



**MMA**  
OFFSHORE

ABN 21 083 185 693

**Financial Report and Appendix 4D  
for the Half Year Ended 31 December 2022**

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## Results for Announcement to the Market

**Current Reporting Period:** Half year ended 31 December 2022

**Previous Reporting Period:** Half year ended 31 December 2021

<b>Earnings</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>	<b>% Change</b>
	<b>\$'000</b>	<b>\$'000</b>	
Revenue from ordinary activities	159,997	137,267	↑16.6%
Profit/(loss) before tax	82,665	(4,436)	>100.0%
Profit/(loss) from ordinary activities after tax attributable to members	81,631	(5,368)	>100.0%
Net profit/(loss) attributable to members	81,631	(5,368)	>100.0%

Information regarding the revenue and profit for the period is set out in the covering announcement accompanying this Report and in the Review of Operations in the Directors' Report on Page 4.

### Dividends

No dividend has been declared for the December 2022 half year reporting period.

<b>Net Tangible Asset Backing</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
Net tangible asset backing per share	\$1.15	\$0.80

### Details of entities where control was obtained or lost

#### Acquisition of Subcon International Pty Ltd

On 28 July 2022, the Group acquired 100% of Subcon International Pty Ltd which in turn owns all of the subsidiaries within the Subcon group. The total cost of the investment was \$8.6 million funded by the issue of shares to the value of \$4.4 million and a cash payment of \$4.2 million, paid as a deposit in the 2022 financial year.

#### Disposal of interest in the Batam Shipyard

On 2 December 2022, the Group completed the sale of its shipyard facility in Batam, Indonesia. Three 100% owned subsidiaries, MMA Offshore Holdings Pte Ltd, MMA Offshore Investments Pte Ltd and PT Jaya Asiatic Shipyard were disposed with a profit on sale of \$22.9 million.

## Directors' Report

The Directors of MMA Offshore Limited (MMA) submit herewith the Financial Report of the Company and its subsidiaries (the Group) for the half year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001 (Cth), the Directors report as follows:

The names of the Directors of the Company during or since the end of the half year are:

- Mr I Macliver
- Mr CG Heng
- Mr P Kennan
- Mr D Ross
- Ms S Murphy
- Ms S Langer

## Review of Operations

### Financial Result

Revenue for the half was \$160.0 million, up 16.6% on the previous corresponding period. Earnings before interest, tax, depreciation and amortisation ("EBITDA") were \$32.1 million up 124.5% on the first half of FY2022. The Company generated Net Profit after Tax ("NPAT") of \$81.7 million which included an impairment reversal of \$47.6 million and profit from the sale of assets / shipyard of \$25.1 million, up from a net loss after tax of \$(5.2) million for the first half of FY2022.

Cash at bank at 31 December 2022 was \$91.9 million with Gross Debt including lease liabilities amounting to \$92.5 million, resulting in a Net Debt position of \$0.6 million. Excluding lease liabilities, the Company finished the half year with net cash of \$11.4 million. Property, plant and equipment increased to \$396.9 million after taking into account the reversal of prior years' fleet impairments due to improving vessel valuations in the current market.

### Market Conditions

Market conditions are positive with a strong recovery in oil and gas activity combined with exponential growth in new offshore wind developments in Southeast Asia, driving increased demand for vessels and subsea services.

Global vessel utilisation and rates have increased with the Clarksons OSV rate index (which tracks global AHTS and PSV rates) rising by 29% over the course of 2022. We have also seen strong demand for the MPSV sector with limited available vessels in the market.

We are also starting to see governments increase their focus on decommissioning requirements within the Oil and Gas industry, which MMA is ideally positioned to support, with its combination of vessels, subsea, project logistics and environmental expertise.

The medium-term outlook is strong with over US\$400 billion in greenfield projects expected to be sanctioned globally in the next five years, with \$147 billion in MMA's key operating regions. Sanctioning activity is expected to rise by 20% in 2023 as compared to 2022, illustrating the strong momentum in the oil and gas markets<sup>1</sup>.

Offshore wind activity continues to grow strongly with over 4,000 turbines to be installed and US\$114 billion expected to be spent on offshore wind farm developments in Asia and Australia between 2023 and 2030<sup>1</sup>. As a vessel intensive activity, offshore wind is expected to drive significant vessel demand over that period.

The defence sector in Australia is also positive with increased government spending announced through to 2026 and a stronger focus on sovereign security.

### Strategy

Our strategy continues to focus on extracting the maximum return from our core business, leveraging the recovery in oil and gas investment whilst continuing to diversify and grow our revenue from the offshore wind and government services sectors, transforming our business along with the energy transition.

The recent recovery in the oil and gas markets has illustrated the operating leverage within our business in an improving market with higher utilisation and margins translating to a significant increase in earnings from our core business.

Our strategy to move from a pure vessel operator to a marine services provider is beginning to bear fruit with the subsea business, which was acquired in November 2019, making a solid contribution to earnings during the first half as well as enhancing vessel utilisation through several integrated work scopes. The subsea business has also been instrumental in our diversification strategy, providing MMA with early inroads into the offshore wind and defence sectors.

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<sup>1</sup> Rystad, Jan 2023

Our diversification strategy is progressing well with the Company generating 25% of revenue from outside of our traditional oil and gas markets during the first half, including 18% from offshore wind and the remaining 7% from defence and other services. We also completed the integration of the Subcon business, which was acquired in July 2022, opening up further new growth markets for MMA in artificial reefs, coastal erosion protection and windfarm ecology, further broadening our service offering and aligning with our environmental and sustainability objectives.

## Balance Sheet

MMA completed its asset sales program during the first half with the Batam Supply Base sale settling in December 2022, together with two vessels sold during the period. Total proceeds were \$35.1 million which resulted in a profit on sale of assets totalling \$25.1 million.

As at 31 December 2022, MMA had Cash at Bank of \$91.9 million, up from \$73.9 million at 30 June 2022. MMA's Total Debt (Bank Debt plus lease liabilities) was \$92.5 million, down from \$125.0 million at June 2022 and Net Debt (Total Debt less Cash) was \$0.6 million down from \$51.1 million at June 2022.

MMA's key leverage ratios (Net Debt / EBITDA and Net Debt to Property Plant and Equipment) were effectively zero at 31 December 2022 placing MMA in a strong position from which to review and optimise its capital structure and to take advantage of growth opportunities in the current market.

## Operational Update

### Vessel Services

Vessel revenue was \$111.3 million for the first half, up 20.9% on the first half of FY2022 and Vessel EBITDA was \$32.7 million, up 87.9%.

Average utilisation for the half year was 81%, up from 66% in the first half of FY2022. Importantly, our larger vessel utilisation was strong with the MPSV fleet achieving 90% utilisation and the PSV fleet 88% for the half year which has been the major driver of the improvement in earnings. We have also seen a firming in day rates, which has also directly improved our bottom line.

As at 31 December 2022, 51% of available vessel days for the coming 12-month period were contracted, increasing to 56% taking into account highly probable contract awards and extension periods. This compares to 26% and 39% at the same time last year.

During the first half, MMA secured a number of material new vessel contracts and contract extensions including:

- A drilling support contract for the MMA Leeuwin with OMV in New Zealand for a firm period of 200 days with additional option periods of totalling 150 days expanding our operational portfolio in New Zealand;
- An extension of the MMA Plover for a further 12 months with an option to extend;
- A 1-year contract for the MMA Coral with Beach Energy with a 1-year option period.

MMA continued to have a number of vessels on longer-term contracts during the half including:

- MMA Brewster continues on its 5-year production support services contract with INPEX;
- MMA Cove continues to support Woodside's North West Shelf operations;
- MMA Privilege continues on a 2-year accommodation and walk to work contract in Cote d'Ivoire; and
- MMA Inscription completed its contract with Santos supporting Bayu-Undan in the Timor Sea at the end of the first half.

Other key activities during the first half included:

- The MMA Pinnacle in conjunction with our subsea division supported a key offshore construction scope in Qatar with multiple contract extensions taking the project through the first half and into February 2023;
- The MMA Pride and MMA Prestige supported offshore windfarm developments in Taiwan for the majority of the reporting period;
- Three vessels, the MMA Monarch, MMA Valour and MMA Vigilant supported a seismic node survey in India in conjunction with our subsea division with the project scope continuing into Q3;
- The Mermaid Searcher completed its contract with UPS supporting the Northern Endeavour FPSO decommissioning project and was subsequently mobilised with a hydrographic survey spread for the HIPP Cape Leeuwin Project which continues into the second half;
- The MMA Majestic operated for the entire first half on a contract in Malaysia which was extended into the second half; and
- Secured an additional platform supply vessel "ASL Harmony" on a bareboat charter arrangement with the vessel due to join the fleet during the fourth quarter.

The outlook for the vessel business continues to look positive with increased activity across both oil and gas and offshore wind driving higher utilisation and increased rates.

### **Subsea Services**

The subsea business had an excellent first half delivering a number of significant project scopes across oil and gas, offshore wind and defence.

Subsea revenue was \$61.0 million for the first half up 101.3% on the previous corresponding period and EBITDA was \$5.4 million, up from \$0.5 million for the first half of FY2022.

Stronger activity levels combined with a range of process and operational improvements implemented in recent years translated into a significantly improved financial result for the subsea division.

Key highlights for the period included:

- A major subsea installation contract in Qatar utilising the MMA Pinnacle as the support vessel to deliver an integrated project to the client;
- Commencing our 4th hydrographic survey for the Australian Department of Defence HIPP Program in the Cape Leeuwin region of Western Australia, utilising the MMA Searcher as the survey vessel;
- An autonomous underwater survey training project for the Australian Navy;
- A seismic node survey off the coast of India utilising three of MMA's vessels;
- Multiple rig positioning contracts under our long-term agreements with INPEX, Woodside, Beach Energy and Santos;
- Multiple survey scopes for the offshore wind sector in Taiwan;
- Completed our first offshore wind survey project in South Korea; and
- Installed an artificial reef in Tasmania under our new Environmental & Stabilisation business.

Strategically, we continued to expand our integrated service offering delivering several projects with MMA vessels during the first half. We have also installed subsea equipment on a number of our vessels to reduce mobilisation times and position the business to package integrated services and capture additional margin.

The integration of the Subcon business has been completed successfully creating our Environmental & Stabilisation business and taking MMA into a number of new and growing markets such as artificial reefs and coastal erosion protection as well as solidifying our position in the traditional subsea stabilisation market.

We continue to focus on growing our share of revenue from offshore wind. With our local entity and partner now established in Taiwan "MMA Global Aqua" as well as having a locally flagged vessel "MMA Crystal", MMA is in an excellent position to continue to gain a solid foothold in the Taiwanese offshore wind market. Pleasingly, we also delivered our first offshore wind scope outside of Taiwan during the half completing a geophysical survey for a new windfarm development in South Korea. We are also starting to see early scopes for Australian works come to the market which MMA will be ideally positioned for.

The macro-outlook for the subsea business is looking positive with strong activity levels in all of our key markets. In the current environment competition for qualified personnel is increasing and an area we are currently managing closely.

### **Project Logistics**

The Project Logistics division had a quieter first half with limited project activity in our operating regions during the period. The division generated revenue for the half year of \$3.6 million down from \$24.5 million in the first half of FY2022 and EBITDA of \$0.7 million up from an EBITDA loss of \$(0.1) million.

Whilst the current period financial performance of the division has been impacted by lower levels of project activity which results in uneven revenue streams, the medium-term outlook for project logistics requirements in Australia and South East Asia is strong, with a number of large oil and gas projects flagged for development between FY24 to FY26.

Decommissioning projects are also expected to take place in the same timeframe with project logistics being a key component of the decommissioning work scope. Similarly, the outlook for offshore wind is buoyant and will be a key focus area for the Projects Logistics group into the future.

### Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 8 of the half year 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 this Corporations Instrument, amounts in the Directors' Report and the Half Year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s306(3) of the Corporations Act 2001 (Cth).

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'I MacLiver', is positioned below the text 'On behalf of the Directors'.

**IAN MACLIVER**  
Chairman

Perth, 22 February 2023

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## Auditor's Independence Declaration

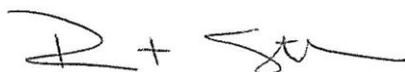
### To the Directors of MMA Offshore Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of MMA Offshore Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B P Steedman  
Partner – Audit & Assurance

Perth, 22 February 2023

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## Independent Auditor's Review Report

### To the Members of MMA Offshore Limited

#### Report on the half year financial report

##### Conclusion

We have reviewed the accompanying half year financial report of MMA Offshore Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2022, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of MMA Offshore Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the MMA Offshore Limited's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

##### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Directors' responsibility for the half-year financial report

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

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



B P Steedman  
Partner – Audit & Assurance

Perth, 22 February 2023

## Directors' Declaration

In accordance with a resolution of the directors of MMA Offshore Limited, I state that in the opinion of the directors:

- (a) the interim financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors,



**IAN MACLIVER**  
Chairman

Perth, 22 February 2023

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the half year ended 31 December 2022**

	Note	Dec 2022 \$'000	Dec 2021 \$'000
Revenue	2.1	159,997	137,267
Finance income		517	35
Gain on disposal of shipyard	3.6	22,919	-
Other income	2.2	1,932	508
Share of results of associate		195	-
Vessel expenses		(84,531)	(80,255)
Subsea expenses		(51,627)	(29,265)
Project Logistics expenses		(2,400)	(23,766)
Administration expenses		(8,237)	(5,683)
Impairment reversal	3.4	47,595	-
Finance costs		(3,695)	(3,277)
Profit/ (loss) before tax		82,665	(4,436)
Income tax expense		(1,004)	(812)
Profit / (loss) for the Period		81,661	(5,248)
<b>Other Comprehensive Income, net of tax</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		3,644	8,454
Loss on hedge of net investment in a foreign operation		(635)	(2,855)
Foreign exchange differences reclassified to profit or loss		(1,305)	-
Other comprehensive income for the period, net of tax		1,704	5,599
Total Comprehensive Income for the Period		83,365	351
Profit/(Loss) attributable to:			
Equity holders of the parent		81,631	(5,368)
Non-controlling interests		30	120
		81,661	(5,248)
Total comprehensive income attributable to:			
Equity holders of the parent		83,342	67
Non-controlling interests		23	284
		83,365	351
		Cents Per Share	Cents Per Share
<b>Earnings/(Loss) per share</b>			
Basic, profit/(loss) for the period attributable to ordinary equity holders of the parent	2.3	22.27	(1.46)
Diluted, profit/(loss) for the period attributable to ordinary equity holders of the parent	2.3	21.31	(1.46)

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

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2022**

	Note	Dec 2022 \$'000	June 2022 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		91,897	73,864
Trade and other receivables	3.1	75,931	63,536
Inventories		2,025	1,696
Prepayments		3,967	8,166
<b>Total Current Assets</b>		<b>173,820</b>	<b>147,262</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3.2	396,907	370,338
Right-of-use assets	3.3	11,272	9,520
Investment in associate		1,939	1,782
Loan to associate		6,134	6,515
Intangible assets	3.5	6,423	560
<b>Total Non-Current Assets</b>		<b>422,675</b>	<b>388,715</b>
<b>Total Assets</b>		<b>596,495</b>	<b>535,977</b>
<b>Current Liabilities</b>			
Trade and other payables	3.7	55,476	43,136
Contract liabilities		4,387	12,256
Borrowings	3.8	-	12,500
Lease liabilities	3.9	4,470	3,055
Provisions	3.10	13,586	14,431
Current tax liabilities		562	305
<b>Total Current Liabilities</b>		<b>78,481</b>	<b>85,683</b>
<b>Non-Current Liabilities</b>			
Borrowings	3.8	80,488	102,919
Lease liabilities	3.9	7,492	6,455
Provisions	3.10	50	31
Deferred tax liabilities		52	140
<b>Total Non-Current Liabilities</b>		<b>88,082</b>	<b>109,545</b>
<b>Total Liabilities</b>		<b>166,563</b>	<b>195,228</b>
<b>Net Assets</b>		<b>429,932</b>	<b>340,749</b>
<b>Equity</b>			
Issued capital	4.1	746,615	742,265
Reserves		144,420	141,484
Accumulated losses		(461,503)	(543,377)
<b>Equity attributable to equity holders of the parent</b>		<b>429,532</b>	<b>340,372</b>
Non-controlling interest		400	377
<b>Total Equity</b>		<b>429,932</b>	<b>340,749</b>

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

**Condensed Consolidated Statement of Changes in Equity**  
For the half year ended 31 December 2022

Half Year Ended 31 December 2022	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 2022	742,265	4,787	(61,431)	198,128	(543,377)	340,372	377	340,749
Profit for the period	-	-	-	-	81,631	81,631	30	81,661
Other comprehensive income/(loss) for the period	-	-	(635)	2,103	243	1,711	(7)	1,704
Total Comprehensive Income/(Loss) for the Period	-	-	(635)	2,103	81,874	83,342	23	83,365
Subcon acquisition – share issue	4,350	-	-	-	-	4,350	-	4,350
Recognition of share based payments	-	1,468	-	-	-	1,468	-	1,468
Balance at 31 December 2022	746,615	6,255	(62,066)	200,231	(461,503)	429,532	400	429,932

Half Year Ended 31 December 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 2021	742,247	3,949	(56,511)	176,667	(576,548)	289,804	(207)	289,597
Profit/(loss) for the period	-	-	-	-	(5,368)	(5,368)	120	(5,248)
Other comprehensive income/(loss) for the period	-	-	(2,855)	8,290	-	5,435	164	5,599
Total Comprehensive Income/(Loss) for the Period	-	-	(2,855)	8,290	(5,368)	67	284	351
Share issue costs	18	-	-	-	-	18	(15)	3
Recognition of share based payments	-	(92)	-	-	-	(92)	-	(92)
Balance at 31 December 2021	742,265	3,858	(59,366)	184,957	(581,916)	289,798	62	289,860

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

**Condensed Consolidated Statement of Cash Flows**  
**For the half year ended 31 December 2022**

	Note	Dec 2022 \$'000	Dec 2021 \$'000
<b>Cash flows from Operating Activities</b>			
Receipts from customers		148,501	127,732
Interest received		517	35
Government grants received		55	103
Payments to suppliers and employees		(122,922)	(121,824)
Provisional payment under arbitration award		-	(8,777)
Income tax paid		(151)	(1,753)
Interest and other costs of finance paid		(3,411)	(3,107)
<b>Net Cash Provided by/(Used in) Operating Activities</b>		<b>22,589</b>	<b>(7,591)</b>
<b>Cash flows from Investing Activities</b>			
Payments for property, plant and equipment		(4,638)	(3,991)
Cash acquired in business combination	3.5	1,600	-
Proceeds from sale of property, plant and equipment		14,807	1,464
Proceeds from disposal of shipyard, net of cash disposed	3.6	20,252	-
Investment in associate		-	(2,075)
Loans repayments from associates		484	-
<b>Net Cash Provided by (Used in) Investing Activities</b>		<b>32,505</b>	<b>(4,602)</b>
<b>Cash flows from Financing Activities</b>			
Repayment of borrowings	3.8	(35,566)	(18,781)
Payment of lease liabilities	3.9	(3,155)	(2,436)
<b>Net Cash Used In Financing Activities</b>		<b>(38,721)</b>	<b>(21,217)</b>
Net increase/(decrease) in cash and cash equivalents		16,373	(33,410)
Cash and cash equivalents at the beginning of the half year period		73,864	96,226
Effects of exchange rate changes on the balance of cash held in foreign currencies		1,660	2,435
<b>Cash and Cash Equivalents at the End of the Half Year</b>		<b>91,897</b>	<b>65,251</b>

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

## Notes to the Condensed Consolidated Financial Statements

### 1. General Notes

#### Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

#### Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for certain assets which have been impaired and financial instruments that are measured at fair value. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's 2022 annual financial report. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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 half year report are rounded off to the nearest thousand dollars, unless otherwise indicated.

## 2. Financial Performance

### 2.1 Segment information

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

Information reported to the Board of Directors is focused on the category of services provided through the Group's operating activities.

The group's three reportable segments are:

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

### Segment revenues and results

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

	Vessel Services	Subsea Services	Project Logistics	Eliminations	Consolidated
Half year ended 31 December 2022	2022 \$'000	2022 \$'000	2022 \$'000	2022 \$'000	2022 \$'000
Revenue					
External sales	101,444	55,456	3,097	-	159,997
Inter-segment sales	9,823	5,561	472	(15,856)	-
Total revenue	111,267	61,017	3,569	(15,856)	159,997

Inter-segment sales are charged at prevailing market prices

### Result

Segment profit/(loss)	16,912	3,830	697	-	21,439
Share of results of associate	-	195	-	-	195
Impairment reversal	47,595	-	-	-	47,595
Segment profit after impairment	64,507	4,025	697	-	69,229
Finance income					517
Other income					24,851
Administration costs					(8,237)
Finance costs					(3,695)
Profit for the period before income tax					82,665

## 2. Financial Performance (continued)

### 2.1 Segment information (continued)

	Vessel Services	Subsea Services	Project Logistics	Eliminations	Consolidated
Half year ended 31 December 2021	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000
Revenue					
External sales	74,749	28,932	23,924	-	127,605
External sales – assets classified as held for sale	9,662	-	-	-	9,662
Inter-segment sales	7,607	1,391	581	(9,579)	-
Total revenue	92,018	30,323	24,505	(9,579)	137,267

Inter-segment sales are charged at prevailing market prices

#### Result

Segment profit/(loss)	4,704	(333)	(390)	-	3,981
Finance income					35
Other income					508
Administration costs					(5,683)
Finance costs					(3,277)
Profit for the period before income tax					(4,436)

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 chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

#### Segment Assets

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

	Dec 2022 \$'000	June 2022 \$'000
Vessel Services	439,228	402,108
Subsea Services	48,112	33,725
Project Logistics	485	7,379
Unallocated	108,670	92,765
Total	596,495	535,977

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	
	Dec 2022 \$'000	Dec 2021 \$'000	Dec 2022 \$'000	Dec 2021 \$'000
Vessel Services	15,738	12,692	4,075	3,220
Subsea Services	1,412	832	526	440
Project Logistics	34	263	-	-
Unallocated assets	1,735	1,774	37	331
Total	18,919	15,561	4,638	3,991

## 2. Financial Performance (continued)

### 2.2 Other income and expenses

	Dec 2022 \$'000	Dec 2021 \$'000
Profit for the period has been arrived at after recognising the following specific amounts:		
Other income and expenses		
Government grants	55	103
Other gains and losses:		
Net foreign exchange (losses)/gains	(628)	220
Profit on disposal of property, plant & equipment	2,185	60
Other income	320	125
<b>Total</b>	<b>1,932</b>	<b>508</b>

Depreciation:		
Leasehold buildings and improvements	135	129
Vessels	15,000	12,596
Plant and equipment	1,221	999
Computer software	105	104
Right-of-use assets	2,458	1,733
<b>Total</b>	<b>18,919</b>	<b>15,561</b>

Impairment charges:		
Impairment (reversal)/charges recognised on trade receivables	(161)	991
Impairment reversal on vessel assets	(47,595)	-

Employee benefits:		
Post-employment benefits		
Defined contribution plans	3,886	4,215
Share based payments		
Equity settled share based payments	1,468	(92)
Other employee benefits	65,687	57,811
<b>Total</b>	<b>71,041</b>	<b>61,934</b>

### 2.3 Earnings per Share

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

	Dec 2022 \$'000	Dec 2021 \$'000
Profit/ (loss) for the period	81,661	(5,248)
	Dec 2022 No. '000	Dec 2021 No. '000
Weighted average number of ordinary shares used for purpose of basic earnings per share	366,505	359,328
Effect of dilutive potential ordinary shares	16,560	-
Weighted average number of ordinary shares used for purpose of diluted earnings per share	383,065	359,328

### 3. Assets and Liabilities

#### 3.1 Trade and Other Receivables

	Dec 2022 \$'000	June 2022 \$'000
Trade receivables	70,304	59,306
Allowance for expected credit loss	(3,567)	(3,678)
Other receivables	9,194	7,908
<b>Total</b>	<b>75,931</b>	<b>63,536</b>

The following table shows the movement in expected credit loss that has been recognised for trade receivables:

	Collectively Assessed \$'000	Individually Assessed \$'000	Total \$'000
Balance as at 1 July 2022	25	3,653	3,678
Amounts recovered	-	(161)	(161)
Foreign exchange gains and losses	-	50	50
<b>Balance as at 31 December 2022</b>	<b>25</b>	<b>3,542</b>	<b>3,567</b>

#### 3.2 Property, Plant & Equipment

	Buildings and Improvements at cost \$'000	Vessels at cost \$'000	Plant and Equipment at cost \$'000	Total \$'000
<b>Period ended 31 December 2022</b>				
At 1 July 2022				
Gross carrying amount	6,926	710,863	19,673	737,462
Accumulated depreciation and impairment loss	(6,017)	(349,295)	(11,812)	(367,124)
<b>Carrying amount</b>	<b>909</b>	<b>361,568</b>	<b>7,861</b>	<b>370,338</b>
Additions	-	4,011	627	4,638
Disposals	(557)	(12,393)	(86)	(13,036)
Depreciation	(135)	(15,000)	(1,221)	(16,356)
Impairment reversals	-	47,595	-	47,595
Acquisition through business combination	-	-	352	352
Effect of foreign currency exchange differences	1	3,158	217	3,376
<b>Total</b>	<b>(691)</b>	<b>27,371</b>	<b>(111)</b>	<b>26,569</b>
<b>Balance at 31 December 2022</b>				
Gross carrying amount	588	692,564	19,940	713,092
Accumulated depreciation and impairment loss	(370)	(303,625)	(12,190)	(316,185)
<b>Carrying amount</b>	<b>218</b>	<b>388,939</b>	<b>7,750</b>	<b>396,907</b>

### 3. Assets and Liabilities (continued)

#### 3.3 Right of use assets

	Leasehold Building and Improvements \$'000	Vessels \$'000	Plant and Equipment \$'000	Total \$'000
At 1 July 2022				
Gross carrying amount	15,270	1,400	235	16,904
Accumulated depreciation	(5,825)	(1,400)	(159)	(7,384)
Carrying Amount	9,445	-	75	9,520
Additions				
Acquisition through business combination	848	-	-	848
Disposals	(715)	-	(10)	(725)
Depreciation	(1,715)	(720)	(22)	(2,457)
Others	(877)	262	(25)	(640)
Total	(1,930)	3,739	(57)	1,752
Balance at 31 December 2022				
Gross carrying amount	14,419	4,490	74	18,983
Accumulated depreciation	(6,904)	(751)	(56)	(7,711)
Carrying Amount	7,515	3,739	18	11,272

#### 3.4 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.

At 31 December 2022, the Group identified that the carrying amount of its net assets is greater than its market capitalisation which is an indicator of impairment. As a result, the Group assessed the recoverable amounts of the Vessels, Subsea and Project Logistics Cash-Generating Units ('CGU').

##### Impairment testing result

The assessment identified improving market conditions and increasing asset values resulting in a \$47.6m impairment reversal on the vessel CGU with no impairment identified for the Subsea or Project Logistics CGU's. (2021: Nil)

##### Industry Conditions

This financial year has seen an improvement in overall market conditions with 2 major factors at play;

1. Oil Prices
2. Improving market conditions

During the 6 months to 31 December 2022 the brent oil price has traded in a range between from USD 106/bbl in June 2022 to USD 86/bbl, at 31 December 2022. While the price has been relatively stable, the modest decrease reflects the relative uncertainty about future growth rates in the global economy. Stronger Chinese oil demand, on the back of eased COVID restrictions, together with OPEC production target cuts have partially offset the growth uncertainty.

The overall market conditions in which the Group operates have continued to improve during the period. Offshore vessel activity and rates have further improved throughout the Group's markets. In addition, the redeployment of vessels to the Middle East market has tightened supply in South East Asia. The offshore renewables market also continues to gather pace with significant projects committed requiring offshore support services.

## Assets and Liabilities (continued)

### 3.4 Impairment of non-current assets (continued)

#### Vessels

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. As a result of improving market conditions, the vessel valuation report reflected increases in values, leading to a partial reversal of prior year impairments.

A key input into the recoverable amount of the CGU was the application of a discount to the independent vessel valuation to reflect the amount which would be achieved if the fleet was disposed of in one single transaction. The Directors have decreased this discount to 10% for the current period from 15% at June 2022. This decrease moves the adopted rate to a lower level in the valuers range and is consistent with the expectation disclosed in June 2022 for a lower discount.

The following factors were taken into account by the board in adopting this value:

- offshore market indexes indicating increases of rates to the highest levels for 7 years
- despite a softening of the oil price during the period, the 2022 calendar year had the highest yearly average price since 2014
- increasing global utilisation rates
- continued decline in the number of vessels laid up
- market evidence of increasing offshore vessel sales in 2022
- the adopted % being within the range provided by the valuer
- higher utilisation and day rates for the Group's vessels.

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

#### Key assumptions and sensitivity

The Fair Value Less Cost of Disposal (FVLCO) 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.

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

Assumption	Rate used	Sensitivity movement	Change in fair value \$'000
En bloc discount	10%	2.5%	9,105
Selling costs	2.0%	0.5%	2,083

#### Subsea

To assess the recoverable amount of the Subsea CGU, a Value in Use (ViU) assessment was performed using five year forecast cash flows and a terminal value.

There were no changes in the underlying assumptions used for the assessment as at 30 June 2022, except for expected cashflows for the 6 months to 30 June 2023 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
- inclusion of expected cashflows from the Subcon business acquired
- 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

During the period, the Group acquired the Subcon business (note 3.5) and has assessed the assets, including goodwill, to form part of the Subsea cash generating unit.

A discount rate of 11.24% has been used for ViU assessments.

### 3. Assets and Liabilities (continued)

#### 3.4 Impairment of non-current assets (continued)

We have applied no further revenue growth in CY26 and CY27 to take a conservative approach. For the terminal value, a revenue growth rate of 2% has been applied to reflect a long term CPI rate only. No additional revenue growth is included also reflecting the conservative approach taken. This rate is also applied to operating expenditure.

#### 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 recoverable 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	11.2%	+0.5%	(3,175)
		-0.5%	3,542
Terminal year growth rate	2.0%	+0.5%	2,240
		-0.5%	(2,010)

The application of any of these sensitivity movements would not result in an impairment.

#### Project Logistics

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

It was noted that the segment has non-current assets of \$nil value. All other assets relate to working capital for day-to-day operations with an increase this period reflecting higher levels of activity for the segment.

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 11.24% has been used for ViU assessments.

### 3. Assets and Liabilities (continued)

#### 3.5 Acquisition of business

On 28 July 2022, the Group acquired 100% of Subcon International Pty Ltd which in turn owns all of the subsidiaries within the Subcon group.

Established in 2011 and headquartered in Perth, Subcon provides innovative stabilisation, coastal erosion and engineered reef solutions to the oil and gas, offshore wind, coastal infrastructure and tourism sectors both in Australia and internationally.

The acquisition is strongly aligned with the Group strategy to extend and diversify our service offering in a sustainable manner. It enhances our service offering to our existing oil & gas and offshore wind markets by combining our capability, whilst Subcon also bring a number of new solutions to expand our reach into coastal erosion management and the tourism sectors.

<b>Consideration Transferred</b>	\$'000
Issued capital (7,131,940 shares) in MMA Offshore Ltd	4,350
Cash (deposit paid June 2022)	4,200
	8,550

The number of the ordinary shares issued as part of the consideration paid was determined based on the Volume Weighted Average Price for the 60 days prior to completion of \$0.589. The market value of the shares at completion date was \$0.61.

<b>Assets acquired and liabilities assumed at the date of acquisition</b>	\$'000
<b>Current assets</b>	
Cash	1,600
Trade and other receivables	1,286
Inventories	5
Current tax asset	600
Other	530
<b>Non-current assets</b>	
Property, plant and equipment	352
Intangible assets	5,959
Right of use asset	848
<b>Current liabilities</b>	
Trade and other payables	(1,327)
Employee entitlements	(357)
Lease liabilities	(126)
<b>Non-Current liabilities</b>	
Lease liabilities	(820)
Total identifiable assets acquired and liabilities assumed	8,550

The initial accounting for the acquisition has only been provisionally determined at the time of signing this report. The necessary review of final balances and other calculations had not been finalised and the fair value of trade & other receivables, property plant and equipment and intangible assets have therefore only been provisionally determined based on the directors' best estimate of the likely fair value. The completion of determining final fair values may result in recognition of goodwill.

The gross contractual value of receivables acquired was \$1.3 million, with the full fair value amount expected to be collected.

During the reporting period after acquisition, the business contributed \$1.3 million revenue and \$0.3 million net loss after tax to the Group.

### 3.6 Disposal of shipyard

On 1 December 2022, the Group completed the sale of the shipyard facility in Batam, Indonesia. The details of the sale were;

	\$'000
<b>Consideration received</b>	
Cash	24,363
Cash disposed	(1,888)
Other net assets disposed	(861)
Gain on sale before reclassification of foreign currency translation reserve	21,614
Reclassification of foreign currency translation reserve	1,305
Gain on sale	22,919

\$2.2 million of the cash consideration was received during the 2022 financial year.

During the reporting period prior to disposal, the business contributed \$1.2 million revenue and \$0.5 million net profit after tax to the Group.

	Dec 2022 \$'000	June 2022 \$'000
<b>3.7 Trade and Other Payables</b>		
Trade payables	20,802	12,086
Other payables and accruals	33,848	30,090
Goods and services tax payable	826	960
<b>Total</b>	<b>55,476</b>	<b>43,136</b>

	Dec 2022 \$'000	June 2022 \$'000
<b>3.8 Borrowings</b>		
Secured bank loans – at amortised cost		
Current	-	12,500
Non-current	80,488	102,919
<b>Total</b>	<b>80,488</b>	<b>115,419</b>

During the period, \$35.5 million were made in repayments, including \$22.5 million from the disposal of the Batam shipyard and \$13.0 million from the sale of vessels.

	Dec 2022 \$'000	June 2022 \$'000
<b>3.9 Lease Liabilities</b>		
Opening Balance	9,510	10,137
Additions	5,161	2,930
Repayments	(3,154)	(3,862)
Interest expense	283	343
Net currency exchange differences	162	(38)
<b>Total</b>	<b>11,962</b>	<b>9,510</b>

	Dec 2022 \$'000	June 2022 \$'000
<b>3.10 Provisions</b>		
Current		
Ongoing legal claims	2,182	2,064
Employee benefits – annual leave	5,835	6,370
Employee benefits – long service leave	5,569	5,997
<b>Total</b>	<b>13,586</b>	<b>14,431</b>
Non-Current		
Employee benefits – long service leave	50	31

There has been no change in the status of the ongoing legal claim from that disclosed in the 2022 annual report.

## Capital Structure and Other

### 4.1 Issued Capital

	Dec 22	Dec 22	June 22	June 22
Fully Paid Ordinary Shares	No.'000	\$'000	No.'000	\$'000
Balance at beginning of financial year	359,328	742,265	359,328	742,247
Issue of shares	8,787	4,350	-	-
Share issue costs	-	-	-	18
Balance at end of reporting period	368,115	746,615	359,328	742,265

### 4.2 Accounting Policies

#### New Accounting Standards and Interpretations not yet mandatory or early adopted

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2022, except for the adoption of new standards effective as of 1 July 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

### 4.3 Related Party

The Group provided a USD 4.25 million loan to an associate company for the purchase of a vessel in the 2022 financial year. There has been no changes to the terms of this loan during the reporting period.

### 4.4 Contingent Liabilities

The Group has been in discussions regarding the interpretation of casual employee entitlement to long service leave (LSL) entitlements, and in particular the years of service required to be able to access LSL. The Group has evaluated its long service leave arrangements for its casual employees to determine whether the Company has any contingent liability in this regard. Other than the amount already provided for at June 2022, the Group considers there is no additional liability.

### 4.5 Events After the Reporting Period

There has not been any matter or circumstance that occurred subsequent to the end of the half 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.