MMA
OFFSHORE

ABN 21 083 185 693

Preliminary Financial Report and Appendix 4E

for the Year Ended 30 June 2015

2015 PRELIMINARY FINANCIAL REPORT

FY2015 result impacted by challenging oil price environment

The Directors of MMA Offshore Ltd ("MMA" or "the Company") (ASX: MRM) announce the Company's financial results for the year ended 30 June 2015.

The Company has reported a Net Loss after Tax of $(51.3) million for the year after booking a non-cash impairment charge of $120.7 million against the carrying value of the Company's vessel fleet and goodwill associated with the Supply Base business.

Excluding the impact of the impairment charge, the Company recorded a Net Profit after Tax ("NPAT") for the year of $55.3 million up 2.7% on the previous financial year and Earnings per Share ("EPS") of 15.0c down 20.2% on the previous financial year.

A final dividend of 1.5c per share has been declared, taking the full year dividend to 5.5c per share, down 56% on the previous financial year and reflecting a conservative payout ratio in light of the currently challenging market conditions.

Key Financials

Key Financials	FY15	FY14 Reported	Variance
Revenue	$796.7M	$594.6M	↑ 34.0%
EBIT (pre-impairment)	$86.9M	$80.3M	↑ 8.3%
NPAT (pre-impairment)	$55.3M	$53.9M	↑ 2.7%
EPS (pre-impairment)	15.0c	18.8c	↓ 20.2%
Full year dividends	5.5c	12.5c	↓ 56.0%

Commenting on the result, MMA Chairman, Mr Tony Howarth said:

"2015 was an extremely challenging year for the Company as the collapse in world oil prices impacted vessel operators globally.

"Rates and utilisation fell significantly in all of MMA's operating regions resulting in lower profitability and a disappointing overall result for shareholders.

"In the current environment, MMA is focused on maximising operating performance through a strong focus on customer requirements, safe and reliable operations, competitive tendering and taking actions to improve and streamline the business."

MMA Managing Director, Mr Jeffrey Weber said:

"MMA performed well in the first half but second half performance was impacted by the rapid downturn in the market compounded by a reduction in construction activity in Australia.

"Vessel utilisation fell from 76% in the first half to 65% in the second half and day rates fell up to 30% as oil and gas companies cut capital and operating expenditure.

"MMA's international fleet was hit particularly hard with utilisation dropping to 61% in the second half and rates at historical lows.

"MMA's planned vessel sales programme was also difficult to execute in a very poor market.

"The Supply Base also had a challenging year with reduced construction and drilling activity impacting profitability. Pleasingly a major long term contract was recently signed, securing a stable base-load of earnings for that business going forward.

"A restructuring programme was undertaken during the year to reduce overheads and optimise the organisational structure with annualised savings of at least $15m expected to be achieved. The drive to increase efficiencies will continue into FY2016.

"Whilst market conditions are as challenging as we have seen, MMA is currently taking a range of actions which will strengthen the business and position it well to take advantage of the future upswing in the cycle."

Dividend

The MMA Board has declared a final fully franked dividend of 1.5 cents per share taking the full year dividend to 5.5 cents per share.

Dividend	
Final dividend	1.5c per share
Dividend record date	8 September 2015
Dividend payment date	29 September 2015

MMA's Dividend Reinvestment Plan (DRP), which allows shareholders to elect to have all or part of their dividends reinvested in additional shares in the Company, will remain in place. The subscription price for shares will be the average of the daily volume weighted average sale price of the Company's shares sold on the ASX during the 5 trading days immediately after the record date for the dividend.

Elections to participate in the DRP for the dividend to be paid on 29 September 2015 must be received by the Company's share registry, Computershare Investor Services Pty Ltd, by 9 September 2015 (being the next business day following the Record Date of 8 September 2015).

Review of Operations

The 2015 financial year was an extremely challenging year for MMA as the price of oil fell by over 50% from US$107 per barrel in July 2014 to current levels of under US$50 per barrel. The first few months of the financial year saw a gradual decline in the oil price as output from US shale oil increased supply. The unprecedented and unexpected decision by OPEC in November not to rebalance the market by cutting production, caused the oil price to plunge as the markets reacted to the emergence of a supply / demand imbalance.

Oil and gas companies reacted swiftly, dramatically cutting capital expenditure budgets and seeking ways to reduce their ongoing operating costs. The impact on the offshore oil and gas marine sector has been dramatic with numerous projects or campaigns cancelled or deferred, contracts retendered to achieve lower pricing and renegotiation of rates on longer term projects. The reduced activity has dramatically impacted vessel utilisation and competition for available work is intense with operators cutting rates to historically low levels.

In MMA's areas of operation, rates have reduced by up to 30% depending on the region and vessel class. Combined with the lower utilisation, this has a significantly negative impact on the business.

The vessel sale and purchase market is also weak, making the execution of the previously planned fleet rationalisation programme difficult at this time.

In response to the downturn, MMA embarked on a cost reduction programme to reduce overheads and operating expenses. Actions have been taken to reduce personnel and key expenditure items and the programme is on track to deliver at least $15 million in ongoing annualised savings. The drive to increase efficiencies will continue into the 2016 financial year.

The integration of the Jaya business into MMA's operations is now largely complete with a number of cost and revenue synergies delivered. The MMA and Jaya businesses now operate under a single brand "MMA Offshore".

As at 30 June 2015, MMA recognised an impairment charge of $120.7 million against the carrying value of its assets. The impairment charge reflects the impact on the Company's operations of the current market conditions. A $20.7 million impairment was recognised against the carrying value of goodwill associated with the Dampier Supply Base and a further charge of $100 million was booked against the carrying value of the vessel fleet. In determining the impairment amount, consideration was given to the expected future cash flows from the Company's assets, based on assumptions around the outlook for rates and utilisation. The impairment charge is a non-cash amount and will not impact compliance with the Company's debt covenants.

Vessel Operations

The vessel business delivered a strong result in the first half but second half performance was impacted by the downturn in the market compounded by a reduction in construction related activity in Australia.

Revenue from vessel operations was $699.8m up 56.9% and EBIT, excluding the impact of the $100 million impairment charge to the vessel fleet was $77.1m, up 30.5% on the previous financial year.

International operations contributed revenue of $157.2 million and EBIT of $35.8 million, excluding the impairment charges, during FY2015 as compared to revenue of $27.3 million in 2014, reflecting a full year contribution from the Jaya business, which was acquired in June 2014.

Average utilisation for the fleet across the year was 70%, down from 81% in FY2014. First half utilisation was stronger at 76%, dropping to 65% in the second half.

Australia

Activity in Australia was reasonably strong during the first half but softened dramatically in the second half as construction project work scopes completed and oil companies reduced discretionary spending. Utilisation was 82% in the first half but declined to 67% in the second half. In addition, day rates have reduced by 10 to 15% as a result of increased competition due to vessel availability and clients renegotiating contract rates.

During the first half, construction activity on the Gorgon Project was strong with the Subsea 7 Heavy Lift and Tie in Project contributing to earnings. This project involved MMA project managing a total of 20 vessels to support delivery of the Project's subsea infrastructure to the field. The project was largely completed by the end of the first half with only the Mermaid Leveque continuing through to the second half.

In September 2014, MMA secured a major new contract on the project for the operation and management of the accommodation vessel, Silja Europa which houses around 1,200 members of the Gorgon construction workforce. The contract contributed to earnings for the financial year and is expected to continue through the first half of FY2016.

With the Gorgon construction approaching completion, the majority of MMA's construction related vessel contracts have concluded or are expected to roll off by December 2015, however MMA does expect some vessels to remain on the project post this date.

Construction of the Ichthys, Prelude and Wheatstone LNG projects also continues. MMA was engaged on a number of short term contracts in relation to the Prelude and Wheatstone Projects during the second half through Technip Oceania. A number of larger Wheatstone scopes are scheduled to commence in the third quarter of FY2016 including a contract for five tug and barge sets and a platform supply vessel ("PSV").

Production support continues to be a key component of MMA's strategy and is particularly important in the current environment. MMA continues to service all of the current production facilities on the North West Shelf with a total of 18 facilities currently serviced by MMA's vessels. These contracts provide an important base load of utilisation for the Australian fleet, however margins are under pressure as oil and gas majors look to their suppliers to assist them in reducing their operating costs.

Production support will be the key part of the Australian vessel support market in the future as the major LNG projects move from construction to production. Importantly, MMA has secured the INPEX Ichthys LNG production support contract, which is due to commence in FY2017. The contract is for the provision of two state of the art PSVs for a period of five years with two five year options to extend. The contract is worth $160 million for the firm period and up to $500 million if all the options are exercised. The two PSVs are currently under construction at the VARD shipyard in Vietnam and are on track to meet their expected delivery date and budget.

MMA's vessel business has a limited exposure to the exploration market in Australia and therefore has not been impacted to a large extent by the reduction in exploration expenditure as a result of the fall in the oil price. The Mermaid Leeuwin continued its long term drilling support contract with Woodside in the

Browse Basin. This scope is expected to complete September 2015 and the vessel is being bid into further Australian based activities.

The negotiations for new Enterprise Bargaining Agreements for our marine personnel are still unresolved and continue to be managed at an industry level. In the current environment, it is important that the industry achieves a sustainable outcome that supports ongoing activity and development in the Australian Oil and Gas industry.

Looking ahead, MMA will continue to service its existing production and construction support contracts and we are tendering for new opportunities for both short and long term contracts. Construction activity on Wheatstone, Prelude and Ichthys will provide opportunities in FY2016. Overall, we expect market conditions to remain subdued through FY2016 with the combination of low utilisation and day rates making for very difficult conditions for vessel operators.

As the vessel requirement in the Australian market reduces we are progressively transferring vessels to other markets or including them in MMA's fleet rationalisation programme.

International

The international fleet has been hit very hard by the current market conditions with all regions impacted. First half performance was only marginally below expectations but the plunge in the oil price towards the end of the calendar year had a significant impact on the second half.

Several projects and campaigns were cancelled or deferred with others re-tendered to achieve lower pricing. A number of MMA's long term contracts were reduced in duration or were not extended as anticipated and many had to be renegotiated at lower rates to maintain utilisation. Utilisation dropped from 72% in the first half to 61% in the second half. Rates have decreased by up to 30%.

Competition remains intense for the opportunities that are available as vessel operators compete for utilisation with many operators accepting close to breakeven rates to maintain utilisation.

The market in South East Asia has been materially impacted by the downturn. Rig availability is high in the region and activity is down significantly in the exploration and development sectors. Cost cutting by the oil and gas companies has also driven down rates.

Activity in the Middle East has held up more so than other regions but rate reductions of around 15-20% have been experienced across all vessel classes.

East and West Africa have probably seen the greatest impact due to the predominantly deep water nature of their oil and gas fields. Many of the rigs in the region have had their contracts terminated early so there is high vessel availability in most categories and rates on some vessel types are down by more than 40%. Although MMA's direct chartering exposure to this market is limited, there is activity in the market mainly for shorter duration contracts which MMA is tendering in order to maintain utilisation.

Given the current market conditions, MMA has implemented a strategy to lay up vessels at the Batam shipyard to reduce the operating costs on idle vessels.

MMA also continues to focus on its vessel sales programme to optimise the fleet size and composition. Whilst the market is difficult at present, we have signed sales agreements to a value of approximately $20 million in the FY2016 year to date and will continue to focus on executing the strategy.

MMA has three specialised vessels under construction at its Batam Shipyard which are due for completion during the 2016 financial year. Two ROV Support Vessels which will be delivered in the FY2016 financial year and are currently being bid into longer term Inspection, Maintenance and Repair

(Subsea IMR) contracts, a growing market segment. The Multi-purpose Maintenance Work Vessel will target the production and maintenance markets.

Whilst utilisation began to stabilise in the fourth quarter, we expect it to be some time before we see day rates return to historical levels. Overall we expect market conditions to remain subdued through FY2016.

Dampier Supply Base

Activity levels at the Dampier Supply Base declined during the year as a result of reduced construction and drilling related activity in the region which saw revenue down by 33.6% from the previous financial year to $88.5 million. EBIT also decreased by 49.6% to $18.6 million for the year prior to the non-cash impairment charge of $20.7 million which was booked against Supply Base goodwill as at 30 June 2015.

The Gorgon project continued to transition from construction to production phase gradually reducing demand for facilities, laydown area, equipment and personnel across the Base. The reduction in rental income has had a significant impact on margins.

Pleasingly, a new contract with Chevron was signed in June 2015 to provide ongoing supply base facilities and services to Chevron's production operations in the North West Shelf. The contract is for a 2 year term with an option to extend and is worth up to $100 million over the initial two years. Under the new contract, MMA will provide a broader scope of services which will include quarantine inspection and remediation services, freight and materials management in addition to MMA's traditional Supply Base and wharf service offering.

MMA is currently tendering for a number of other Supply Base and logistics opportunities and is also marketing the Base to a wider customer group to increase land utilisation and service income. With the reduced demand and increased availability of land in the area, margins have come down from historical levels.

Wharf vessel visits were down approximately 30% on previous levels as a result of lower drilling in the region and reduced project related demand. Reduced wharf activity resulted in lower general activity across the Base and significantly reduced operating margins.

Productivity improvements and cost reduction have been major focus during the year as activity at the Supply Base declines. A number of positions were made redundant during the year as the Company reconfigured operations to meet current and anticipated demand levels.

A new three year Enterprise Bargaining Agreement was approved in January 2015 and this will provide enhanced workforce flexibility going forward.

MMA's ongoing focus is around securing new contracts, enhancing MMA's service offering, increasing flexibility for clients, reducing costs and improving productivity.

Notwithstanding the recent challenges, we believe earnings at the Dampier Supply Base have reached a sustainable level and we expect the Base to continue to be a key contributor to MMA's earnings into the future.

Dampier Slipway

The Slipway performed below expectations during the FY2015 financial year.

Revenue was $22.7million, down 22.5% on the previous financial year, and the business made an EBIT loss of $(0.2) million for the financial year down from a profit of $3.1 million in FY2014.

The reduction in offshore activity in the North West Shelf region impacted demand for Slipway services during the year. In addition, we have begun to see more competition from other providers in Singapore and Perth who are tendering aggressively for the larger jobs.

The Slipway docked 46 vessels in the 2015 financial year including 29 third party dockings, down from 58 dockings in the previous year.

In addition to servicing offshore vessels, the Slipway continues to be a major supplier to terminal towage operators in the region. There are now over 40 harbour tugs operating in the region which represents a solid ongoing demand for slipway services. However, as mentioned above, margins are being squeezed as the resources sector also focuses on reducing operating costs.

In light of anticipated reduced demand for Slipway services going forward, MMA reconfigured the operation during the year to reduce the fixed cost structure. The core permanent workforce has been significantly reduced and will be supplemented by contract labour as demand requires which is now more readily available.

The Slipway has always been a key strategic asset for the Company and over the past few years has made a solid EBIT contribution. The focus for the slipway going forward will be on servicing MMA's internal fleet and that of key external clients.

Broome Supply Base (Joint Venture between MMA and Toll Holdings Ltd)

MMA's 50% share of NPAT for the 2015 financial year was $3.4 million, consistent with the previous year's NPAT of $3.5 million.

During the year the Broome Supply Base supported Shell and INPEX with their development drilling programmes for the Prelude and Ichthys LNG projects as well as exploration drilling campaigns for Woodside, Conoco Phillips and Santos.

Exploration drilling activity has reduced in recent months however the Broome Supply Base will continue to support the development drilling programmes for Shell and INPEX in FY2016.

Woodside recently announced that it had commenced front end engineering and design on its proposed Browse FLNG Development with a final investment decision currently expected in late 2016.

With its high quality infrastructure and proven operational capability, the Broome Supply Base is very well placed to support such future projects in the region.

Balance Sheet

MMA's Balance Sheet remains strong with cash at bank of approximately $125 million at the end of the financial year. Gearing has increased from 36.1% to 40.8% as a result of the Asset Impairment, however it remains relatively low by industry standards.

The company continues to operate within the terms and conditions of its debt facilities.

Safety

On a positive note, MMA had its best safety performance on record in FY2015. MMA's Total Recordable Case Frequency decreased from 3.3 to 1.2 across the organisation, a 64% year on year improvement and comparable with world class standards.

This is an excellent result and confirms that our Target 365 Strategy is maturing and having a positive impact on the safety culture across the organisation. Target 365 was developed by MMA in 2012 and focuses on everyone coming to work each day with the aim of having a "perfect day", that is, a day free of recordable injuries and material incidents.

"Target 365" was recently confirmed as a finalist in the 2015 APPEA Health, Safety and Environment Awards recognising achievement, innovation and commitment to improving health, safety and environmental performance in the Australian Oil and Gas Industry.

The safety of our people is core to the way MMA does business. It is also critically important to our clients; a good safety performance is our licence to operate.

MMA will continue to drive improvements in safety across the organisation with Target 365 at the core of its strategy.

Outlook

In Australia we continue to service our existing production and construction support contracts and are tendering new opportunities for both short and long term contracts.

Whilst Gorgon construction is nearing completion we expect a number of MMA vessels to remain on contract supporting the Project through FY2016.

Opportunities for new work scopes for Wheatstone, Prelude and Ichthys LNG Projects are also expected in the 2016 financial year.

Competition in Australia from international operators continues to intensify as a result of the current depressed market conditions and we do not expect to see an improvement in rates or utilisation in the region for the 2016 financial year.

Internationally, market conditions remain extremely weak with low utilisation and rates across all of our operating regions. Competition is also fierce for any available opportunities. Until we see a sustained increase in the oil price we do not foresee any improvement in the international vessel market.

Overall visibility in the vessel market is very challenging with rates and utilisation expected to remain under pressure through the next 12 months.

In the current environment MMA is focused on streamlining the business and building a strong base for the future. A range of actions are currently being undertaken to optimise the asset base, reduce costs, increase productivity and improve our overall operating performance which will position the Company well to take advantage of the future upswing in the cycle.

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Preliminary Financial Report and Appendix 4E
for the Year Ended 30 June 2015

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Results for Announcement to the Market

Current Reporting Period : Year ended 30 June 2015
Previous Reporting Period : Year ended 30 June 2014

Earnings	% Change	Amount $'000
Revenue from ordinary activities	+34.0%	796,666
Loss from ordinary activities after tax attributable to members	-195.2%	(51,291)
Net loss attributable to members	-195.2%	(51,291)

Information regarding financial results for the year is set out in the covering announcement accompanying this report.

Dividends	Amount per share	Franked Amount per Share
Interim dividend for 2015	4.0 cents	4.0 cents
Final dividend for 2015	1.5 cents	1.5 cents

The Company paid an interim fully franked dividend for the 2015 financial year of 4 cents per share on 2 April 2015.

The Company has declared a fully franked final dividend with respect to the year ended 30 June 2015 of 1.5 cents per share.

The record date for entitlement to the final dividend is 8 September 2015.

The payment date for the final dividend is 29 September 2015.

Dividend reinvestment plan

The Company has in place a dividend reinvestment plan (DRP) in which shareholders can elect to participate.

The subscription price for shares issued under the DRP will be the average of the daily volume weighted average sale price of the Company's shares sold on the ASX during the 5 trading days immediately after the record date for the dividend.

Elections to participate in the DRP for the dividend to be paid on 29 September 2015 must be received by the Company's share registry, Computershare Investor Services Pty Ltd, by 9 September 2015 (being the next business day following the record date of 8 September 2015).

Net Tangible Asset Backing	2015	2014
Net tangible asset backing per share	$2.10	$1.95

Details of Entities Where Control Has Been Gained or Lost During the Period

MMA has not gained or lost control of any entities during the period up to the release of this Report.

Audit Report

The Preliminary Financial Report is based on financial statements which are in the process of being audited.

There are no likely disputes or qualifications to the accounts.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended 30 June 2015

	Note	2015 $'000	2014 $'000
Revenue	4(a)	796,666	594,597
Investment income		709	3,341
Other gains/(losses)	4(b)	4,366	(927)
Share of profits of jointly controlled entity	11	3,385	3,555
Vessel expenses		(622,651)	(386,323)
Supply Base expenses		(67,366)	(93,964)
Slipway expenses		(12,267)	(15,606)
Administration expenses		(11,862)	(17,562)
Impairment charge	14	(120,710)	-
Finance costs	4(c)	(18,489)	(9,999)
Profit/(loss) before tax		(48,219)	77,112
Income tax expense	6	(3,072)	(23,228)
PROFIT/(LOSS) FOR THE YEAR		**(51,291)**	**53,884**
Other Comprehensive Income, net of tax			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations	22	167,041	(11,754)
Gain/(loss) on hedge of net investment in a foreign operation	22	(53,309)	3,794
Gain/(loss) on cashflow hedges	22	13,350	(11,504)
Transfer of cashflow hedge loss to initial carrying amount of hedged items	22	-	7,668
Other comprehensive income for the year, net of tax		127,082	(11,796)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**75,791**	**42,088**
Profit/(loss) attributable to owners of the Company		(51,291)	53,884
Total comprehensive income attributable to owners of the Company		75,791	42,088
Earnings per share			
- Basic (cents per share)	5	(13.91)	18.78
- Diluted (cents per share)	5	(13.91)	18.76

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 2015

	Note	2015 $'000	2014 $'000
Current Assets			
Cash and cash equivalents	24	124,482	174,768
Trade and other receivables	8	200,615	201,335
Inventories	9	4,724	6,101
Other financial assets	10	11,545	-
Prepayments		27,416	36,092
Total Current Assets		**368,782**	**418,296**
Non-Current Assets			
Investments accounted for using the equity method	11	10,355	10,970
Property, plant and equipment	12	1,046,078	896,441
Goodwill	13	-	20,710
Prepayments		-	17,573
Total Non-Current Assets		**1,056,433**	**945,694**
Total Assets		**1,425,215**	**1,363,990**
Current Liabilities			
Trade and other payables	15	129,173	83,601
Unearned revenue	16	38,226	17,454
Borrowings	17	49,592	47,218
Provisions	19	19,270	21,979
Current tax liabilities	6(c)	5,155	41,605
Other	20	5,913	4,820
Total Current Liabilities		**247,329**	**216,677**
Non-Current Liabilities			
Unearned revenue	16	393	2,278
Borrowings	17	392,881	393,625
Other financial liabilities	18	-	1,806
Provisions	19	612	1,067
Deferred tax liabilities	6(d)	4,883	11,695
Total Non-Current Liabilities		**398,769**	**410,471**
Total Liabilities		**646,098**	**627,148**
Net Assets		**779,117**	**736,842**
Equity			
Issued capital	21	555,681	549,813
Reserves	22	115,858	(12,260)
Retained earnings	23	107,578	199,289
Total Equity		**779,117**	**736,842**

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 2015

	Issued Capital	Employee equity settled benefits reserve	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2013	**226,382**	**6,660**	**2,030**	**(6,410)**	**174,364**	**403,026**
Profit for the year	-	-	-	-	53,884	53,884
Other comprehensive income for the year	-	-	(42)	(11,754)	-	(11,796)
Total comprehensive income for the year	**-**	**-**	**(42)**	**(11,754)**	**53,884**	**42,088**
Payment of dividends	-	-	-	-	(28,959)	(28,959)
Issue of shares under dividend reinvestment plan	10,609	-	-	-	-	10,609
Issue of shares under Institutional Placement	100,058	-	-	-	-	100,058
Issue of shares under Institutional Entitlement Offer	143,445	-	-	-	-	143,445
Issue of shares under Retail Entitlement	73,705	-	-	-	-	73,705
Related income tax expense	-	(743)	-	-	-	(743)
Transfer to share capital	3,648	(3,648)	-	-	-	-
Recognition of share based payments	-	1,647	-	-	-	1,647
Share issue costs	(8,034)	-	-	-	-	(8,034)
Balance at 30 June 2014	**549,813**	**3,916**	**1,988**	**(18,164)**	**199,289**	**736,842**
Loss for the year	-	-	-	-	(51,291)	(51,291)
Other comprehensive income for the year	-	-	(39,959)	167,041	-	127,082
Total comprehensive income for the year	**-**	**-**	**(39,959)**	**167,041**	**(51,291)**	**75,791**
Payment of dividends	-	-	-	-	(40,420)	(40,420)
Issue of shares under dividend reinvestment plan	5,868	-	-	-	-	5,868
Related income tax expense	-	(792)	-	-	-	(792)
Recognition of share based payments	-	1,828	-	-	-	1,828
Balance at 30 June 2015	**555,681**	**4,952**	**(37,971)**	**148,877**	**107,578**	**779,117**

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 2015

	Note	2015 $'000	2014 $'000
Cash flows from Operating Activities			
Receipts from customers		828,252	615,103
Interest received		709	3,262
Payments to suppliers and employees		(575,164)	(530,336)
Income tax paid		(51,059)	(23,617)
Interest and other costs of finance paid		(17,378)	(9,999)
Net cash provided by Operating Activities	24(c)	185,360	54,413
Cash flows from Investing Activities			
Payments for property, plant and equipment		(172,764)	(74,316)
Proceeds from sale of property, plant and equipment		429	7
Net cash outflow on purchase of business		-	(174,957)
Dividends received		4,000	1,500
Amounts repaid from jointly controlled entity		-	2,000
Net cash used in Investing Activities		(168,335)	(245,766)
Cash flows from Financing Activities			
Proceeds from issue of shares		-	310,000
Payment for share issue costs		-	(825)
Proceeds from borrowings		-	47,147
Repayment of borrowings		(52,867)	(24,725)
Payments for borrowing costs		-	(4,014)
Dividends paid		(34,552)	(18,352)
Net cash (used in)/provided by Financing Activities		(87,419)	309,231
Net increase/(decrease) in cash and cash equivalents		(70,394)	117,878
Cash and cash equivalents at the beginning of the financial year		174,768	58,824
Effects of exchange rate changes on the balance of cash held in foreign currencies		20,108	(1,934)
Cash and cash equivalents at the end of the financial year		**124,482**	**174,768**

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

Notes to the Preliminary Financial Report

1. Significant Accounting Policies

The financial statements comprise the consolidated financial statements of the Company and its subsidiaries ("the Group"). For the purposes of preparing the consolidated financial statements, the Company is a for profit entity.

Basis of preparation

The 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 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.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies adopted are consistent with those of the previous financial year.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

2.1 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.

Useful lives of property, plant and equipment

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.

Impairment of property, plant & equipment and goodwill

Determining whether assets are impaired requires an estimation of the value in use of the cash-generating unit to which they have been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. At the end of the reporting period, the Directors have determined that there is an adjustment required to the Group's carrying amount of property, plant & equipment and goodwill.

An impairment of $100 million on property, plant & equipment and $20.7 million on goodwill was recognised during the year. Please refer to note 14 for further details.

3. Segment Information

3.1 Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker (The Board of Directors) for the purposes of resource allocation and assessment of segment performance focuses on the types of services provided. The Group's reportable segments under AASB 8 are therefore as follows:

- Vessels
- Supply Base
- Slipway

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

3.2 Segment revenues and results

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

	Revenue from external customers		**Inter-segment Revenue**		**Total Segment Revenue**	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**	**2015 $'000**	**2014 $'000**
Segment Revenues						
Vessels	699,785	445,410	-	516	699,785	445,926
Supply Base	85,970	130,819	2,516	2,485	88,486	133,304
Slipway	10,911	18,368	11,776	10,947	22,687	29,315
Total	796,666	594,597	14,292	13,948	810,958	608,545
Eliminations					(14,292)	(13,948)
Total consolidated revenue					**796,666**	**594,597**

Inter-segment services are provided for amounts equal to competitive market prices charged to external customers for similar services.

3. Segment Information (continued)

	Profit Before Impairment		Impairment Charge		Profit After Impairment	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Segment Profit						
Vessels	77,134	59,087	(100,000)	-	(22,866)	59,087
Supply Base	18,604	36,855	(20,710)	-	(2,106)	36,855
Slipway	(204)	3,071	-	-	(204)	3,071
Eliminations	(1,152)	(309)	-	-	(1,152)	(309)
Total for continuing operations	94,382	98,704	(120,710)	-	(26,328)	98,704
Investment revenue					709	3,341
Other gains/(losses)					4,366	(927)
Central administration costs					(11,862)	(17,562)
Share of profit of jointly controlled entity					3,385	3,555
Unallocated finance costs					(18,489)	(9,999)
Profit/(loss) before income tax					**(48,219)**	**77,112**

Segment profit represents the profit earned by each segment without allocation of investment revenue, other gains and losses, central administration costs, share of profits of jointly controlled entity, 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.

3.3 Segment Assets

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

	2015 $'000	2014 $'000
Segment assets		
Vessels	1,061,308	976,532
Supply Base	134,282	169,245
Slipway	14,503	20,084
Unallocated	215,122	198,129
Total	**1,425,215**	**1,363,990**

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than cash, investments in jointly controlled entities, other financial assets and central administration assets.

3.4 Other segment information

	Depreciation and amortisation		Additions to non-current assets		Carrying value of equity accounted investments	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Vessels	121,923	30,367	239,566	486,475	-	-
Supply Base	7,304	10,452	3,916	11,661	-	-
Slipway	746	749	1,085	371	-	-
Unallocated	1,324	1,113	2,670	2,754	10,355	10,970
Total	**131,297**	**42,681**	**247,237**	**501,261**	**10,355**	**10,970**

3. Segment Information (continued)

3.5 Revenue from major services

The following is an analysis of the Group's revenue from its major services:

	2015 $'000	2014 $'000
Vessel services	695,195	440,330
Property and equipment rental	34,114	61,908
Supply Base services	49,890	68,898
Slipway services	10,910	18,368
Others	6,557	5,093
Total	**796,666**	**594,597**

3.6 Geographical information

The Group is based in two principal geographical areas – Australia (country of domicile) and Singapore.

During the year the Group operated vessels in a number of countries outside of Australia. The Group's revenue from continuing operations 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*	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Australia	639,433	567,292	529,140	434,994
Other	157,233	27,305	516,938	482,157
Total	**796,666**	**594,597**	**1,046,078**	**917,151**

* Non-current assets excluding investments accounted for using the equity method and prepayments.

3.7 Information about major customers

Included in revenues arising from vessel and supply base services are revenues of approximately $308.6 million (2014: $216.3 million) which arose from sales to the Group's largest customer and revenues of approximately $114.6 million (2014: $144.3 million) which arose from sales to the Group's second largest customer.

4. Profit from Operations

	2015 $'000	2014 $'000
(a) Revenue from continuing operations consisted of the following items:		
Rendering of services	762,552	532,689
Rental revenue	34,114	61,908
	796,666	**594,597**
(b) Other gains and losses:		
Net foreign exchange gains/(losses)	4,567	(928)
Gain/(loss) on disposal of:		
Property, plant and equipment	(201)	1
	4,366	**(927)**
(c) Finance costs:		
Interest expense – bank loans	18,085	9,224
Finance charges – lease finance charges	404	775
	18,489	**9,999**
(d) Profit for the year		
Profit for the year before income tax has been arrived at after charging the following:		
(i) Depreciation:		
Leasehold buildings and improvements	6,176	8,787
Vessels	120,646	29,149
Vessels – hire purchase	435	869
Plant and equipment	3,052	2,892
Plant and equipment – hire purchase	988	984
	131,297	**42,681**
(ii) Impairment losses:		
Impairment charge recognised on trade receivables	5,483	270
Reversal of impairment charge recognised on trade receivables	(431)	-
Impairment charge recognised on fixed assets and goodwill	120,710	-
(iii) Employee benefits:		
Post employment benefits:		
Defined contribution plans	19,501	18,049
Share based payments:		
Equity settled share based payments	1,827	1,647
Other employee benefits	225,051	172,625
	246,379	**192,321**

5. Earnings per Share

	2015 Cents per Share	2014 Cents per Share
Basic earnings per share	(13.91)	18.78
Diluted earnings per share	(13.91)	18.76

Basic Earnings per Share:

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2015 $'000	2014 $'000
Net Profit/(loss)	(51,291)	53,884

	2015 No.'000	2014 No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	368,841	286,865

Diluted Earnings per Share:

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

	2015 $'000	2014 $'000
Net Profit/(loss)	(51,291)	53,884

	2015 No.'000	2014 No.'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	368,841	286,865
Shares deemed to be issued for no consideration in respect of employee options and rights	-	313
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	368,841	287,178

	2015 No.'000	2014 No.'000
The following potential ordinary shares are non-dilutive and are therefore excluded from the weighted average number of ordinary shares used in the calculation of diluted earnings per share.		
Employee options and rights	4,172	5,367

6. Income Taxes

(a) Income tax recognised in profit or loss

Tax expense comprises:	2015 $'000	2014 $'000
Current tax expense in respect of the current year	16,778	26,542
Deferred tax expense in respect of the current year	(8,858)	(2,993)
Adjustment recognised in the current year in relation to tax provisions of prior years	(4,848)	(321)
Total tax expense	**3,072**	**23,228**

The income tax expense for the year can be reconciled to accounting profit as follows:

Profit from operations	**(48,219)**	**77,112**
Income tax expense calculated at 30%	(14,466)	23,134
Effect of revenue that is exempt from taxation	(6,540)	(936)
Effect of expenses that are not deductible in determining taxable profit	31,593	2,581
Effect of tax deductible items not included in accounting profit	(721)	328
Effect of foreign income taxable in Australia	3,223	344
Effect of tax losses utilised	(2,782)	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,387)	(1,902)
	7,920	23,549
Adjustment recognised in the current year in relation to tax provisions of prior years	(4,848)	(321)
	3,072	**23,228**

(b) Income tax recognised directly in equity

Income tax functional currency of deferred tax balances	1,255	-
Employee share trust	792	743
	2,047	**743**

(c) Current tax liabilities

Income tax payable	(5,155)	(41,605)
	(5,155)	**(41,605)**

(d) Deferred tax balances

Deferred tax assets	15,557	10,268
Deferred tax liabilities	(20,440)	(21,963)
	(4,883)	**(11,695)**

6. Income Taxes (continued)

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

	Opening balance	Recognised in profit or loss	Recognised in equity	Acquisitions	Closing balance
	$'000	$'000	$'000	$'000	$'000
2015					
Gross deferred tax liabilities:					
Property, plant and equipment	(19,230)	11,729	(1,255)	-	(8,756)
Inventory	(798)	173	-	-	(625)
Receivables	(661)	3	-	-	(658)
Other	(1,274)	(9,127)	-	-	(10,401)
	(21,963)	2,778	(1,255)	-	(20,440)
Gross deferred tax assets:					
Provisions	4,091	156	-	-	4,247
Share issue costs	74	(60)	-	-	14
Employee share trust	583	479	(792)	-	270
Unearned revenue	5,016	2,373	-	-	7,389
Unused tax losses and credits	-	3,187	-	-	3,187
Other	505	(55)	-	-	450
	10,268	6,080	(792)	-	15,557
	(11,695)	**8,858**	**(2,047)**	**-**	**(4,883)**
2014					
Gross deferred tax liabilities:					
Property, plant and equipment	(20,485)	2,181	-	(926)	(19,230)
Inventory	(688)	(110)	-	-	(798)
Receivables	(712)	51	-	-	(661)
Other	(366)	(908)	-	-	(1,274)
	(22,252)	1,214	-	(926)	(21,963)
Gross deferred tax assets:					
Provisions	3,149	942	-	-	4,091
Share issue costs	145	(71)	-	-	74
Employee share trust	2,250	(924)	(743)	-	583
Unearned revenue	3,370	1,646	-	-	5,016
Other	320	185	-	-	505
	9,234	1,778	(743)	-	10,268
	(13,018)	**2,993**	**(743)**	**(926)**	**(11,695)**

(e) Unrecognised deferred tax assets

	2015 $'000	2014 $'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)	2,629	463
	2,629	**463**

6. Income Taxes (continued)

(f) Tax consolidation

Relevance of tax consolidation to the Group

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is MMA Offshore Ltd.

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.

7. Dividends Provided for or Paid

	2015 $'000	2014 $'000
Adjusted franking account balance	45,445	41,921
Impact on franking account balance of dividends not recognised	2,386	(11,003)

	2015		2014	
	Cents Per Share	Total $'000	Cents Per Share	Total $'000
Recognised Amounts				
Fully paid ordinary shares				
Interim dividend: Fully franked at a 30% tax rate	4.0	14,746	5.5	12,795
Final dividend:				
Fully franked at a 30% tax rate	7.0	25,674	7.0	16,164
Unrecognised Amounts				
Fully paid ordinary shares				
Final dividend:				
Fully franked at a 30% tax rate	1.5	5,568	7.0	25,674

On 17 August 2015, the Directors declared a fully franked final dividend of 1.5 cents per share in respect of the financial year ended 30 June 2015 to the holders of fully paid ordinary shares, to be paid on 29 September 2015. The dividend will be paid to all shareholders on the register of members on 8 September 2015. This dividend has not been included as a liability in these financial statements.

8. Trade and other receivables

	2015 $'000	2014 $'000
Trade receivables	197,605	182,953
Allowance for doubtful debts	(6,068)	(1,063)
Other receivables	9,078	19,445
	200,615	**201,335**

The average credit period on rendering of services is 30 days. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past rendering of services.

Of the trade receivables balance at the end of the year, $33.3 million (30 June 2014: $50.9 million) is outstanding from the Group's largest debtor and $16.5 million (30 June 2014: $35.3 million) from the Group's second largest debtor.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of past due but not impaired

	2015 $'000	2014 $'000
31-60 days	28,864	41,436
61-90 days	12,341	13,790
91-120 days	2,978	8,279
121-150 days	12,978	8,970
Over 150 days	15,293	1,585
Total	**72,454**	**74,060**

Movement in the allowance for doubtful debts

Balance at the beginning of the year	1,063	59
Impairment losses recognised on receivables	5,483	270
Amounts written off as uncollectible	(47)	-
Amounts recovered during the year	(431)	-
Amount recognised as part of business combination	-	734
Balance at the end of the year	**6,068**	**1,063**

In determining the recoverability of a trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

9. Inventories

	2015 $'000	2014 $'000
Fuel – at cost	2,629	2,027
Consumables	1,319	3,477
Work in progress	776	597
	4,724	**6,101**

10. Other Financial Assets

Derivatives

	2015	2014
Hedge contracts on vessels under construction	**11,545**	**-**

11. Investments Accounted For Using The Equity Method

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest 2015 %	Ownership Interest 2014 %	Consolidated Carrying Amount 2015 $'000	Consolidated Carrying Amount 2014 $'000
Jointly Controlled Entity						
Toll Mermaid Logistics Broome Pty Ltd	Supply base services in Broome for the offshore oil and gas industry	Australia	50	50	10,355	10,970
Total					**10,355**	**10,970**

(i) The reporting date of Toll Mermaid Logistics Broome Pty Ltd (TMLB) is 30 June. The Company acquired a 50% ownership interest in TMLB in October 2006. Pursuant to a shareholder agreement the Company has the right to cast 50% of the votes at TMLB shareholder meetings.

Summarised financial information in respect of the Group's jointly controlled entity is set out below:

	2015 $'000	2014 $'000
Financial position:		
Current assets	12,213	14,251
Non-current assets	12,743	13,842
Current liabilities	(4,106)	(6,058)
Non-current liabilities	(140)	(95)
Net assets	20,710	21,940
Group's share of jointly controlled entity net assets	10,355	10,970
Financial performance:		
Total revenue	40,714	44,852
Total profit before tax for the year	9,734	9,988
Group's share of jointly controlled entity profit before tax	4,867	4,994
Group's share of jointly controlled entity income tax expense	(1,482)	(1,439)
Group's share of jointly controlled entity profit after tax	**3,385**	**3,555**

Contingent Liabilities and Capital Commitments

The Company's share of the contingent liabilities, capital commitments and other expenditure commitments of the jointly controlled entity is nil (2014: nil).

12. Property, Plant and Equipment

	Leasehold Buildings and improvements at cost $'000	Vessels at cost $'000	Vessels – Hire purchase at cost $'000	Plant and Equipment at cost $'000	Plant and Equipment – hire purchase at cost $'000	Fixed Assets under Construction $'000	Total $'000
Gross carrying amount:							
Balance at 1 July 2013	133,403	388,329	18,198	22,223	10,241	-	572,394
Additions	8,686	49,488	-	4,539	2,020	3,314	68,047
Acquisitions through Business Combinations	1,414	357,702	-	4,289	-	69,809	433,214
Disposals	-	(12,287)	-	(964)	(146)	-	(13,397)
Transfers	(6)	11,005	(10,998)	-	-	-	-
Net currency exchange differences	(115)	(10,963)	-	(206)	-	(1,004)	(12,288)
Balance at 1 July 2014	143,382	783,274	7,200	29,881	12,115	72,119	1,047,972
Additions	3,906	161,241	-	4,461	69	77,560	247,237
Disposals	-	(377)	(38)	(940)	(95)	-	(1,450)
Transfers	3,969	49,130	(7,162)	(5,033)	(202)	(40,702)	-
Net currency exchange differences	2,207	130,803	-	2,540	-	13,574	149,124
Balance at 30 June 2015	**153,464**	**1,124,071**	**-**	**30,909**	**11,887**	**122,551**	**1,442,883**
Accumulated depreciation:							
Balance at 1 July 2013	(28,010)	(79,819)	(4,821)	(8,608)	(2,941)	-	(124,199)
Disposals	-	12,286	-	957	144	-	13,387
Transfers	-	(2,418)	2,418	-	-	-	-
Depreciation expense	(8,787)	(29,149)	(869)	(2,892)	(984)	-	(42,681)
Net currency exchange differences	103	1,712	-	148	-	-	1,962
Balance at 1 July 2014	(36,694)	(97,388)	(3,272)	(10,395)	(3,781)	-	(151,531)
Disposals	-	176	-	555	89	-	820
Transfers	(1,131)	(4,018)	3,707	1,322	120	-	-
Impairment charge	-	(100,000)	-	-	-	-	(100,000)
Depreciation expense	(6,176)	(120,646)	(435)	(3,052)	(988)	-	(131,297)
Net currency exchange differences	(1,449)	(11,440)	-	(1,908)	-	-	(14,797)
Balance at 30 June 2015	**(45,450)**	**(333,316)**	**-**	**(13,478)**	**(4,560)**	**-**	**(396,805)**
Net book value:							
As at 30 June 2014	106,688	685,886	3,928	19,486	8,334	72,119	896,441
As at 30 June 2015	**108,014**	**790,755**	**-**	**17,431**	**7,327**	**122,551**	**1,046,078**

Assets Pledged as Security

In accordance with the security arrangements of liabilities, as disclosed in note 17 to the financial statements, all non-current assets of the Group have been pledged as security, except deferred tax assets.

13. Goodwill

	2015 $'000	2014 $'000
Cost	20,710	20,710
Accumulated impairment losses	(20,710)	-
	-	**20,710**
Cost		
Balance at beginning of year	20,710	20,710
Amount recognised from business combination occurring during the year	-	-
Balance at end of year	**20,710**	**20,710**
Accumulated impairment losses		
Balance at beginning of year	-	-
Impairment losses recognised in the year	(20,710)	-
Balance at end of year	**(20,710)**	**-**

Allocation of goodwill to cash generating units

Goodwill has been allocated for impairment testing purposes to the Supply Base cash-generating unit.

14. Impairment of Goodwill and Non-current Assets

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

The group has identified the following indicators of impairment at 30 June 2015:

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

As a result, the Group assessed the recoverable amounts of each of the Vessels, Supply Base and Slipway Cash Generating Units ('CGUs'). As part of this process, the annual impairment testing of goodwill in the Supply Base CGU has also been performed.

Impairment testing

The Group has evaluated whether the recoverable amount of a CGU exceeds its carrying amount. The recoverable amount is determined to be the higher of its fair value less costs to sell or its value-in-use. In all instances the Group has prepared a value-in-use model for the purpose of impairment testing as at 30 June 2015.

14. Impairment of Goodwill and Non-current Assets (continued)

In calculating value-in-use, the cash flows include projections of cash inflows and outflows from continuing use of the group of assets making up the CGUs and of cash flows associated with disposal of any of these assets. The cash flows are estimated for the assets of the CGUs in their current condition and discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the risks specific to the CGUs. The Group uses a 5 year discounted cash flow model based on Board approved budgets with a terminal growth rate for years beyond the 5 year budget period.

The identification of impairment indicators and the estimation of future cash flows require management to make significant estimates and judgments. Details of the key assumptions used in the value in use calculations at 30 June 2015 are included below.

Key assumptions for CGU Value in Use models

	Terminal growth rate(1)		Discount rate(2)	
	2015	2014(3)	2015	2014(3)
	%	%	%	%
Vessels	2.5	-	10.8	-
Supply base	2.5	2.7	12.5	13.9
Slipway	2.5	-	11.9	-

All foreign currency revenues and expenses were converted at the 30 June 2015 spot AUD:USD exchange rate of $0.768.

(1) The terminal value growth rate represents the mid point of the Australian Government's target inflation range.
(2) The pre tax discount rate used reflects the Groups long term weighted average cost of capital adjusted for market and country risk.
(3) There were no indications of impairment for Vessels and Slipway CGU's in 2014 and, therefore, no impairment testing was performed.

Impairment losses recognised

The following information relates to impairment charges included in profit or loss.

Segment/CGU	Class of asset	Method	Impairment loss $'000
Vessels	Property, Plant & Equipment	Value in use	100,000
Supply Base	Goodwill	Value in use	20,710
Slipway	-	Value in use	-
Total			120,710

Vessels

The decrease in the price of oil over the past year has led to reduced levels of activity in the offshore oil and gas support industry resulting in lower vessel demand and utilisation both in the Australian and international regions. The lower level of utilisation has led to increased competition for charters and a resultant decrease in day rates.

Vessel day rates used in the value in use models have been determined on a vessel by vessel basis taking the following factors into consideration:

- current and expected contracted state of the vessel
- geographical region the vessel is expected to operate in
- supply and demand for the particular class of vessel

14. Impairment of Goodwill and Non-current Assets (continued)

Vessel day rates have declined around 20% to 30% over the past year while utilisation levels have declined around 10% to 15%. The company is forecasting a gradual recovery in day rates over the next 5 year period together with a recovery in utilisation levels. These rates have been estimated by management based on an anticipated rebound in the global price of oil during this period. However if the oil price does not recover as expected during this period it may adversely affect these rates.

At 30 June 2015 the recoverable amount of the Vessels CGU was lower than the carrying value and as a result the Group recognised an impairment.

Supply Base

Activity on the Company's Dampier supply base is heavily influenced by the level of offshore oil and gas activity in the region. The lower oil price along with the construction phase of the Gorgon project nearing completion has led to reduced demand for supply base services over the past year.

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

- current and potential new contracts for supply base services
- expected offshore oil and gas activity in the region including drilling, construction and production activity
- expected demand for wharf services from vessel operators
- competition for the provision of supply base and wharf services in the region
- labour and associated costs under the current EBA
- lease costs and associated costs of maintaining the supply base infrastructure

The Company was recently awarded a contract by Chevron Australia Pty Ltd to provide a broad range of supply base and and wharf services for Chevron's operations in the North West region of Western Australia. The contract commenced on 15 June 2015 for a two year term with an option to extend for a further one year.

This contract will generate a significant portion or the forcast earnings for the Supply Base over this period. In addition to this contract, the Company will continue to provide supply base and wharf services to a range of customers in the region to support their drilling, construction and production related activities in the offshore oil and gas industry.

The goodwill associated with the Supply Base CGU arose when the Group purchased a lease for additional land adjacent to the existing supply base in 2012. The decline in market conditions has resulted in the recoverable amount of the Supply Base CGU being lower than the carrying value as at 30 June 2015 with a resulting impairment being recorded against the total goodwill amount.

Slipway

The forecast demand for Slipway services during the budget period is expected to remain relatively stable with the demand from offshore vessels and berthing tugs required to support the ongoing offshore oil and gas and commodity export activities in the region.

At 30 June 2015, the recoverable amount of the Slipway CGU is in line with the carrying value and accordingly there was no impairment.

14. Impairment of Goodwill and Non-current Assets (continued)

Sensitivity Analysis

Sensitivity analyses for CGU's where indications of impairment have been identified

Changes in key assumptions in the table below would have the following approximate impact on the recoverable amount of the Group CGU's.

Sensitivity	Change in Variable	Effect on Vessels Value in use $'m	Effect on Supply base Value in use $'m	Effect on Slipway Value in use $'m
Discount rate	+0.5%	(47.0)	(7.5)	(0.8)
	-0.5%	54.0	8.7	0.9
Vessel day rates	+1.0%	36.7	n/a	n/a
	-1.0%	(36.7)	n/a	n/a
Supply base service rates	+1.0%	n/a	5.9	n/a
	-1.0%	n/a	(5.9)	n/a
Terminal growth rate	+0.5%	43.0	6.3	0.6
	-0.5%	(37.4)	(5.4)	(0.5)
AUD:USD exchange rate	+1c	(10.5)	-	-
	-1c	10.8	-	-

15. Trade and Other Payables

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

	2015 $'000	2014 $'000
Trade payables	28,079	26,859
Other payables and accruals	98,906	50,913
Goods and services tax payable	2,188	5,829
	129,173	**83,601**

16. Unearned Revenue

Current	38,226	17,454
Non-current	393	2,278
	38,619	**19,732**

Unearned revenue represents revenue received in advance to be recognised over the life of the service contract.

17. Borrowings

Secured – at amortised cost

Current	2015 $'000	2014 $'000
Hire purchase liability (i)	1,571	4,572
Bank loans (ii)	48,021	42,646
	49,592	**47,218**
Non-Current		
Hire purchase liability (i)	904	2,423
Bank loans (ii)	391,977	391,202
	392,881	**393,625**

Summary of borrowing arrangements:

(i) Secured by hire purchase assets, the borrowings are fixed interest rate debt with repayment periods not exceeding 5 years. The current weighted average effective interest rate on the hire purchase liabilities is 6.98% (2014: 7.57%).

(ii) In May 2014, the Company entered into a Syndicated Facility Agreement with NAB and ANZ as mandated lead arranger, underwriter and bookrunner. The Syndicated Facility comprised a A$200 million term loan facility and a US$227 million term loan facility. The primary purpose of the A$ loan facility was to refinance the Company's existing loan facilities. The purpose of the US$ loan facility was to support the acquisition of the subsidiaries of Jaya Holdings Ltd. The Syndicated Facility has a term of 5 years and 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, real property mortgages, and a mortgage by way of sub-demise over the Dampier Supply Base lease. The security is held by the Security Trustee on behalf of the banking members of the Syndicated Facility. The current weighted average effective interest rate on the bank loans is 3.30% (2014: 3.67%).

18. Other Financial Liabilities

	2015 $'000	2014 $'000
Derivatives		
Hedge contracts on vessels under construction	-	1,806
	-	**1,806**

19. Provisions

Current	2015 $'000	2014 $'000
Employee benefits – annual leave (i)	11,101	11,023
Employee benefits – long service leave (ii)	3,168	1,807
Restructuring(iii)	-	1,534
Project related costs (iv)	5,001	7,615
	19,270	**21,979**
Non-current		
Employee benefits – long service leave (ii)	**612**	**1,067**

(i) Provision for annual leave entitlements accrued.

(ii) Provision represents long service leave entitlements accrued both current and non-current. Vested long service leave payable falls under current provision.

(iii) Provision for employee redundancy costs in respect of the restructure of the Singapore ship yard.

(iv) Project related cost provision relates to the following:

a. Provision for cancellation costs $3.8 million (2014: $5.1 million): A provision is recognised for the expected cash outflows for the cancellation of certain committed purchase orders, which is in relation to the Group's efforts in rationalising and optimising the vessel-build programme in prior years. Assumptions used to estimate the provision were based on current negotiations with key suppliers.

b. Provision for warranties $1.2 million (2014: $2.5 million): The provision for warranties represents the best estimate of the Group's liability to repair vessels and replace affected parts still under warranty at the end of the reporting period.

20. Other Current Liabilities

	2015 $'000	2014 $'000
Customer security deposits	5,913	4,820

Amounts charged to customers to be held by the Group to secure the customers' obligations under contracts.

21. Issued Capital

	2015 $'000	2014 $'000
371,219,785 fully paid ordinary shares (2014: 366,766,098)	555,681	549,813

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully Paid Ordinary Shares	2015 No.'000	2015 $'000	2014 No.'000	2014 $'000
Balance at beginning of financial year	366,766	549,813	229,962	226,382
Issue of shares under employee option and rights plans	116	-	981	-
Issue of shares under dividend reinvestment plan	4,338	5,868	3,653	10,609
Issue of shares under institutional placement	-	-	41,691	100,058
Issue of shares under institutional entitlement	-	-	59,769	143,445
Issue of shares under retail entitlement	-	-	30,710	73,705
Transfer from employee equity settled benefits reserve	-	-	-	3,648
Share issue costs	-	-	-	(8,034)
Balance at end of financial year	**371,220**	**555,681**	**366,766**	**549,813**

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

Share Options & Rights

As at 30 June 2015, executives and employees held options and rights over 4,172,468 ordinary shares (2014: 5,539,257) in aggregate.

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

22. Reserves

	2015 $'000	2014 $'000
Employee equity settled benefits	4,952	3,916
Hedging	(37,971)	1,988
Foreign currency translation	148,877	(18,164)
Balance at end of financial year	**115,858**	**(12,260)**
Employee equity settled benefits reserve		
Balance at beginning of financial year	3,916	6,660
Share based payment	1,828	1,647
Transfer to share capital	-	(3,648)
Deferred income tax benefit	(792)	(743)
Balance at end of financial year	**4,952**	**3,916**

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

22. Reserves (continued)

	2015 $'000	2014 $'000
Hedging reserve		
Balance at beginning of financial year	1,988	2,030
Gain/(loss) on hedge of net investment in a foreign operation	(53,309)	3,794
Gain/(loss) on cash flow hedges	13,350	(11,504)
Transfer of cash flow hedge loss to initial carrying amount of hedged items	-	7,668
Balance at end of financial year	**(37,971)**	**1,988**

The hedging reserve represents hedging gains or losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in 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, consistent with the applicable accounting policy.

	2015 $'000	2014 $'000
Foreign currency translation reserve		
Balance at beginning of financial year	(18,164)	(6,410)
Translation of foreign operations	167,041	(11,754)
Balance at end of financial year	**148,877**	**(18,164)**

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian Dollars are brought to account by entries made directly to the foreign currency translation reserve. Gains and losses on hedging instruments that are designated as hedging instruments for hedges of net investments in foreign operations are included in the foreign currency translation reserve.

23. Retained Earnings

	2015 $'000	2014 $'000
Balance at beginning of financial year	199,289	174,364
Profit attributable to owners of the Company	(51,291)	53,884
Dividend provided for or paid	(40,420)	(28,959)
Balance at end of financial year	**107,578**	**199,289**

24. Notes to the Statement of Cash flow

(a) 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 and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

	2015 $'000	2014 $'000
Cash and cash equivalents	**124,482**	**174,768**

24. Notes to the Statement of Cash flow (continued)
(b) Non cash financing and investing activities

During the financial year, the Group acquired property, plant and equipment with an aggregate value of $0.1 million (2014: $1.8 million), which was financed by bank finance and hire purchase agreements. These acquisitions will be reflected in the cash flow statement as repayment of borrowings over the term of the facilities.

In addition, the Company issued shares to the value of $5.9 million (2014: $10.6 million) under the Dividend Reinvestment Plan.

(c) Reconciliation of profit/(loss) for the year to net cash flows from operating activities

	2015 $'000	2014 $'000
Profit/(loss) for the year	(51,291)	53,884
Depreciation of non-current assets	131,297	42,681
Impairment of non-current assets and goodwill	120,710	-
Amortisation of borrowing costs	1,111	-
Loss on sale of property, plant and equipment	201	-
Unrealised foreign exchange (gain)/loss	(2,449)	355
Allowance for doubtful debts	5,052	270
Bad debts	47	-
Equity settled share based payment	1,827	1,647
Share of jointly controlled entity profit	(3,385)	(3,555)
Change in net assets and liabilities:		
(Increase)/decrease in trade and other receivables	17,077	(36,883)
(Increase)/decrease in prepayments	298	(7,234)
Increase in inventories	(1,147)	(3,077)
Increase/(decrease) in provisions	(3,496)	3,615
Increase/(decrease) in trade and other payables	(776)	7,238
Increase/(decrease) in unearned revenue	18,271	(3,775)
Increase in deferred tax liabilities	523	172
Decrease in current tax liability	(48,510)	(925)
Net cash flows from operating activities	**185,360**	**54,413**

(d) Financing facilities

	2015 $'000	2014 $'000
Secured loan facilities with various maturity dates through to 2019 and which may be extended by mutual agreement:		
- Amount used	439,998	433,848
- Amount unused	-	-
	439,998	**433,848**
Secured bank overdraft:		
- Amount used	-	-
- Amount unused	4,000	4,000
	4,000	**4,000**

25. Commitments for Expenditure

Capital expenditure commitments	2015 $'000	2014 $'000
Plant and Equipment	380	2,746
Leasehold Improvements	238	978
Vessels	116,496	148,146
	117,114	**151,870**