MMA
OFFSHORE

ABN 21 083 185 693

Financial Report and Appendix 4D for the Half Year Ended 31 December 2021

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Results for Announcement to the Market

Current Reporting Period: Half year ended 31 December 2021
Previous Reporting Period: Half year ended 31 December 2020

Earnings	31 Dec 2021 $'000	31 Dec 2020 $'000	% Change
Revenue from ordinary activities	137,267	119,883	↑14.5%
Profit/(loss) before tax	(4,436)	15,882	↓ 127%
Profit/(loss) from ordinary activities after tax attributable to members	(5,248)	15,521	↓ 134%
Net profit/(loss) attributable to members	(5,248)	15,521	↓ 134%

Information regarding the revenue and loss 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
Given the on-going market conditions, no interim dividend has been declared for the 2022 financial year.

Net Tangible Asset Backing	31 Dec 2021	31 Dec 2020
Net tangible asset backing per share	$0.80	$0.83

The comparative net tangible asset backing has been adjusted to reflect the impact of the share consolidation completed in February 2021.

Details of associates and joint ventures
In November 2021, the Group acquired a 49.9% interest in Global Aqua Survey (GAS) Ltd, a subsea company operating in Taiwan. The consideration for the investment was 42.5 million New Taiwan dollars (A$2.1m). The share of profit from the entity for the period was nil.

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 2021. In order to comply with the provisions of the Corporations Act 2001 (Cth), the Directors report as follows:

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

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

Review of Operations

Financial Result

Revenue for the half was $137.3 million, up 14.5% on the previous corresponding period. EBITDA was $14.3 million, as compared to Reported EBITDA of $38.3 million for the first half of FY2021. EBITDA for the previous corresponding period included a number of one-off benefits, including a $14.8 million debt forgiveness benefit, government subsidies totalling $6.2 million and doubtful debt recoveries of $1.3 million, which were not repeated in the current financial year.

The financial result was significantly affected by COVID-19 with the increased transmissibility of the Delta and Omicron variants directly impacting our operations, resulting in vessel downtime, project delays and increased costs.

Cash at bank at 31 December 2021 was $65.3 million, down from $96.2 million at 30 June 2021, as a result of debt repayments totalling $18.8 million, the transfer of $8.8 million in exchange for a first-class bank guarantee in relation to the J&J crane legal dispute which is before the Singapore High Court and increased working capital requirements of $8.3 million due to mobilisations of large project logistics scopes.

Market Conditions

At an operational level we have faced significant challenges due to COVID-19 with the increased transmissibility of new variants directly impacting our operations. Several vessels have been shut down for quarantine reasons during the first half and project timeframes have been impacted by ongoing border restrictions which have increased complexity with regard to mobilising personnel and assets across international and interstate borders. This has added significant cost to our operations and impacted the volume of work which can be undertaken.

The situation is continually evolving, and we are hopeful that as border restrictions and quarantine requirements ease, the burden on the business will reduce.

At a macro level, there are positive signs for activity in both the oil and gas and offshore wind sectors.

Offshore oil and gas sanctioning activity picked up during the 2021 calendar year with many projects which had been delayed due to COVID-19 achieving final investment decision. Offshore activity for the coming five years is expected to be positive with an estimated $180 billion in new projects expected to be sanctioned in MMA's operating regions between 2022 and 2026[1]. The oil price recovery has been sustained through 2021 with an average Brent oil price during the second half of US$76/barrel and prices recently reaching a seven year high of over US$90/barrel.

Offshore wind activity continues to grow strongly with over 3,000 turbines to be installed and US$80 billion expected to be spent on offshore wind farm developments in Asia and Australia between 2022 and 2026[1]. As a vessel intensive activity, offshore wind is expected to drive significant additional vessel demand over that period.

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

Strategy

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

A key strategic focus is to continue to leverage our skills and assets across our vessels, subsea, project logistics and engineering businesses to deliver integrated project solutions for our clients across all of our key target markets. We have

[1] Rystad, Feb 2022.

successfully delivered a number of integrated projects over the past two years in both oil and gas and offshore wind and we will continue to refine our integrated service model with the aim of further embedding our services with our clients.

Whilst we expect oil and gas will be a fundamental part of the energy mix for some time, the focus on climate change has increased the pace of the transition to renewable energy, including offshore wind. We see renewables as a key future market for MMA with a significant number of new offshore wind farms expected to be developed in the Asia Pacific region over the coming decade. Over the past two years, MMA has supported a number of offshore wind development projects in Taiwan utilising our vessels and subsea services to deliver a range of work scopes.

A key part of our renewables strategy has been to establish local operating structures to enable us to operate under local content rules. We recently established a local entity in Taiwan and acquired a 49.9% share in a Taiwanese survey business to create a new entity “MMA Global Aqua” to facilitate our growth in that market. We also have a MOU in place with Worley to provide integrated inspection and maintenance services to the offshore wind market in Taiwan and the broader region. We will look to establish similar structures in South Korea, Japan and Vietnam as these markets develop.

We continue to target the government and defence sectors and are currently active in delivering hydrographic survey services to the Australian Navy as part of the HydroScheme Industry Partnership Program (“HIPP”). We have recently secured our third hydrographic survey scope and are investing in technology to continue growing this part of the business.

Underpinning the strategy is the marine expertise within our business which enables us to deliver innovative solutions to our clients to differentiate us from our competitors. We will continue to build and maintain this marine expertise to enable us to deliver our strategy.

MMA derived 23% of first half revenue from non-oil and gas sources including 9% from offshore wind and 4% from government services with a further 10% from other sources such as salvage, cable lay support and marine infrastructure.

Balance Sheet

As at 31 December 2021, MMA had Cash at Bank of $65.3 million, down from $96.2million at 30 June 2021.

The cash balance was impacted by a number of key items during the first half including:

- Voluntary debt repayments totalling $18.8 million;
- Transfer of $8.8 million in exchange for a first-class bank guarantee in relation to the J&J Cranes legal dispute, which is currently before the Singapore High Court;
- $2.1 million in relation to MMA’s investment into the MMA Global Aqua joint venture;
- Maintenance capital expenditure of $4.0 million; and
- Increased working capital requirements due to mobilisations of project logistics work scopes requiring third party charters $8.3 million.

As of 31 December 2021, MMA’s Total Debt (Bank Debt plus lease liabilities) was $155.4 million, down from $173.6 million in June2021 and Net Debt (Total Debt less Cash) was $90.1 million as compared to $77.4 million.

MMA’s Net Debt / EBITDA based on the last 12 months EBITDA performance is 3.2x and Net Debt to Property Plant and Equipment is 24%.

MMA is currently trading within covenant limits, however a waiver is in place until 31 March 2022 in light of the current impacts of COVID-19 on the business.

In addition, MMA intends to apply the proceeds from future vessel sales to further reduce debt and improve our debt metrics.

Asset Sales

MMA currently has eight vessels classified as “Held for Sale” on the Balance Sheet at an estimated value of $31.7 million. MMA is currently in advanced negotiations on four vessels which if proceed to completion would settle during the second half of the financial year, with active enquiries on a further three vessels.

The lessor of our Batam Shipyard also has an option to purchase the facility for a total of US$15.0 million (A$21 million). The option to purchase may be exercised by the lessor at any time up to 12 March 2024.

Cost Control

Cost control remains an ongoing key focus for MMA whilst ensuring we maintain the quality and safety of our operations. The pandemic has increased the costs and complexity of our operations and has resulted in vessel down time and project delays due to positive cases, as well as increased costs associated with moving crew and assets across international and interstate borders, whilst complying with dynamic quarantine and border restrictions.

The unaudited estimated additional direct cost to the business for the first half was in the range of $2.5 - 3.0 million, with indirect and lost opportunities further compounding the commercial effect of COVID-19.

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

Operational Update

Vessel Services

Vessel revenue was $92.0 million for the first half and Vessel EBITDA was $17.4 million, as compared to revenue of $88.1 million and EBITDA of $22.7 million for the previous corresponding period.

The financial performance of the vessel division was significantly impacted by COVID-19 with vessel downtime resulting from positive COVID-19 cases within our crews, increased costs associated with quarantine requirements and reduced activity in South East Asia, particularly Malaysia as a result of projects being deferred due to the pandemic.

Average utilisation for the half year was 66%, up from 55% in the first half of FY2021. AHT utilisation was 87% (pcp 81%), PSV utilisation was 76% (pcp 72%) and MPSV utilisation was 64% (pcp 80%). Utilisation on the remaining eight AHTS vessels improved to 49% from 22% in the previous corresponding period as a result of project logistics work in Australia and the impact of selling a number of underutilised vessels in the previous financial year. We continue to progress our strategy to largely exit the AHTS segment, which is more commoditised and not in line with our future strategic direction.

As at 31 December 2021, 26% of available vessel days for the coming 12-month period were contracted, increasing to 39% taking into account highly probable contract awards and extension periods. This compares to 30% and 36% at the same time last year. Recent awards have increased the contracted position at 31 January 2022 to 31% firm and 40% including option periods.

MMA recently secured a number of new vessel contracts including:

- A contract renewal with Woodside for the Mermaid Cove for a period of 3.5 years with a further 1.5 years in option periods. In conjunction with Woodside, MMA will fit the Mermaid Cove with battery technology to make the vessel more efficient and lower the overall carbon footprint of the vessel;
- A new contract for the MMA Privilege to provide accommodation and walk to work support services for a long-term client in Côte d'Ivoire. The contract is for a period of two years firm, commencing in March 2022, with the vessel mobilising from Singapore in February 2022;
- A five-year contract renewal for the MMA Brewster to provide production support services for INPEX operated Ichthys LNG, with a further five one- year extension options thereafter; and
- A one-year extension of the MMA Inscription with Santos at Bayu-Undan in the Timor Sea.

These contract extensions add to MMA's baseload of contracted earnings for the vessel business, increasing the contracted revenue backlog from the position at the start of the financial year.

MMA continued to have a number of vessels on longer-term contract including:

- The MMA Plover continues on a two-year plus options contract with INPEX, providing drilling rig support services for the Ichthys LNG field;
- The MMA Vision is supporting OMV in New Zealand on a three-year contract with further options to extend; and
- The MMA Pinnacle is due to complete its three-year contract with iTech 7, Subsea 7's Life of Field business unit and return to the MPSV fleet after its five-year docking.

Other key activities during the first half included:

- The Mermaid Searcher continued on contract with UPS providing support services for the Northern Endeavour FPSO decommissioning project;
- Four vessels, the MMA Leveque, MMA Responder, MMA Crystal and MMA Pride supported wind farm developments and maintenance activities in Taiwan;
- MMA had a number of vessels supporting our project logistics division's contract with Subsea 7 for tug and barge and other logistics support for Julimar Stage 2. The vessels are now supporting Technip on another major project logistics scope in the North West Shelf;
- The MMA Prestige completed a number of subsea scopes in South East Asia including support services for salvage operations in Sri Lanka; and
- The MMA Vigilant recently mobilised for an integrated IMR scope with our subsea division for Oil Search.

The outlook for the vessel business is looking more positive with recent contract renewals locking in a firm baseload of contracted earnings going forward. Macro conditions are improving across our markets; however, we expect the impacts of COVID-19 to be an ongoing challenge through the second half.

Subsea Services

Subsea revenue was $30.3 million for the first half and Subsea EBITDA was $0.5 million, as compared to revenue of $31.3 million and an EBITDA loss of $(1.2) million in the previous corresponding period.

Significant improvements have been made in terms of business and operational processes over the past 12 months and we are starting to see this translate into improved operational and financial performance.

The subsea division continued to be impacted by COVID-19 particularly in South-East Asia and the United Kingdom where activity was well below average levels. The pandemic continues to cause project delays and difficulties in mobilising personnel to project locations impacting our revenue and costs.

Notwithstanding the impacts of the pandemic, the subsea business had a relatively positive first half.

A number of new projects were secured during the period including:

- A survey scope for the Tas Networks Marinus Link cable project in Tasmania;
- A hydrographic survey scope off Tasmania for the Australian Navy as part of the HIPPs Program;
- An inspection, maintenance and repair scope for Oil Search in Papua New Guinea; and
- A further jetty remediation scope for South 32 in Groote Eylandt.

Rig positioning activity was strong during the first half with MMA supporting rig moves for Woodside, INPEX, Beach Energy and Santos under our long-term frame agreements as well as for Jadestone.

Subsea stabilisation activity was also strong with a number of large grouting and scour protection projects undertaken for Subsea 7, Technip and McDermott.

We also conducted a number of integrated work scopes utilising the MMA Prestige and MMA Vigilant, however, activity was limited due to COVID-19 particularly in South East Asia.

We continue to make inroads into the offshore wind market and completed a number of projects during the first half including a site investigation survey for a major offshore wind development and several smaller scopes. We also completed the acquisition of 49.9% of a Taiwanese survey company to form MMA Global Aqua, to actively target opportunities with the benefit of a local partner. The MMA Crystal was recently fitted with a suite of subsea equipment with the vessel to be permanently located in Taiwan. We are also actively developing inspection and maintenance opportunities in collaboration with Worley as part of our joint venture agreement.

The UK business experienced lower activity due to COVID-19 but in recent months the market has begun to pick up and a number of sizeable work scopes have been secured.

The macro outlook for the subsea business is beginning to improve and activity levels have picked up in recent months. Whilst, COVID-19 continues to be a challenge, we expect the performance of the subsea business to continue to improve.

Project Logistics

The Project Logistics division generated revenue for the half year of $24.5 million up from $7.1 million and an EBITDA loss of $(0.1) million, down from $0.7 million.

The negative EBITDA result for the half was the result of a number of factors including:

- One-off costs of $(0.94) million in relation to the closure of the Tuas Shipyard in Singapore at the end of the lease period;
- A provision for legal costs and interest in relation to the J&J crane dispute of $(0.66) million;
- Higher than anticipated mobilisation costs due to COVID-19;
- COVID-19 related delays on projects which increased the holding costs on vessel spreads which had been mobilised into Australia for an earlier anticipated commencement. MMA anticipates that a proportion of the additional costs incurred will be recouped in the second half pending the outcome of variation claims.

Key projects undertaken by the Project Logistics division during the first half included:

- A logistics scope for Subsea 7 supporting the transport of subsea equipment from South-East Asia to Australia for the Julimar 2 Project. The vessel spread consisted of four tugs and two barges with three of the tugs coming from MMA's fleet and the remainder chartered in from third parties; and
- A logistics scope supporting Technip on a large subsea installation project in the North West Shelf with a 10-vessel spread (six tugs, four barges). The project was initially planned to commence in direct continuation of Julimar 2 but was delayed and is now due to be completed in the second half.

The Project Logistics division has also been successful in making inroads into the South East Asian market and is currently completing logistics projects in the Philippines and India which will also contribute to the second half.

The Batam Shipyard commenced generating rental income from the sublease to WASCO during the first half. WASCO currently have a purchased option on the yard for US$15 million to be exercised at their discretion any time before March 2024. MMA has retained access to a portion of the facility and waterfront for its own operations.

MMA's facility in Tuas, Singapore was recently handed back to the Singapore Government at the end of the lease period. MMA has secured laydown area, warehouse facilities and wharf access at a state of the art third party facility in Singapore for future vessel mobilisations and maintenance as required.

Whilst the current period financial performance of the division has been significantly impacted by COVID-19 and one-off items, the longer-term outlook for project logistics requirements in MMA's key regions is relatively strong, with a number of large oil and gas projects flagged for development between FY24 to FY26. Decommissioning projects are also expected to take place in the same timeframe with project logistics being a key component of the decommissioning work scope. Similarly, the outlook for offshore wind is strong and will be a key focus area for the Projects Logistics group into the future.

Auditors' Independence Declaration

The Auditors' Independence Declaration is included on page 9 of the half year report.

Rounding off of Amounts

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

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

On behalf of the Directors

IAN MACLIVER
Chairman

Perth, 23 February 2022

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Level 10/12-14
The Esplanade,
Perth WA 6000
23 February 2022

Dear Directors

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 review of the financial statements of MMA Offshore Limited for the half year ended 31 December 2021, 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Vincent Snijders
Partner
Chartered Accountants

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

Conclusion

We have reviewed the half-year financial report of MMA Offshore Limited ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 12 to 30.

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 Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Directors' Responsibilities for the Half-Year Financial Report

The directors of the Group 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Vincent Snijders
Partner
Chartered Accountants
Perth, 23 February 2022

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,

IAN MACLIVER
Chairman

Perth, 23 February 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2021

	Note	Dec 2021 $'000	Dec 2020 $'000
Revenue	2.1	137,267	119,883
Finance income		35	69
Other income	2.2	508	23,232
Vessel expenses		(80,255)	(75,454)
Subsea expenses		(29,265)	(32,027)
Project Logistics expenses		(23,766)	(5,927)
Administration expenses		(5,683)	(5,749)
Finance costs		(3,277)	(8,145)
Profit/ (loss) before tax		(4,436)	15,882
Income tax expense		(812)	(361)
Profit / (loss) for the Period		(5,248)	15,521
Other Comprehensive Income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	2.3	8,454	(37,927)
Gain/(Loss) on hedge of net investment in a foreign operation	2.3	(2,855)	15,567
Other comprehensive income/(loss) for the period, net of tax		5,599	(22,360)
Total Comprehensive Income/ (loss) for the Period		351	(6,839)
Profit/(Loss) attributable to:			
Owners of the parent		(5,368)	15,505
Non-controlling interests		120	16
		(5,248)	15,521
Total comprehensive income attributable to:			
Owners of the parent		67	(6,875)
Non-controlling interests		284	36
		351	(6,839)

		Cents Per Share	Cents Per Share
Earnings/(Loss) per share			
From continuing operations			
Basic	2.4	(1.46)	9.00
Diluted	2.4	(1.46)	8.83

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

Condensed Consolidated Statement of Financial Position
As at 31 December 2021

	Note	Dec 2021 $'000	June 2021 $'000
Current Assets			
Cash and cash equivalents		65,251	96,226
Trade and other receivables	3.1	69,967	49,864
Inventories	3.2	1,456	2,691
Prepayments		10,398	3,679
Assets classified as held for sale	3.3	31,678	30,682
Total Current Assets		178,750	183,142
Non-Current Assets			
Property, plant and equipment	3.4	329,220	333,399
Right-of-use assets	3.5	7,736	9,938
Investment in associate	3.7	2,075	-
Intangibles		663	765
Total Non-Current Assets		339,694	344,102
Total Assets		518,444	527,244
Current Liabilities			
Trade and other payables	3.8	48,945	36,230
Unearned revenue		7,866	3,152
Borrowings	3.9	5,000	15,568
Lease liabilities		2,218	3,502
Provisions	3.10	15,903	23,218
Current tax liabilities		254	1,242
Total Current Liabilities		80,186	82,912
Non-Current Liabilities			
Borrowings	3.9	142,574	147,932
Lease liabilities		5,653	6,635
Provisions	3.10	39	112
Deferred tax liabilities		132	56
Total Non-Current Liabilities		148,398	154,735
Total Liabilities		228,584	237,647
Net Assets		289,860	289,597
Equity			
Issued capital	4.1	742,265	742,247
Reserves		129,449	124,105
Accumulated losses		(581,916)	(576,548)
Equity attributable to owners of the company		289,798	289,804
Non-controlling interest		62	(207)
Total Equity		289,860	289,597

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

Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2021

Half Year Ended 31 December 2021	Issued Capital $'000	Employee Equity Settled Benefits Reserve $'000	Hedging Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Equity Holders of parent $'000	Non Controlling Interest $'000	Total $'000
Balance at 1 July 2021	742,247	3,949	(56,511)	176,667	(576,548)	289,804	(207)	289,597
Comprehensive income/(loss) for the period:								
Profit/(loss) for the period	-	-	-	-	(5,368)	(5,368)	120	(5,248)
Other comprehensive income/(loss) for the period	-	-	(2,855)	8,290	-	5,435	164	5,599
Total Comprehensive Income/(Loss) for the Period	-	-	(2,855)	8,290	(5,368)	67	284	351
Share issue costs	18	-	-	-	-	18	(15)	3
Recognition of share based payments	-	(92)	-	-	-	(92)		(92)
Balance at 31 December 2021	742,265	3,858	(59,366)	184,957	(581,916)	289,798	62	289,860

Half Year Ended 31 December 2020	Issued Capital $'000	Employee Equity Settled Benefits Reserve $'000	Hedging Reserve $'000	Foreign Currency Translation Reserve $'000	Accumulated Losses $'000	Equity Holders of parent $'000	Non Controlling Interest $'000	Total $'000
Balance at 1 July 2020	667,251	1,878	(69,423)	206,850	(579,244)	227,312	(191)	227,121
Comprehensive income/(loss) for the period:								
Profit for the period	-	-	-	-	15,505	15,505	16	15,521
Other comprehensive income/(loss) for the period	-	-	15,567	(37,947)	-	(22,380)	20	(22,360)
Total Comprehensive Income/(Loss) for the Period	-	-	15,567	(37,947)	15,505	(6,875)	36	(6,839)
Issue of shares	80,045	-	-	-	-	80,045	-	80,045
Share issue costs	(4,450)	-	-	-	-	(4,450)	-	(4,450)
Recognition of share based payments	-	1,084	-	-	-	1,084	-	1,084
Balance at 31 December 2020	742,846	2,962	(53,856)	168,903	(563,739)	297,116	(155)	296,961

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

Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2021

	Note	Dec 2021 $'000	Dec 2020 $'000
Cash flows from Operating Activities			
Receipts from customers		127,732	118,859
Interest received		35	69
Government grants received		103	7,054
Payments to suppliers and employees		(121,824)	(101,271)
Provisional payment under arbitration award	3.10	(8,777)	-
Income tax paid		(1,753)	(1,004)
Interest and other costs of finance paid		(3,107)	(5,318)
Net Cash Used in/ Provided by Operating Activities		(7,591)	18,389
Cash flows from Investing Activities			
Payments for property, plant and equipment		(3,991)	(3,747)
Proceeds from sale of property, plant and equipment		1,464	2,655
Investment in associate	3.7	(2,075)	-
Net Cash Used in Investing Activities		(4,602)	(1,092)
Cash flows from Financing Activities			
Repayment of borrowings	3.9	(18,781)	(77,073)
Financing fees on borrowings		-	(383)
Proceeds from issue of shares	4.1	-	80,045
Payment for share issue costs		-	(4,450)
Payment of lease liabilities		(2,436)	(3,063)
Net Cash Used In Financing Activities		(21,217)	(4,924)
Net increase/(decrease) in cash and cash equivalents		(33,410)	12,373
Cash and cash equivalents at the beginning of the half year period		96,226	86,637
Effects of exchange rate changes on the balance of cash held in foreign currencies	2.3	2,435	(6,099)
Cash and Cash Equivalents at the End of the Half Year		65,251	92,911

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

Notes to the Condensed Consolidated Financial Statements

1. General Notes

Statement of compliance

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

Basis of preparation

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

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

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 2021 annual financial report for the financial year ended 30 June 2021**,** These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

2. Financial Performance

2.1 Segment information

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

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

The group's three reportable segments are:

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

Segment revenues and results

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

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

Inter-segment sales are charged at prevailing market prices

Result

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

2. Financial Performance (continued)

2.1 Segment information (continued)

	Vessel Services	Subsea Services	Project Logistics	Eliminations	Consolidated
	2020 $'000	2020 $'000	2020 $'000	2020 $'000	2020 $'000
Revenue					
External sales	72,287	28,679	6,231	-	107,197
External sales – assets classified as held for sale	12,686	-	-	-	12,686
Inter-segment sales	3,169	2,619	901	(6,689)	-
Total revenue	88,142	31,298	7,132	(6,689)	119,883

Inter-segment sales are charged at prevailing market prices

Result

Segment profit/(loss)	9,519	(3,348)	304	-	6,475
Finance income					69
Other income					23,232
Administration costs					(5,749)
Finance costs					(8,145)
Profit for the period before income tax					15,882

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

Disaggregation of revenue

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

	Dec 2021 $'000	Dec 2020 $'000
Revenue recognised over time:		
Vessel hire	68,485	74,174
Revenue from vessels held for sale	9,662	12,686
Equipment Hire	5,233	10,141
Personnel	6,114	7,834
Mobilisation/Demobilisation	4,199	3,549
Fabrication	10,536	4,433
Materials	222	1,090
Project management	22,349	3,686
Facility lease	936	-
Other	2,279	1,401
	130,015	118,994
Revenue recognised at a point in time:		
Fuel sales	7,252	889
Total	137,267	119,883

2. Financial Performance (continued)

2.1 Segment information (continued)

Segment Assets

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

	Dec 2021 $'000	June 2021 $'000
Vessel Services[(i)]	382,249	387,250
Subsea Services[(i)]	31,647	30,581
Project Logistics	27,647	2,761
Unallocated	76,901	106,652
Total[(ii)]	518,444	527,244

(i) Vessel and Subsea Services segment assets include assets held for sale (refer note 3.3)

(ii) Segment assets are held in both A$ and US$ denominated currencies. The US$ assets are translated into A$ using exchange rates prevailing at the end of the reporting period.

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

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	Dec 2021 $'000	Dec 2020 $'000	Dec 2021 $'000	Dec 2020 $'000
Vessel Services	12,692	13,172	3,220	4,570
Subsea Services	832	2,179	440	186
Project Logistics	263	378	-	219
Unallocated assets	1,774	1,159	331	102
Total	15,561	16,888	3,991	5,077

2. Financial Performance (continued)

2.2 Other income and expenses

	Dec 2021 $'000	Dec 2020 $'000
Profit/(loss) for the period has been arrived at after recognising the following specific amounts:		
Other income and expenses		
Government grants(i)	103	7,132
Other gains and losses:		
Net foreign exchange gains/(losses)	220	(857)
Profit on disposal of property, plant & equipment	60	-
Profit on disposal of assets held for sale	-	2,582
Debt forgiveness on banking facility	-	14,757
Debt restructure costs	-	(382)
Other income	125	-
Total	508	23,232

(i) During the reporting period the group has received Government grants in Singapore of $0.1 million (December 2020: $0.6 million) and $nil in Australia (December 2020: $6.5 million) to assist in dealing with the impact of the COVID-19 pandemic.

	Dec 2021 $'000	Dec 2020 $'000
Depreciation:		
Leasehold buildings and improvements	129	135
Vessels	12,596	12,049
Plant and equipment	999	1,357
Computer software	104	213
Right-of-use assets	1,733	3,135
Total	15,561	16,888
Impairment charges:		
Impairment charges recognised on trade receivables	991	110
Allowance for credit loss reversal on trade receivable recovery	-	(1,289)
Employee benefits:		
Post-employment benefits		
Defined contribution plans	4,215	4,267
Share based payments		
Equity settled share based payments	(92)	1,084
Other employee benefits	57,811	59,103
Total	61,934	64,454

2.3 Exchange rate movements

The AUD:USD exchange rate decreased during the period, from $0.75 to $0.73. This has resulted in the current period exchange movements on items within Other Comprehensive Income and Statement of Cash Flows.

2.4 Earnings per Share

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

	Dec 2021 $'000	Dec 2020 $'000
Profit/ (loss) for the period	(5,248)	15,521

	Dec 2021 No. '000	Dec 2020 No. '000
Weighted average number of ordinary shares used for purpose of basic earnings per share	359,328	172,145
Effect of dilutive potential ordinary shares	-	3,519
Weighted average number of ordinary shares used for purpose of diluted earnings per share	359,328	175,644

The weighted average number of shares, in the comparative period, used for the purposes of calculating both basic and diluted earnings per share have been adjusted to reflect the capital raising completed during the year ended 30 June 2021.

3. Assets and Liabilities

3.1 Trade and Other Receivables

	Dec 2021 $'000	June 2021 $'000
Trade receivables	82,716	66,409
Allowance for expected credit loss	(19,638)	(19,387)
Other receivables	6,889	2,842
Total	69,967	4 9,864

The credit period for customers is negotiated individually on a case by case basis. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past rendering of services.

The Group writes off a trade receivable when there is information indicating that the debtor is in significant financial difficulty and there is no realistic prospect of recovery. Subsequent recoveries of amounts previously written off are credited against the allowance account.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL") in two categories.

1. Where there has been no significant increase in credit risk since initial recognition, ECL's are collectively estimated using a provision matrix based on the Group's historical credit loss experience adjusted for factors that are specific to geographic region, general economic conditions and an assessment of current and forecast conditions at reporting date. This has resulted in ECL's being applied to debtors aged over 60 days in our international business.

2. Where there has been a significant change in credit risk, ECL's are individually estimated. This assessment is adjusted for factors that are specific to the debtor including their financial capacity to make payment, discussions with the debtor on the status of the receivable and any other information relevant to the assessment of the recoverability.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in AASB 9:

	Collectively Assessed $'000	Individually Assessed $'000	Total $'000
Balance as at 1 July 2021	265	19,122	19,387
Additional credit loss allowance	-	991	991
Amounts recovered	-	(718)	(718)
Amounts written off as uncollectible	-	(658)	(658)
Foreign exchange gains and losses	6	630	636
Balance as at 31 December 2021	271	19,367	19,638

3.2 Inventories	Dec 2021 $'000	June 2021 $ $'000
Fuel – at cost	507	1,763
Consumables	813	796
Work in progress	136	132
Total	1,456	2 ,691

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

3. Assets and Liabilities (continued)

3.3 Assets Classified as Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount or fair value less costs of disposal. An impairment loss is recognised for any initial write-down of the asset to fair value less costs of disposal. Information regarding the assets held for sale in the Statement of Financial Position is presented below.

At 31 December 2021, the Company holds 8 non-core vessels within the fleet to be disposed of.
The carrying value of assets classified as held for sale is as follows:

	Dec 2021 $'000	June 2021 $'000
Vessels	31,655	30,662
Subsea - ROV Equipment	23	20
Total	31,678	30,682

3.4 Property, Plant & Equipment

	Buildings and Improvements at cost $'000	Vessels at cost $'000	Plant and Equipment at cost $'000	Total $'000
Period ended 31 December 2021				
At 1 July 2021				
Gross carrying amount	15,370	654,494	15,128	684,992
Accumulated depreciation and impairment loss	(13,640)	(330,874)	(7,079)	(351,593)
Carrying amount	1,730	323,620	8,049	333,399
Additions	43	3,194	754	3,991
Disposals	(633)	(779)	-	(1,412)
Depreciation	(129)	(12,596)	(999)	(13,724)
Effect of foreign currency exchange differences	16	6,857	93	6,966
Total	(703)	(3,324)	(152)	(4,179)
Balance at 31 December 2021				
Gross carrying amount	15,154	667,191	15,409	697,754
Accumulated depreciation and impairment loss	(14,126)	(346,896)	(7,512)	(368,534)
Carrying amount	1,028	320,295	7,897	329,220

Leasehold buildings and improvements, vessels and plant and equipment are stated at cost less, where applicable, accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the item.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives. Leasehold buildings and improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method

3. Assets and Liabilities (continued)

3.5 Right of use assets

	Leasehold Building and Improvements	Vessels	Plant and Equipment	Total
	$'000	$'000	$'000	$'000
At 1 July 2021				
Gross carrying amount	17,137	3,125	1,273	21,535
Accumulated depreciation	(7,718)	(3,089)	(790)	(11,597)
Carrying Amount	9,419	36	483	9,938
Additions	-	-	-	-
Disposals	(44)	-	(465)	(509)
Depreciation	(1,841)	(37)	144	(1,734)
Lease remeasurements	-	-	41	41
Total	(1,885)	(36)	(279)	(2,202)
Balance at 31 December 2021				
Gross carrying amount	16,953	3,125	624	20,886
Accumulated depreciation and impairment loss	(9,419)	(3,125)	(421)	(13,150)
Carrying Amount	7,534	-	204	7,736

3.6 Impairment of non-current assets

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

The Group has identified the following indicators of impairment at 31 December 2021:

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

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

Impairment testing

The assessment resulted in nil impairment charges or reversals being included in profit or loss. (31 December 2020: Nil)

3. Assets and Liabilities (continued)

3.6 Impairment of non-current assets (continued)

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

CGU	Level 3(i) $'000	Recoverable Amount $'000
Vessels		
Continuing operations	319,785	319,785
Held for sale	31,655	31,655
Subsea		
Continuing operations	21,564	21,564
Held for sale	23	23
Project Logistics	6,916	6,916

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

Industry Conditions
This financial year has seen an improvement in overall market conditions with 2 major factors at play;
1. COVID-19
2. Oil Prices

The impact of the COVID-19 pandemic and subsequent mutations continue to create uncertainty in the market place globally. While the vaccine roll out is in progress globally, there remains significant uncertainty about the logistics of planning for longer term projects. Please refer to the Review of Operations for a more detailed summary of the continued impact during the reporting period.

During the 6 months to 31 December 2021 the brent oil price has traded in a range between from USD 74/bbl in June 2021 to USD 85/bbl, with prices stabilising at USD 78/bbl at 31 December 2021. We also note improvements subsequent to 31 December up to USD 91/bbl. While the improvements and increased stability of the oil price are positive, there still exists some uncertainty as to the levels which the price will settle on a longer term basis.

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

Vessels - Continuing Operations

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

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

A key input into the recoverable amount of the CGU was the application of a discount to the independent vessel valuation to reflect the amount which would be achieved if the fleet was disposed of in one single transaction. The Board have increased this discount to 17.9% for the current period from 15.8% at June 2021. This specific rate has been used as it falls within the range specified by the independent valuer and is the breakeven point at which there is nil impairment.

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

3. Assets and Liabilities (continued)

3.6 Impairment of non-current assets (continued)

The following factors were taken into account by the board in adopting this value:
- the movement in the oil price during the period
- the continuing impact of the COVID-19 pandemic
- the adopted % being within the range provided by the valuer

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

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

Assumption	Rate used	Sensitivity movement	Change in carrying value $'000
En bloc discount	17.9%	2.5%	9,736
Selling costs	2.0%	0.5%	1,673

Vessels - Held for Sale
The recoverable amount of the non-core vessels was determined using a market based approach, reflecting the value which could be expected to be realised through an accelerated sale program.
In assessing the fair value of the non-core vessels, the Company has taken into consideration the following factors:
- the current market values assessed by the independent specialist marine consultancy and broking company
- the recent market evidence of deemed distressed sales of vessels of similar age and classification
- the forecast costs the Company would incur in holding the respective vessels
- the accelerated timing in which the Company wants to complete the sales

In updating the values at 31 December, the Group also took into account current vessel sales contracts, marketing activities and negotiations.

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

Key assumptions and sensitivity
The FVLCOD method requires an estimate of the current market value of the vessels and costs that would be associated with a disposal of the assets. In estimating the current market value of the vessels and the value to be achieved in an accelerated sale, estimates have been made about the fair value to be realised. If the value to be realised was 5% higher or lower then the impairment on these vessels would decrease or increase by $1.7 million.

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

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

There were no changes in the underlying assumptions used for the assessment as at 31 December 2021, except for expected cashflows for the 6 months to 30 June 2022 being updated to reflect recent forecasts. In determining the forecast revenues and operating expenses, consideration has been given to the following:

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

A discount rate of 10.96% has been used for ViU assessments.

3. Assets and Liabilities (continued)

3.6 Impairment of non-current assets (continued)

In the budget approved by the board, forecast revenues have been decreased for the FY22 year to reflect the continuing impact of the COVID-19 pandemic from the second half of FY21. In FY23 and FY24, revenues are budgeted to increase on the assumption of an increase in activity in these years. Nil revenue growth in FY24 and FY25 has been assumed to adopt a conservative position, with terminal year growth of 2% reflecting a long term inflation rate estimate.

Key assumptions and sensitivity

The recoverable value of the Subsea assets in the current year was assessed using a ViU approach.
The estimation of future cashflows has been prepared based on approved group budgets with estimates and assumptions regarding future revenue growth rates, operating margins and discount rates.

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

Assumption	Rate used	Sensitivity movement	Increase/(Decrease) in recoverable value $'000
Discount rate	11.0%	+0.5%	(1,811)
		-0.5%	2,024
Terminal year growth rate	2.0%	+0.5%	1,125
		-0.5%	(1,006)

Subsea - Held for Sale

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

Project Logistics

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

It was noted that the segment has non current assets with written down values of $1.3 million. All other assets relate to working capital for day-to-day operations with an increase this period reflecting higher levels of activity for the segment.

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

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

A discount rate of 10.96% has been used for ViU assessments.

3. Assets and Liabilities (continued)

3.7 Investment in associate

In November 2021, the Group acquired a 49.9% interest in Global Aqua Survey (GAS) Ltd, a subsea company operating in Taiwan. The consideration for the investment was 42.5 million New Taiwan dollars (A$2.1m). The investment is accounted for using the equity method in these consolidated financial statements

Name of Joint Venture	Principal Activity	Principal place of business	Proportion of ownership interest and voting rights held by group	
			Dec 2021	June 2021
Global Aqua Survey Ltd (GAS)	Subsea	Taiwan	49.90%	-

3.8 Trade and Other Payables	Dec 2021 $'000	June 2021 $'000
Trade payables	11,821	8,675
Other payables and accruals	36,021	26,895
Goods and services tax payable	1,103	660
Total	48,945	36,230

3.9 Borrowings	Dec 2021 $'000	June 2021 $'000
Secured – at amortised cost		
Current		
Bank loans	5,000	15,568
Total	5,000	15,568
Non-Current		
Bank loans	142,574	147,932
Total	142,574	147,932

Reconciliation of liabilities arising from financing activities:
The table below details changes in the Group's liabilities arising from financing activities, including both cash and non cash changes.

	Total $'000
Balance at 1 July 2021	163,500
Repayment of loan	(18,781)
Non-cash foreign exchange movement	2,855
Balance at 31 December 2021	147,574

As disclosed in the 2021 Annual Report, MMA has granted an option to a third party for the purchase of the Company's interest in the Batam Facility for a price of US$15 million. The option to purchase may be exercised at any time prior to 12 March 2024. In accordance with the terms of the group syndicated facility, if they exercise their option and the transaction completes prior to 31 March 2022, then the proceeds are required to be repaid to the banking syndicate.

3. Assets and Liabilities (continued)

3.10 Provisions	Dec 2021 $'000	June 2021 $'000
Current		
Ongoing legal claims	3,424	11,936
Employee benefits – annual leave	7,203	5,844
Employee benefits – long service leave	5,276	5,438
Total	15,903	23,218
Non-Current		
Employee benefits – long service leave	39	112

As disclosed by Australian Stock Exchange (ASX) announcement on 23 June 2021 and in the 2021 annual report, a final arbitration award was made against a wholly owned subsidiary of MMA on 22 June 2021.

On 14 September 2021 MMA announced to the ASX it had filed an application with the High Court of Singapore, seeking orders to set aside the final award.

On 15 October 2021 MMA entered into a Deed of Settlement relating to the claim with the following key conditions

- MMA's application to set aside proceedings will continue in the court
- MMA made a provisional payment of S$8.7 million on 1 November 2021 under the arbitration award. In consideration for this payment, no interest will accrue on the Arbitration Award amount (during the period pending final award by the High Court).
- In the event MMA are successful in setting aside the order, the S$8.7 million will be returned to MMA (and this refund is secured by a bank guarantee provided by the counterparty).
- In the event MMA are unsuccessful in setting aside the order, MMA will be required to
  - pay S$1.5 million within 30 days of the court order
  - pay a further S$1.5 million within 12 months of the court order

4. Capital Structure and Other

4.1 Issued Capital

Fully Paid Ordinary Shares	Dec 21 No.'000	Dec 21 $'000	June 21 No.'000	June 21 $'000
Balance at beginning of financial year	359,328	742,247	925,730	667,251
Issue of shares	-	-	2,667,570	80,020
Share issue costs	-	18	-	(5,024)
Share consolidation	-	-	(3,233,972)	-
Balance at end of financial year	359,328	742,265	359,328	742,247

4.2 Accounting Policies

New and amended accounting standards and interpretations adopted

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.

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 2021 annual financial report for the financial year ended 30 June 2021. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

4.3 Events After the Reporting Period

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