing the term 'could influence' with 'could reasonably be expected to influence' • Including the concept of 'obscuring information' alongside the concepts of 'omitting' and 'misstating' information in the definition of material • Clarifying that the users to which the definition refers are the primary users of general-purpose financial statements referred to in the Conceptual Framework • Aligning the definition of material across IFRS Standards and other publications.

Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

New or revised requirement	Description
AASB 2021-2 Amendment to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	These amendments are intended to improve accounting policy disclosures so that they provide more useful information to investors users of the financial statements and clarify the distinction between accounting policies and accounting estimates. Specifically, AASB 2021-2 amends: • AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements • AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies • AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates • AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements • AASB Practice Statement 2 Making Materiality Judgements, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Except for the amendments to AASB Practice Statement 2 (which provide non-mandatory guidance and therefore do not have an effective date), the amendments are effective for annual periods beginning on or after 1 January 2023. The amendments to the individual Standards may be applied early, separately from the amendments to the other Standards, where feasible. The directors of the Company do not anticipate that the amendments will have a material impact on the Group, but may change the disclosure of accounting policies included in the financial statements.

ADDITIONAL SECURITIES EXCHANGE INFORMATION

FOR THE YEAR ENDED 30 JUNE 2021

Ordinary Share Capital (as at 23 August 2021)

359,328,236 fully paid ordinary shares are held by 3,308 individual shareholders. All issued ordinary shares carry one vote per share.

Substantial shareholders (as at 23 August 2021)	Number of Shares	% of Issued Capital
Thorney Opportunities Ltd	50,071,891	13.93%
Black Crane Asia Opportunities Fund	29,706,815	8.27%
Allan Gray Australia Pty Ltd / Orbis Group	29,407,271	8.18%
Halom Investments Pte Ltd	29,248,195	8.14%
Perennial Value Management Limited	21,092,748	5.87%
Total	159,526,920	44.39%

Distribution of Holders of Ordinary Shares (as at 23 August 2021)

Size of Holding	Number of ordinary shareholders
1 to 1,000	344
1,001 to 5,000	1,362
5,001 to 10,000	529
10,001 to 100,000	884
100,001 and over	189
Total	3,308

Twenty Largest Shareholders (as at 30 July 2021)

	Twenty Largest Shareholders (as at 30 July 2021)	Number of Shares	% of Issued Capital
1	CITICORP NOMINEES PTY LIMITED	57,629,169	16.04
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	50,426,661	14.03
3	UBS NOMINEES PTY LTD	50,061,890	13.93
4	NATIONAL NOMINEES LIMITED	38,594,259	10.74
5	SANDHURST TRUSTEES LTD <COLLINS ST VALUE FUND A/C>	15,741,714	4.38
6	SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	12,183,333	3.39
7	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	9,110,557	2.54
8	FIRST SAMUEL LTD <ANF ITS MDA CLIENTS A/C>	8,170,054	2.27
9	BLOSSOMVALE INVESTMENTS PTE LTD	5,887,840	1.64
10	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,775,236	1.33
11	WILLOUGHBY CAPITAL PTY LTD <WILLOUGHBY CAPITAL A/C>	4,340,000	1.21
12	HISHENK PTY LTD	3,655,000	1.02
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,064,784	0.85
14	ORPHEO PTY LIMITED <THE ERIC LUCAS A/C>	2,303,666	0.64
15	MASFEN SECURITIES LIMITED	1,753,508	0.49
16	BNP PARIBAS NOMS PTY LTD <DRP>	1,559,160	0.43
17	FLST PTY LTD	1,540,789	0.43
18	ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	1,500,000	0.42
19	BNP PARIBAS NOMINEES PTY LTD <IOOF INSMT MGMT LTD DRP>	1,460,000	0.41
20	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,353,018	0.38
	Total	275,110,638	76.56

ADDITIONAL SECURITIES EXCHANGE INFORMATION

FOR THE YEAR ENDED 30 JUNE 2021

Unmarketable Parcels (as at 23 August 2021)

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
1,352	429	220,909

Voting Rights

All ordinary shares carry one vote per share without restriction.

Unquoted Rights (as at 23 August 2021)

14,799,157 unlisted rights held by 64 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.

Stock 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.

PARTNERING WITH OUR CLIENTS TO DELIVER INNOVATIVE, FIT-FOR-PURPOSE MARINE SOLUTIONS

CORPORATE DIRECTORY

Directors

Ian Macliver
Chairman

David Ross
Managing Director

Peter Kennan
Non-Executive Director

Chiang Gnee Heng
Non-Executive Director

Susan Murphy AO
Non-Executive Director

Sally Langer
Non-Executive Director

Company Secretary

Dylan Darbyshire-Roberts

Registered Office

EQ12, Level 10
12 – 14 The Esplanade
PERTH WA 6000
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

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