



MMA DELIVERS PROFIT BEFORE TAX OF \$55.3 MILLION

The Directors of MMA Offshore Limited ("MMA" or "Company") (ASX: MRM) submit the Half Year results of the Company for the six months ended 31 December 2014.

Financial Highlights

	Half year ended 31 Dec 2014	Half year ended 31 Dec 2013	Variance on PCP
Revenue	\$456.3M	\$253.5M	↑ 80.0%
EBITDA	\$132.0M	\$55.8M	↑ 136.6%
Profit before Tax	\$55.3M	\$32.3M	↑ 71.2%
NPAT	\$37.7M	\$24.2M	↑ 55.8%
EPS	10.3c	9.8c	↑ 5.1%
Interim Dividend	4.0c per share	5.5c per share	↓ 27.3%

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

"The Directors of MMA Offshore are pleased to announce a profit before tax for the first half of \$55.3 million, in line with expectations and up significantly on the previous corresponding period. The Directors are also pleased to announce that an interim dividend of 4.0 cents per share has been declared for the half year ended 31 December 2014.

"The recent plunge in the oil price has had a dramatic impact on the sector globally with oil and gas majors reacting by curbing capital expenditure and seeking to reduce their operating costs. The Australian construction market is less impacted in that most of the current offshore support work relates to the construction of large LNG projects which have already been sanctioned and are well into the construction phase.

"The international market is expected to be challenging in the current environment with pressure on rates and utilisation across all vessel segments"

MMA's Managing Director, Mr Jeffrey Weber, commented:

"MMA delivered a solid first half result bolstered by a number of key Australian vessel projects.

“The Jaya business contributed to the overall result and, despite the challenging international vessel market, was only marginally below expectations. Integration is progressing very well with a number of significant milestones achieved, including the recent consolidation of the Jaya operations under the “MMA Offshore” name.

“The Dampier Supply Base continued to experience lower demand as a result of reduced Gorgon construction activity.

“MMA’s new build programme is on track with 5 new vessels currently under construction. Two ROV Support vessels will be delivered in FY16 and are currently being bid into longer term Inspection, Maintenance and Repair (IMR) contracts, a new market segment for MMA. Two Platform Supply Vessels will enter the fleet in FY17 and have been contracted to INPEX on a long term (5+5 year) production support contract.

“Whilst there is no doubt that the current market is as challenging as we have seen for many years, we are still continuing to see activity in all regions with tenders being released for new and existing work, albeit in a highly competitive market. Cost reduction and productivity improvement measures are underway as the Company looks to optimise the business for the future.

We expect activity in the second half to be weaker as a result of reduced Australian construction activity as the Gorgon project moves to completion, combined with the impact of lower oil prices. However, the business generated strong cash flow in the first half and the balance sheet is solid so we are in a good position to weather the storm.”

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MMA
OFFSHORE

ABN 21 083 185 693

**Financial Report and Appendix 4D
for the Half Year Ended 31 December 2014**

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Results for Announcement to the Market

Current Reporting Period: Half year ended 31 December 2014

Previous Reporting Period: Half year ended 31 December 2013

Earnings	% Change	Amount \$'000
Revenue from ordinary activities	+80.0%	456,318
Profit before tax	+71.5%	55,346
Profit from ordinary activities after tax attributable to members	+55.7%	37,706
Net profit attributable to members	+55.7%	37,706

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	Amount per share	Franked Amount per share
Interim dividend for 2015	4.0 cents	4.0 cents
Interim dividend for 2014	5.5 cents	5.5 cents
Final dividend for 2014	7.0 cents	7.0 cents

The Company has declared a fully franked interim dividend with respect to the year ending 30 June 2015 of 4.0 cents per share.

The Company paid a final fully franked dividend for the 2014 financial year of 7.0 cents per share on 26 September 2014.

The Record Date for entitlement to the interim dividend is 13 March 2015.

The Payment Date for the interim dividend is 2 April 2015.

Dividend reinvestment plan

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

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. The Directors have resolved that no discount will apply to the price of the shares to be issued under the DRP for this dividend.

Elections to participate in the DRP for the dividend to be paid on 2 April 2015 must be received by the Company's share registry, Computershare Investor Services Pty Ltd, by 16 March 2015 (being the next business day following the Record Date of 13 March 2015).

Net Tangible Asset Backing	31 Dec 2014	31 Dec 2013
Net tangible asset backing per share	\$2.19	\$1.72

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.

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 2014. 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 A Howarth AO
- Mr J Weber
- Mr M Bradley
- Mr A Edwards
- Ms E Howell
- Mr CG Heng

Review of Operations

MMA's first half performance was broadly in line with expectations with the Company delivering a pre-tax profit of \$55.3 million.

The first half result includes the full impact of the Jaya business which completed on 4 June 2014.

As compared to the previous corresponding period:

- Revenue increased by 80.0% to \$456.3 million;
- Profit before tax increased by 71.5% to \$55.3 million;
- Net profit after tax (NPAT) increased by 55.7% to \$37.7 million; and
- Earnings per share (EPS) increased by 5.1%¹ to 10.3c.

Vessel Operations

The Vessel division reported earnings before interest and tax for the first half of \$55.0 million up 166% on the previous corresponding period. Average utilisation for the half was 76% across the fleet globally.

MMA's Australian vessel operations had a positive first half with the main fleet achieving an average utilisation of 82%.

In Australia, MMA continued to support the exploration, construction and production sectors of the market. The Mermaid Leeuwin continued its drilling support contract with Woodside in the Browse Basin. MMA had a range of vessels engaged in construction support contracts. Major work scopes included the Subsea 7 Heavy Lift and Tie in project, a complex project which required the Company to mobilise and manage a total of 20 vessels to support the delivery and installation of the Gorgon subsea infrastructure. The project is drawing to a conclusion with only the Mermaid Leveque currently chartered on the project. The MV Silja Europa accommodation vessel contract also made a strong contribution during the first half and will continue into FY16. With regard to production support, MMA continues to service the majority of the FPSO operations in the North West Shelf and recently secured a one year extension with Santos supporting the Modec Venture II FPSO.

To date the Australian vessel market hasn't been impacted significantly by the drop in the oil price as the majority of project work in Australia relates to the construction of major liquefied natural gas (LNG) projects which have already been sanctioned. However, the overall construction market in Australia is likely to decline as the Gorgon Project construction comes to an end. Activity on the three other major LNG projects (Ichthys, Prelude and Wheatstone) will continue through to FY17.

Current production support work will continue although clients have a strong focus on reducing costs and are approaching their service providers to assist them in achieving this outcome. New production requirements will come to market as the major projects near completion and shift from construction to long term production support work scopes.

¹ Prior corresponding period EPS is on a TERP adjusted basis

The exploration market will likely be softer in a low oil price environment but there are still a number of drilling campaigns scheduled by the major oil and gas companies. MMA's Australian vessel fleet currently has a low exposure to exploration but is looking to expand in this area over time.

Our international fleet utilisation (excluding the 3 barges) averaged 72% over the first half. Activity in South East Asia and Africa has begun to be impacted by oil and gas companies reducing capital expenditure and looking to lower their operating costs. A number of projects and campaigns have been cancelled or deferred with others being re-tendered to achieve lower pricing. Vessel operators are pricing aggressively to maintain utilisation, and rates have been under pressure across all vessel types. MMA has been successful in securing and extending contracts during the first half but some have been at lower rates. The market in the Middle East is holding up slightly better with demand consistent but again at slightly lower rates. The second half will see a continuation of cost reductions and charter rate pressure for new contracts, whilst FY16 will be driven by the direction of the oil price and oil majors' E&P expenditure. Whilst the market is under pressure, we do continue to see activity in all regions, with tenders being released for new and existing work, albeit in a highly competitive market.

MMA's newbuild programme is on track with three vessels currently under construction in MMA's Batam Shipyard. The MMA Privilege, a multi-purpose maintenance work vessel is due for completion in June 2015 and two ROV support vessels (MMA Prestige and MMA Pinnacle) are due in the second quarter of FY16. MMA also has two Platform Supply Vessels under construction at the Vard Shipyard in Vietnam which have been contracted on a long term basis (5 + 5 years) by INPEX.

Dampier Supply Base

The first half saw activity continue to decline at the Dampier Supply Base. Earnings before interest and tax for the first half was \$9.6 million, down 49% from the second half of last year.

The transitioning of the Gorgon Project from construction to production has meant reduced demand for facilities, laydown area, equipment and personnel across the base. The reduction in rental income has significantly impacted overall margins.

The Supply Base was also impacted by industrial activity during the first half although the Base continued to operate during the strike. A new enterprise agreement was approved in January 2015 for a three year period providing enhanced workforce flexibility.

MMA is currently tendering for ongoing Supply Base contracts and is actively working to secure additional clients on the facilities.

Activity on the Supply Base is expected to remain consistent into the second half.

Whilst the Dampier Supply Base has come off its high as regional drilling and construction activity declines it remains a key long term strategic infrastructure asset servicing the offshore oil and gas industry in the region.

Dampier Slipway

The Dampier Slipway performed below expectations generating an EBIT for the half of \$0.4 million, down significantly from \$1.1 million in the previous corresponding period.

A quiet last quarter impacted the results as the Slipway currently operates with a relatively fixed cost structure.

Demand is expected to pick up again in the second half based on solid bookings already in place.

The Slipway continues to be an important strategic asset for the Company, increasing availability within MMA's fleet and enabling it to better service client requirements.

Broome Supply Base – JV with Toll Holdings Ltd

The Broome Supply Base had a stable first half with MMA's 50% share of NPAT of \$1.7 million broadly in line with the previous corresponding period of \$1.8 million.

The Base supported drilling programs in the Browse Basin region for Shell, Woodside, Conoco Philips and Santos during the first half.

Going forward into the second half the Base will continue to provide support services for the drilling programs for Shell and Woodside as well as the production drilling program for INPEX which has now commenced.

Outlook

MMA expects activity in the second half to be weaker than the first half as a result of reduced Australian project activity as Gorgon construction completes, combined with the impact of lower oil prices. The Company also expects further downward pressure on rates as clients continue to focus on cost reductions.

The International market is expected to be challenging in the current environment with pressure on rates across all vessel segments. MMA endeavours to balance its charter portfolio across a number of sectors (exploration, construction and production) and a number of geographies, in order to mitigate the risk as far as possible.

MMA remains in a strong financial position with relatively low gearing of 37% and \$143 million cash at bank.

Dividends

Full details with respect to the dividends are set out on page 3 of this Financial Report.

Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 7 of this Financial Report.

Rounding off of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order, 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



TONY HOWARTH AO
Chairman

Perth, 20 February 2015

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

20 February 2015

Dear Directors

Auditors Independence Declaration to MMA Offshore Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of MMA Offshore Limited.

As lead audit partner for the audit of the financial statements of MMA Offshore Limited for the financial year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Ross Jerrard
Partner
Chartered Accountants
20 February 2015

Independent Auditor's Review Report to the Members of MMA Offshore Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MMA Offshore Limited, which comprises the condensed statement of financial position as at 31 December 2014, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 11 to 25.

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 consolidated entity's financial position as at 31 December 2014 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*. As the auditor of MMA Offshore Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of MMA Offshore Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Ross Jerrard
Partner
Chartered Accountants
Perth, 20 February 2015

Directors' Declaration

The Directors declare that:

- a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 (Cth), including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s303(5) of the Corporations Act 2001 (Cth).

On behalf of the Directors,



TONY HOWARTH AO
Chairman

Perth, 20 February 2015

**Condensed consolidated statement of profit or loss and other comprehensive income
 for the half year ended 31 December 2014**

	Note	Half year ended 31 Dec 2014 \$'000	Half year ended 31 Dec 2013 \$'000
Revenue	3(a)	456,318	253,517
Investment Income		1,270	941
Other gains	3(b)	4,428	147
Share of profits of jointly controlled entity		1,732	1,823
Vessel expenses		(349,791)	(156,040)
Supply Base expenses		(36,321)	(51,248)
Slipway expenses		(5,811)	(5,927)
Administration expenses		(6,934)	(6,291)
Finance costs	3(c)	(9,545)	(4,651)
Profit before tax		55,346	32,271
Income tax expense	5	(17,640)	(8,061)
Profit for the period		37,706	24,210
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		99,582	5,952
Loss on hedge of net investment in a foreign operation		(35,395)	-
Gain on cash flow hedges		9,228	557
Transfer of cashflow hedge gain to initial carrying amount of fixed asset		-	(2,587)
Other comprehensive income for the period (net of tax)		73,415	3,922
Total comprehensive income for the period		111,121	28,132
Profit attributable to owners of the parent		37,706	24,210
Total comprehensive income attributable to owners of the parent		111,121	28,132
Earnings per share			
- Basic (cents per share)	4	10.25	9.79
- Diluted (cents per share)	4	10.24	9.67

The accompanying notes form part of these half year financial statements.

**Condensed consolidated statement of financial position
as at 31 December 2014**

	Note	31 Dec 2014 \$'000	30 June 2014 \$'000
Current Assets			
Cash and cash equivalents		143,457	174,768
Trade and other receivables	7	257,404	201,335
Inventories	8	5,063	6,101
Other financial assets	9	3,653	-
Prepayments	10	10,284	36,092
Total Current Assets		419,861	418,296
Non-Current Assets			
Investments accounted for using the equity method	11	10,702	10,970
Other financial assets	9	3,769	-
Property, plant and equipment	12	1,110,397	896,441
Goodwill	13	20,710	20,710
Prepayments	10	17,573	17,573
Total Non-Current Assets		1,163,151	945,694
Total Assets		1,583,012	1,363,990
Current Liabilities			
Trade and other payables	14	154,649	83,601
Unearned revenue	15	63,858	17,454
Borrowings	16	50,162	47,218
Provisions	17	22,614	21,979
Current tax liabilities		47,693	41,605
Other	19	5,592	4,820
Total Current Liabilities		344,568	216,677
Non-Current Liabilities			
Unearned revenue	15	551	2,278
Borrowings	16	401,822	393,625
Provisions	17	1,380	1,067
Other financial liabilities	18	-	1,806
Deferred tax liabilities		7,934	11,695
Total Non-Current Liabilities		411,687	410,471
Total Liabilities		756,255	627,148
Net Assets		826,757	736,842
Equity			
Issued capital	20	553,792	549,813
Reserves	21	61,644	(12,260)
Retained earnings	22	211,321	199,289
Total Equity		826,757	736,842

The accompanying notes form part of these half year financial statements.

**Condensed consolidated statement of changes in equity
for the half year ended 31 December 2014**

	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 period	-	-	-	-	24,210	24,210
Other comprehensive income for the period	-	-	(2,030)	5,952	-	3,922
Total comprehensive income for the period	-	-	(2,030)	5,952	24,210	28,132
Recognition of share based payments	-	662	-	-	-	662
Related income tax expense	-	(358)	-	-	-	(358)
Issue of shares under dividend reinvestment plan	6,311	-	-	-	-	6,311
Dividends paid	-	-	-	-	(16,159)	(16,159)
Balance at 31 December 2013	232,693	6,964	-	(458)	182,415	421,614
Balance at 1 July 2014	549,813	3,916	1,988	(18,164)	199,289	736,842
Profit for the period	-	-	-	-	37,706	37,706
Other comprehensive income for the period	-	-	(26,167)	99,582	-	73,415
Total comprehensive income for the period	-	-	(26,167)	99,582	37,706	111,121
Recognition of share based payments	-	919	-	-	-	919
Related income tax expense	-	(430)	-	-	-	(430)
Issue of shares under dividend reinvestment plan	3,979	-	-	-	-	3,979
Dividends paid	-	-	-	-	(25,674)	(25,674)
Balance at 31 December 2014	553,792	4,405	(24,179)	81,418	211,321	826,757

The accompanying notes form part of these half year financial statements.

**Condensed consolidated statement of cash flows
for the half year ended 31 December 2014**

	Half year ended 31 Dec 2014 \$'000	Half year ended 31 Dec 2013 \$'000
Cash flows from Operating Activities		
Receipts from customers	504,217	277,084
Interest received	1,237	935
Payments to suppliers and employees	(351,113)	(216,705)
Income tax paid	(26,805)	(12,632)
Interest and other costs of finance paid	(9,169)	(4,651)
Net cash provided by Operating Activities	118,367	44,031
Cash flows from Investing Activities		
Payments for property, plant and equipment	(121,774)	(48,259)
Proceeds from sale of property, plant and equipment	40	6
Dividends received	2,000	-
Proceeds from repayment of related party loans	-	2,000
Amounts advanced to related party	-	(1,500)
Net cash used in Investing Activities	(119,734)	(47,753)
Cash flows from Financing Activities		
Proceeds from borrowings	-	27,500
Repayment of borrowings	(24,673)	(9,080)
Dividends paid	(21,694)	(9,854)
Net cash provided by / (used in) Financing Activities	(46,367)	8,566
Net increase / (decrease) in cash and cash equivalents	(47,734)	4,844
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	16,423	522
Cash and Cash Equivalents at the end of the Half Year	143,457	64,190

The accompanying notes form part of these half year financial statements.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

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 the revaluation of financial instruments. 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 Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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 2014 annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New or revised Standards and Interpretations that are first effective in the current reporting period

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

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group are:-

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
 - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
 - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
 - Part C: 'Materiality'
- Interpretation 21 'Levies'

The adoption of all of the new and revised Standards has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half years.

Notes to the condensed consolidated financial statements

2. Segment Information

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:

- Vessel Operations
- 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.

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	
	Half year ended 31 Dec 2014	Half year ended 31 Dec 2013	Half year ended 31 Dec 2014	Half year ended 31 Dec 2013	Half year ended 31 Dec 2014	Half year ended 31 Dec 2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment Revenues						
Vessels	404,836	176,782	-	-	404,836	176,782
Supply Base	45,899	70,068	1,317	1,093	47,216	71,161
Slipway	5,583	6,667	6,266	5,004	11,849	11,671
Total	456,318	253,517	7,583	6,097	463,901	259,614
Eliminations					(7,583)	(6,097)
Total consolidated revenue					456,318	253,517

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

Segment Profit

Vessels	55,045	20,742
Supply Base	9,569	18,820
Slipway	362	1,135
Eliminations	(581)	(395)
Total for continuing operations	64,395	40,302
Investment income	1,270	941
Other gains	4,428	147
Central administration costs	(6,934)	(6,291)
Share of profit of jointly controlled entity	1,732	1,823
Unallocated finance costs	(9,545)	(4,651)
Profit before tax	55,346	32,271

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.

Notes to the condensed consolidated financial statements

2. Segment Information (continued)

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

	31 Dec 2014 \$'000	30 June 2014 \$'000
Vessels	1,217,877	976,532
Supply Base	176,344	169,245
Slipway	16,672	20,084
Unallocated	172,119	198,129
	<u>1,583,012</u>	<u>1,363,990</u>

The following is an analysis of other segment information.

	Depreciation and amortisation		Additions to non-current assets		Carrying value of equity accounted investments	
	31 Dec 2014 \$'000	31 Dec 2013 \$'000	31 Dec 2014 \$'000	31 Dec 2013 \$'000	31 Dec 2014 \$'000	30 June 2014 \$'000
Vessels	65,653	14,486	195,959	40,366	-	-
Supply Base	3,591	6,207	1,482	9,532	-	-
Slipway	364	375	760	357	-	-
Unallocated	520	550	731	880	10,702	10,970
	<u>70,128</u>	<u>21,618</u>	<u>198,932</u>	<u>51,135</u>	<u>10,702</u>	<u>10,970</u>

3. Profit from Operations

	Half year ended 31 Dec 2014 \$'000	Half year ended 31 Dec 2013 \$'000
a) Revenue from continuing operations consisted of the following items:		
Rendering of services	437,377	219,202
Rental revenue	18,941	34,315
	<u>456,318</u>	<u>253,517</u>
b) Other gains		
Net foreign exchange gain	4,734	143
Gain/(loss) on disposal of:		
Property, plant and equipment	(306)	4
	<u>4,428</u>	<u>147</u>
c) Finance costs		
Interest expense – bank loans	9,297	4,196
Finance charges – lease finance charges	248	455
	<u>9,545</u>	<u>4,651</u>

Notes to the condensed consolidated financial statements

3. Profit from Operations (continued)

	Half year ended 31 Dec 2014 \$'000	Half year ended 31 Dec 2013 \$'000
d) Profit for the period		
Profit for the period before income tax has been arrived at after charging the following:		
i) Depreciation		
Leasehold buildings and improvements	2,854	5,275
Vessels	64,643	13,921
Vessels – hire purchase	255	440
Plant and equipment	1,866	1,535
Plant and equipment – hire purchase	510	447
	70,128	21,618
ii) Impairment losses		
Impairment losses recognised on trade receivables	(276)	270
iii) Employee benefits		
Post employment benefits:		
Defined contribution plans	10,859	4,653
Share based payments:		
Equity settled share based payments	919	662
Other employee benefits	125,711	92,153
	137,489	97,468

Notes to the condensed consolidated financial statements

4. Earnings per Share

	Half year ended 31 Dec 2014 Cents per Share	Half year ended 31 Dec 2013 Cents per Share
Basic earnings per share	10.25	9.79
Diluted earnings per share	10.24	9.67

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:

	\$'000	\$'000
Net Profit	37,706	24,210
	No.'000	No.'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	367,764	247,185

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:

	\$'000	\$'000
Net Profit	37,706	24,210
	No.'000	No.'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	367,764	247,185
Shares deemed to be issued for no consideration in respect of:		
Employee options/performance rights	519	3,074
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	368,283	250,259

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 performance rights	2,711	-
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Restatement of Earnings per Share

Earnings per share comparatives have been restated due to a rights issue in the 2014 financial year which included a bonus element. As a result;

- Basic earnings per share previously reported has decreased by 0.69 cents to 9.79 cents per share
- Diluted earnings per share previously reported has decreased by 0.68 cents to 9.67 cents per share

Notes to the condensed consolidated financial statements

5. Income Tax

	Half year ended 31 Dec 2014 \$'000	Half year ended 31 Dec 2013 \$'000
Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax expense in respect of the current year	23,603	11,222
Deferred tax (benefit) / expense relating to origination and reversal of temporary differences	(6,215)	(3,062)
Adjustment recognised in the current year in relation to the current tax of prior years	252	(99)
Total tax expense	17,640	8,061
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit from operations	55,346	32,271
Income tax expense calculated at 30%	16,603	9,681
Effect of revenue that is exempt from taxation	(1,835)	(1,460)
Effect of foreign income taxable in Australia	2,728	-
Effect of expenses that are not deductible in determining taxable profit	2,079	28
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,187)	(89)
	17,388	8,160
Adjustment recognised in the current year in relation to the current tax of prior years	252	(99)
	17,640	8,061

The Group was subject to taxes in a number of jurisdictions and the tax rates payable under these are:-

- Australia 30%
- Singapore 17%
- Indonesia 25%
- Thailand 20%
- Malaysia 25%
- Brunei 20%
- Saudi Arabia 20%

6. Dividends

During the period, MMA Offshore Limited made the following dividend payments:

	Half year ended 31 December 2014		Half year ended 31 December 2013	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Fully paid ordinary shares				
Final Dividend (fully franked at a 30% tax rate)	7.0	25,674	7.0	16,159

On 20 February 2015, the Directors declared a fully franked interim dividend in respect to the year ending 30 June 2015 of 4.0 cents per share to the holders of fully paid ordinary shares. The dividend will be paid to all shareholders recorded on the register of members as at 13 March 2015 (the Record Date). This dividend will be paid on 2 April 2015. This dividend has not been included as a liability in these financial statements.

Notes to the condensed consolidated financial statements

7. Trade and Other Receivables

	31 Dec 2014 \$'000	30 June 2014 \$'000
Trade receivables	181,848	182,953
Allowance for doubtful debts	(877)	(1,063)
Other receivables	76,433	19,445
	<u>257,404</u>	<u>201,335</u>

8. Inventories

Fuel – at cost	3,077	2,027
Consumables	1,358	3,477
Work in progress	628	597
	<u>5,063</u>	<u>6,101</u>

9. Other Financial Assets

Current

Derivatives

Foreign currency forward contracts

3,653

-

Non-current Assets

Derivatives

Foreign currency forward contracts

3,769

-

10. Prepayments

Current	10,284	36,092
Non current	17,573	17,573
	<u>27,857</u>	<u>53,665</u>

11. Investments Accounted For Using the Equity Method

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest		Consolidated Carrying Amount	
			31 Dec 2014 %	30 June 2014 %	31 Dec 2014 \$'000	30 June 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	<u>10,702</u>	<u>10,970</u>

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

Notes to the condensed consolidated financial statements

12. Property, Plant & Equipment

	Leasehold Buildings and Improvements at cost	Vessels at cost	Vessels – Hire Purchase at cost	Plant and Equipment at cost	Plant and Equipment – Hire Purchase at cost	Fixed assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount:							
Balance at 1 July 2014	143,382	783,274	7,200	29,882	12,115	72,119	1,047,972
Additions	2,082	147,884	-	1,474	69	47,423	198,932
Disposals	-	(2,018)	-	(1,016)	-	-	(3,034)
Transfers	3,969	41,333	635	(5,033)	(202)	(40,702)	-
Net currency exchange differences	1,081	94,043	-	1,985	-	10,688	107,797
Balance at 31 December 2014	150,514	1,064,516	7,835	27,292	11,982	89,528	1,351,667
Accumulated depreciation:							
Balance at 1 July 2014	(36,694)	(97,388)	(3,273)	(10,395)	(3,781)	-	(151,531)
Disposals	-	374	-	645	-	-	1,019
Transfers	(1,131)	(273)	(37)	1,321	120	-	-
Depreciation expense	(2,854)	(64,643)	(255)	(1,866)	(510)	-	(70,128)
Net currency exchange differences	(932)	(18,577)	-	(1,121)	-	-	(20,630)
Balance at 31 December 2014	(41,611)	(180,507)	(3,565)	(11,416)	(4,171)	-	(241,270)
Net book value:							
As at 30 June 2014	106,688	685,886	3,928	19,486	8,334	72,119	896,441
As at 31 December 2014	108,903	884,009	4,270	15,876	7,811	89,528	1,110,397

Notes to the condensed consolidated financial statements

13. Goodwill

	31 Dec 2014	30 June 2014
	\$'000	\$'000
Balance at the beginning of year	20,710	20,710
Accumulated impairment losses	-	-
Balance at the end of year	<u>20,710</u>	<u>20,710</u>

14. Trade and Other Payables

Trade payables	37,157	26,859
Other payables and accruals	115,344	50,913
Goods and services tax payable	2,148	5,829
	<u>154,649</u>	<u>83,601</u>

15. Unearned revenue

Current	63,858	17,454
Non-current	551	2,278
	<u>64,409</u>	<u>19,732</u>

16. Borrowings

Secured – at amortised cost

Current

Hire purchase liability	4,022	4,572
Bank loan	46,140	42,646
	<u>50,162</u>	<u>47,218</u>

Non-Current

Hire purchase liability	1,824	2,423
Bank loan	399,998	391,202
	<u>401,822</u>	<u>393,625</u>

Notes to the condensed consolidated financial statements

17. Provisions

Current	31 Dec 2014	30 June 2014
	\$'000	\$'000
Employee benefits – Annual Leave	11,192	11,023
Employee benefits – long service leave	2,034	1,807
Restructuring	-	1,534
Project related costs	9,388	7,615
	22,614	21,979

Non-Current

Employee benefits – Long Service Leave	1,380	1,067
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18. Other financial liabilities

Derivatives		
Foreign currency forward contracts	-	1,806

19. Other Current Liabilities

Customer security deposits	5,536	4,820
Other customer deposits	56	-
	5,592	4,820

20. Issued capital

368,666,221 fully paid ordinary shares	553,792	549,813
(30 June 2014: 366,766,098)		

During the half year, the Company issued 1,784,480 shares for \$2.23 per share issued under the Company's dividend reinvestment plan and 115,643 shares under its various employee performance rights plans.

During the half year, the Company granted 1,615,628 performance rights (2014: 1,777,645) under its various employee rights plans. These rights plans had a weighted average fair value at grant date of \$1.01 per right (2014: \$2.03).

Notes to the condensed consolidated financial statements

21. Reserves

	31 Dec 2014	30 June 2014
	\$'000	\$'000
Employee equity settled benefits	4,405	3,916
Hedging	(24,179)	1,988
Foreign currency translation	81,418	(18,164)
	61,644	(12,260)

22. Retained Earnings

Balance at beginning of financial period	199,289	174,364
Net profit attributable to owners of the Company	37,706	53,884
Dividend provided for or paid	(25,674)	(28,959)
Balance at end of financial period	211,321	199,289

23. Subsequent Events

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