Results for announcement to the market

30 September 2015

Financial Results			**Sep 2015 $'000**	**Sep 2014 $'000**
Revenue from ordinary activities	*Down*	*4.35%*	63,970	66,883
Profit from continuing operations after income tax	*Up*	*2.89%*	1,815	1,764
Net profit for the period attributable to members	*Up*	*2.89%*	1,815	1,764

Dividends	Amount per Ordinary Security	Franked amount per security	Tax rate for franking credit
FY16 interim dividend	8 cents	8 cents	30%
FY15 interim dividend	Nil	Nil	Nil

Record date for determining entitlements to the interim dividends	8 December 2015

Net Tangible Asset Backing	**Sep 2015**	**Sep 2014**
Net tangible asset backing per ordinary security	$1.222	$1.077

Financial statements
Refer to the attached consolidated financial statements for the half year ended 30 September 2015.

Accounting standards used by foreign entities
Refer to Notes to the Consolidated Financial Statements for the half year ended 30 September 2015.

Commentary on results and Outlook
Refer to the Review and Results of Operations section of the Directors' Report of the attached consolidated financial statements for the half year ended 30 September 2015.

Audit / review of accounts upon which this report is based and Qualification of audit / review
This report is based on accounts which have been reviewed by Ernst & Young. Ernst & Young has issued an un-qualified review report on the financial statements for the Neptune Marine Services Group for the half year ended 30 September 2015.

Explanation of Dividends
The Company has announced an interim dividend for the current half year as below:

Record date	Payment date	Type	Amount Per Security	Total Dividend	Franked amount per security
8 December 2015	23 December 2015	Interim	8 cents	4,915,303	8 cents

NEPTUNE MARINE SERVICES LIMITED AND CONTROLLED ENTITIES

ABN: 76 105 665 843

Interim Financial Report for the Half Year Ended 30 September 2015

NEPTUNE MARINE SERVICES LIMITED
AND CONTROLLED ENTITIES

30 September 2015

ABN: 76 105 665 843

CONTENTS

CORPORATE INFORMATION

Directors

Mr Boon Wee Kuah
Chairman

Mr Robin King
Executive Director

Mr Peter Wallace
Non-Executive Director

Mr Dominic Siu
Non-Executive Director

Company Secretary

Mr Ian Hobson

Registered Office

Neptune Marine Services Limited
404 Orrong Road
Welshpool Western Australia 6106

Principal Place of Business

Neptune Marine Services Limited
404 Orrong Road
Welshpool Western Australia 6106

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
Perth Western Australia 6000

Auditors

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

Stock Exchange
ASX Limited
Central Park, 152-158 St Georges Tce
Perth, WA, 6000

ASX Code
NMS

DIRECTORS' REPORT

Your Directors present their report on Neptune Marine Services Limited and its controlled entities ('the Group') for the half year ended 30 September 2015.

Directors

The names of the Group Directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Mr Boon Wee Kuah
Mr Robin King
Mr Peter Wallace
Mr Dominic Siu

Review and Results of Operations

The profit from continuing operations before tax amounted to $1.201m (Sep 2014: $2.343m) and the consolidated profit of the Group after providing for income tax amounted to $1.815m (Sep 2014: $1.764m).

Revenue was down compared to the same period in the previous financial year due to a continuation of the challenging industry conditions seen in the 2015 financial year.

The business also had some one-off items that impacted the 6 month period including:

- Relocation expenses and asset write offs associated with the relocation into a combined facility in Western Australia;
- Costs associated with restructure to the business and;
- Some equipment was subject to insurance claims, which resulted in asset write offs and the receiving of insurance proceeds.

Across the Group, our businesses continued to secure new contracts including; the award of a five year offshore diving and subsea call off services contract for Oil Search in Papua New Guinea which commenced in April, a Technip saturation diving manning contract and an additional diving contract for the recently re-branded, Quadrant Energy.

Our Stabilisation business had a strong first half with ongoing works on the Inpex operated Ichthys field for McDermott and other projects throughout South East Asia and the Middle East. Similarly, the ROV business in Asia reported positive results with improved utilisation for the ROVs in the region.

A number of businesses saw the end of long term contracts in 2015 which impacted on their results.

The working capital of the Group remains strong with the Current Assets/Current Liabilities ratio of 2.62 compared to 2.44 at March year end. Interest Bearing Debt also remains at very low levels with a total outstanding of $0.217m. The Group remains in a stronger cash position with $16.413m at the end of the half year.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Earnings per Share

The basic and diluted profit per share is 2.95 and 2.95 cents respectively (2014: basic and diluted profit per share of 2.86 and 2.81 cents respectively).

Dividends

An interim cash dividend for Neptune Marine Services was approved by the Board of Directors on 30 November 2015. Refer to subsequent events for further details.

Significant Changes in State of Affairs

No significant changes in the state of affairs occurred during the half-year ended 30 September 2015.

Future Developments, Prospects and Business Strategies

The Group is focusing on the following key strategies:

(i) Continue pursuing the key long term Inspection, Maintenance and Repair (IMR) opportunities that will be commencing shortly in Australia
(ii) Developing relationships with key partners to enhance Neptune's service offering to our clients
(iii) Ongoing expansion of our core capabilities into our other established geographical locations
(iv) Ongoing investment in new equipment and assets
(v) Further integration and collaboration across our businesses and regions
(vi) Diversification into other industry sectors and,
(vii) Exploring technologies that improve our efficiency and capabilities

Auditor Independence Declaration

Section 307(c) of the *Corporations Act 2001* require the Company's auditors, Ernst & Young to provide the directors with a written Independence Declaration in relation to their review of the financial report for the half year ended 30 September 2015. The written Auditor's Independence Declaration on page 7 forms part of this Directors' report.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.

Chairman ______________________
Mr Boon Wee Kuah

Dated this 30th day of November 2015

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Neptune Marine Services Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2015 and of its performance for the half year ended on that date; and

(ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporation Regulations 2001*; and

(b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Chairman ______________________

Mr Boon Wee Kuah

Dated this 30th day of November 2015

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
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Auditor's independence declaration to the Directors of Neptune Marine Services Limited

In relation to our review of the financial report of Neptune Marine Services Limited for the half-year ended 30 September 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

T G Dachs
Partner
30 November 2015

TD:MW:NMS:017

CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2015

		Consolidated Group	
		6 months ended 30 September	6 months ended 30 September
	Note	2015	2014
Continuing operations		$000	$000
Revenue from rendering of service	4(a)	63,970	66,883
Other revenue	4(a)	40	52
Total revenue		64,010	66,935
Cost of sales and services rendered		(46,412)	(46,932)
Gross profit		**17,598**	**20,003**
Other income	4(b)	1,920	8
Marketing expenses		(218)	(193)
Occupancy expenses		(2,442)	(2,084)
Corporate, shared service and board expenses	5(a)	(2,153)	(2,242)
Business operating expenses	5(b)	(11,741)	(12,227)
Technical expenses		(136)	(127)
Finance costs		(111)	(146)
Other expenses	5(c)	(1,516)	(649)
Profit from continuing operations before income tax		1,201	2,343
Income tax expense	6	614	(579)
Net profit for the period		**1,815**	**1,764**
Earnings per share			
Basic earnings per share (cents per share)	7	2.95	2.86
Diluted earnings per share (cents per share)	7	2.95	2.81

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2015

	Consolidated Group	
	6 months ended 30 September 2015	6 months ended 30 September 2014
	$000	$000
Net profit for the period	**1,815**	**1,764**
Other Comprehensive Income		
Items in other comprehensive income that may be reclassified subsequently to profit and loss		
Exchange differences on translating foreign operations	3,770	1,171
Fair value loss on hedging instruments entered into for cash flow hedges	(51)	-
Other comprehensive income for the period, net of tax	**5,534**	**2,935**
Total comprehensive income for the period	**5,534**	**2,935**
Total comprehensive income for the period attributable to members of the parent	**5,534**	**2,935**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2015

	Note	Consolidated Group	
		30 September	31 March
		2015	2015
ASSETS		$000	$000
CURRENT ASSETS			
Cash and cash equivalents	8	16,413	17,594
Trade and other receivables	9	30,688	26,081
Inventories		973	802
Other current assets		12,448	11,670
TOTAL CURRENT ASSETS		**60,522**	**56,147**
NON-CURRENT ASSETS			
Trade and other receivables	9	137	374
Property, plant and equipment	10	34,009	33,140
Deferred tax assets		5,779	4,836
Intangible assets and goodwill	11	15,059	14,747
TOTAL NON CURRENT ASSETS		**54,984**	**53,097**
TOTAL ASSETS		**115,506**	**109,244**
CURRENT LIABILITIES			
Trade and other payables	12	17,264	17,582
Current tax liability		3,845	3,396
Interest bearing loans and borrowings		193	239
Derivative Financial Instruments		196	115
Provisions		1,453	1,678
Other Current Liabilities		127	-
TOTAL CURRENT LIABILITIES		**23,078**	**23,010**
NON-CURRENT LIABILITIES			
Trade and other payables	12	18	135
Interest bearing loans and borrowings		24	87
Deferred tax liabilities		1,121	818
Provisions		679	585
Other Current Liabilities		443	-
TOTAL NON-CURRENT LIABILITIES		**2,285**	**1,625**
TOTAL LIABILITIES		**25,363**	**24,635**
NET ASSETS		**90,143**	**84,609**
EQUITY			
Contributed equity	13	273,540	273,540
Reserves		(10,200)	(13,919)
Accumulated losses		(173,197)	(175,012)
TOTAL EQUITY		**90,143**	**84,609**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2015

	Ordinary Shares	Accumulated Losses	Foreign Currency Translation Reserve	Employee Equity Benefits Reserve	Hedge Reserve	Total
Consolidated Group	$000	$000	$000	$000	$000	$000
Balance at 1 April 2014	273,804	(177,832)	(24,240)	6,560	170	78,462
Net Profit for the period	-	1,764	-	-	-	1,764
Other comprehensive income	-	-	1,171	-	-	1,171
Total comprehensive income for the year	-	1,764	1,171	-	-	2,935
Transactions with owners in their capacity as owners						
Retention Rights cancelled & compensation paid	-	-	-	(560)	-	(560)
Cost of share based payments	-	-	-	114	-	114
	-	1,764	1,171	(446)	-	2,490
Balance at 30 September 2014	273,804	(176,068)	(23,069)	6,114	170	80,951
Balance at 1 April 2015	273,540	(175,012)	(20,143)	6,127	97	84,609
Net profit for the period	-	1,815	-	-	-	1,815
Other comprehensive income	-	-	3,770	-	(51)	3,719
Total comprehensive income for the year	-	1,815	3,770	-	(51)	5,534
Balance at 30 September 2015	273,540	(173,197)	(16,373)	6,127	46	90,143

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2015

	Note	Consolidated Group	
		6 months ended 30 September 2015 $000	**6 months ended 30 September 2014 $000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		64,214	64,488
Interest received		40	52
Payments to suppliers and employees		(61,980)	(58,503)
Interest paid		(111)	(146)
Income tax paid		(313)	(25)
Net cash flows from operating activities		1,850	5,866
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,318)	(3,492)
Net cash flows used in investing activities		(4,318)	(3,492)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for cancelled retention rights		-	(560)
Repayment of borrowings		(122)	(119)
Receipt of deposits for bank guarantee		236	2,275
Net cash flows used in financing activities		114	1,596
Net (decrease)/increase in cash and cash equivalents held		(2,354)	3,970
Cash and cash equivalents at beginning of financial period		17,594	11,955
Net foreign exchange difference		1,173	474
Cash and cash equivalents at end of financial period	8	16,413	16,399

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

The interim financial report of Neptune Marine Services Limited ("Group") for the half-year ended 30 September 2015 was authorised for issue in accordance with a resolution of the Director's on 30th November 2015.

The interim financial report covers the consolidated Group of Neptune Marine Services Limited and its controlled entities. Neptune Marine Services Limited is a listed public company, incorporated and domiciled in Australia.

The nature of the operations and principal activities are described in Note 3.

2. Basis of Preparation and Changes to the Group's Accounting Policies

Basis of Preparation

This interim financial report for the half year ended 30 September 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the 12 months ended 31 March 2015 and considered together with any public announcements made by Neptune Marine Services Limited during the half year ended 30 September 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

New Standards, Interpretations and Amendments thereof, adopted by the Group

The Group has adopted all new and amended Australian Accounting Standards and Interpretations effective from 1 April 2015 including:

- AASB 2014-1 Part A - Annual Improvements 2010–2012 Cycle. Amendments to Share Based Payment AASB 2, Business Combinations AASB 3, Operating Segments AASB 8, Property, Plant & Equipment AASB 116, Intangible Assets AASB 138 & Related Party Disclosures AASB 124;
- AASB 2014-1 Part A - Annual Improvements 2011–2013 Cycle. Amendments to Fair Value Measurement AASB 13; and
- AASB 2014-1 Part B - Amendments to Employee Benefits AASB 119

New and amended Standards and Interpretations did not result in any significant changes to the Group's accounting policies. The Group did not early adopt any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Operating Segment Information

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of the services provided to customers. Discrete financial information about each of these operating businesses is reported to the Executive management on at least a monthly basis.

Types of Products and Services

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold and/or services provided, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Neptune Marine Services comprises the two distinct divisions of Offshore Services and Engineering Services. Globally, the company has operational bases in Australia, South East Asia and the United Kingdom. The services provided to customers are on an Offshore and Engineering basis and can combine services from multiple regions.

Offshore Services

The Offshore Services division provides the oil and gas, marine and associated industries with a range of specialised services, including: commercial diving, inspection, repair and maintenance support, difficult and confined area access via rope access, tension netting and modular platforms, remotely operated vehicles (ROVs), subsea pipeline/cable stabilisation and protection, hydro graphic surveying, positioning and geophysical support, and project management.

Engineering Services

The Engineering Services division provides the oil and gas, marine, renewable energy and associated industries with a range of specialised services, including: subsea and pipeline engineering, fabrication, assembly and testing, refurbishment, installation, maintenance, the patented NEPSYS® dry underwater welding technology, and project management.

3. Operating Segment Information (continued)

Accounting Policies and Inter-segment Transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2 to the annual report at 31 March 2015 and in the prior period except as detailed below:

Inter-entity Sales

Inter-entity sales are recognised based on an internally set transfer price. The price aims to reflect what the business operation could achieve if they sold their output and services to external parties at arm's length.

Corporate charges

Corporate charges comprise non–segmental expenses such as head office expenses and interest. Corporate charges are allocated to each business segment on a proportionate basis linked to segment revenue so as to determine a segmental result.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Finance costs
- Corporate overhead & administration expenses
- Technical expenses
- Share-based payments
- Foreign exchange gain/ (loss)
- Deferred tax assets and liabilities

The following table presents revenue and profit information for the reportable segments:

	Continuing Operations					
	Engineering		Offshore Services		Total	
	September 2015	September 2014	September 2015	September 2014	September 2015	September 2014
	$000	$000	$000	$000	$000	$000
Revenue						
Sales to external customers	16,080	19,725	47,890	47,158	63,970	66,883
Intersegment sales	6,469	7,556	10,935	6,892	17,404	14,448
Other revenue	4	-	36	52	40	52
Total revenue	22,553	27,281	58,861	54,102	81,414	81,383
Internal sales elimination					(17,404)	(14,448)
					64,010	66,935
Result						
Segment results before items below	526	1,808	3,237	5,477	3,763	7,285
Reconciliation of segment net profit before tax to net profit before tax						
Finance costs					(111)	(146)
Corporate overhead & administration expense					(2,235)	(4,258)
Technical expenses					(136)	(127)
Share-based payments					82	(289)
Foreign exchange gain					(162)	(122)
Net profit before tax per the income statement					1,201	2,343

	Continuing Operations					
	Engineering		Offshore Services		Total	
	September 2015	March 2015	September 2015	March 2015	September 2015	March 2015
	$000	$000	$000	$000	$000	$000
Segment assets						
Segment operating assets	17,517	22,427	78,466	68,726	95,983	91,153
Goodwill	4,756	4,270	8,988	8,985	13,744	13,255
Segment assets	22,273	26,697	87,454	77,711	109,727	104,408
Reconciliation of segment assets to the statement of financial position						
Deferred tax assets					5,779	4,836
Total assets from continuing operations per the statement of financial position					115,506	109,244

4. Revenue and Other Income

		Consolidated Group	
		30 September 2015 $000	30 September 2014 $000
a)	Revenue		
—	Rendering of services revenue from operating activities	63,970	66,883
—	Interest received	40	52
Total Revenue		64,010	66,935
b)	Other Income		
—	Government subsidies received	80	-
—	Insurance proceeds	1,732	-
—	Other income	108	8
Total Other Income		1,920	8

During the period several assets were subject to insurance claims and in line with the relevant provisions of AASB 116, any associated loss or damage of the asset, compensation subsequently received and any subsequent replacement have been disclosed as separate events. Refer to note 5(c) for details on loss on disposal of property, plant and equipment.

5. Expenses

		Consolidated Group	
		30 September 2015 $000	30 September 2014 $000
a)	Corporate, Shared Service and Board expenses		
—	Administrative costs	534	164
—	Personnel expenses	1,331	1,822
—	Depreciation expense	171	138
—	Other	117	118
Total Corporate, Shared Service and Board expenses		2,153	2,242
b)	Business operating expenses		
—	Administrative costs	3,079	3,429
—	Personnel expenses	7,928	8,055
—	Depreciation expense	335	182
—	Other	399	561
Total Business operating expenses		11,741	12,227
c)	Other Expenses		
—	Loss on disposal of property, plant and equipment	1,354	527
—	Foreign exchange loss	162	122
Total Other Expenses		1,516	649

Loss on disposal of property, plant and equipment includes asset write offs subject to insurance claims as well as asset write offs associated with the relocation of prior Australian offices into a combined facility in Western Australia.

d)	Depreciation and Amortisation:		
i)	Included in cost of sales		
—	Depreciation	3,013	2,069
Total		3,013	2,069
ii)	Included in administrative expenses		
—	Depreciation	447	320
—	Amortisation	177	123
Total		624	443
Total Depreciation and Amortisation		3,637	2,512

6. Income Tax

The major components of income tax expense in the income statement for the half-year are:

	Consolidated Group	
	30 September 2015 $000	30 September 2014 $000
Income taxes		
Current income tax expense	49	1,669
Deferred income tax benefit related to origination and reversal of deferred taxes	(663)	(1,090)
Income tax expense	(614)	579
Income tax recognised in other comprehensive income	385	-
Total income taxes from continuing operations	(230)	579

7. Earnings per Share

		Consolidated Group	
		30 September 2015 $000	30 September 2014 $000
(a)	Earnings used in calculating earnings per share		
	For basic earnings per share		
	Net profit from continuing operations attributable to ordinary equity holders of the parent	1,815	1,764
	Net profit attributable to ordinary equity holder of the parent	1,815	1,764
	For diluted earnings per share		
	Net profit from continuing operations attributable to ordinary equity holders of the parent	1,815	1,764
	Net profit attributable to ordinary equity holder of the parent	1,815	1,764
		No.	**No.**
(b)	Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	61,441,291	61,651,610
	Dilutive effect of rights	133,334	1,113,016
	Weighted average number of ordinary shares outstanding during the period used in calculating dilutive EPS	61,574,625	62,764,626

8. Cash and Cash Equivalents

	Consolidated Group	
	30 September 2015 $000	31 March 2015 $000
Cash at bank and in hand	15,607	14,856
Short term deposits	806	2,738
	16,413	17,594

9. Trade and Other Receivables

	Consolidated Group	
	30 September 2015	31 March 2015
CURRENT	$000	$000
Trade receivables	30,288	26,842
Allowance for impairment loss	(1,365)	(853)
	28,923	25,989
Other receivables	1,765	92
	30,688	26,081

Due to the short-term nature of these receivables, their carrying value approximates their fair value.

Other receivables includes balances subject to insurance claims as noted in note 4(b).

NON-CURRENT		
Security Deposit	22	268
Deposits for Bank Guarantee	115	106
	137	374

10. Property, Plant and Equipment

	Office Furniture, Equipment & Software $000	Leasehold Improvements $000	Plant and Equipment $000	Leased Vehicle $000	ROV's & Vessels $000	Construction in Progress $000	Total $000
Consolidated Group:							
Balance at 31 March 2015							
Cost	4,245	1,880	27,837	547	25,595	3,535	63,639
Accumulated depreciation and impairment	(2,653)	(1,353)	(11,147)	(225)	(15,121)	-	(30,499)
Net carrying amount	**1,592**	**527**	**16,690**	**322**	**10,474**	**3,535**	**33,140**
Balance at 30 September 2015							
Cost	4,690	1,863	24,832	480	33,548	555	65,968
Accumulated depreciation and impairment	(2,483)	(205)	(11,613)	(195)	(17,463)	-	(31,959)
Net carrying amount	**2,207**	**1,658**	**13,219**	**285**	**16,085**	**555**	**34,009**

11. Intangible Assets and Goodwill

	Consolidated Group	
	30 September 2015 $000	31 March 2015 $000
Goodwill		
Opening balance	13,255	12,938
Foreign exchange differences	489	317
Closing balance	13,744	13,255
Development costs		
Opening balance	1,492	1,551
Additions	-	208
Amortisation	(177)	(267)
Closing balance	1,315	1,492
Total Intangible Assets	**15,059**	**14,747**

Description of the Group's Intangible Assets and Goodwill

(i) Development costs

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight line method. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

(ii) Goodwill

Goodwill is tested for impairment annually (as at 31 March) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value in use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 March 2015.

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 September 2015, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill. In addition, the overall decline in oil and gas development activities around the world, as well as ongoing economic uncertainty, have led to a decreased demand for oil and gas services. As a result, management performed an impairment calculation as at 30 September 2015 for cash generating units with goodwill.

Asset integrity, Engineering (UK) and Diving cash-generating units
The Group used the cash-generating unit's value in use to determine the recoverable amount, which exceeded the carrying value. The projected cash flows were updated to reflect recent business developments and a pre-tax discount rate of 17.47% for Australia and 16.67% for UK (31 March 2015: Australia 17.47%, UK 16.67%) was applied. Cash flows beyond the five-year period have been extrapolated using a 2.1% growth rate (31 March 2015: 2.5%). All other assumptions remained consistent with those disclosed in the annual statements for the year ended 31 March 2015. As a result of the updated analysis, management did not identify an impairment for the above cash generating units to which goodwill of $13.744m is allocated.

Sensitivity to changes in assumptions
With regard to the assessment of value in use, there are no significant changes to sensitivity information disclosed in the annual consolidated financial statements for the year ended 31 March 2015. Management believe that no reasonably possible change in any of the below key assumptions would cause the carrying value of the CGUs to materially exceed their recoverable amount.

The key assumptions for the recoverable amount are discussed below:

Earnings – The forecast process was developed based on revenue expectations in the year built around existing customer contracts along with the potential to develop new markets and sustain growth. Gross margins were calculated on historical values and revenue mix within the various divisional segments throughout the Group with particular emphasis given to achieving consolidated earnings growth.

Growth rate assumptions – Rates are based on published industry research, which have been updated for the current economic outlook. However, given the economic uncertainty, further reductions to growth estimates may be necessary in the future.

Discount rates – The discount rate has been adjusted to reflect the current market assessment of the risks specific to the oil and gas service companies. This rate was further adjusted to reflect the market assessment of risks specific to the oil and gas industry. Further changes to the discount rate may be necessary in the future to reflect changing risks for the industry.

12. Trade and Other Payables

	Consolidated Group	
	30 September 2015	31 March 2015
CURRENT	$000	$000
Unsecured liabilities		
Trade payables	6,820	6,363
Sundry payables and accrued expenses	10,444	11,219
	17,264	17,582

	Consolidated Group	
	30 September 2015	31 March 2015
NON CURRENT	$000	$000
Unsecured liabilities		
Sundry payables and accrued expenses	18	135
	18	135

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value. Current payables are on 30-45 day payment terms.

13. Contributed Equity

	Consolidated Group	
	30 September 2015	31 March 2015
	$000	$000
61,441,291 (March: 61,441,291) fully paid ordinary shares	273,540	273,540
	273,540	273,540

Ordinary Shares	Consolidated Group	
	No.	$000
At 30 September 2014	61,651,610	273,804
Movements during the prior year		
— Share buyback	(210,319)	(264)
At 31 March 2015	61,441,291	273,540
Movements during the current period		
— Share Consolidation	-	-
At 30 September 2015	61,441,291	273,540

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

14. Capital and Leasing Commitments

	Consolidated Group	
	30 September 2015 $000	31 March 2015 $000
(a) Finance Lease Commitments		
Payable — minimum lease payments		
— not later than 12 months	205	250
— between 12 months and 5 years	25	93
Minimum lease payments	230	343
Less future finance charges	(13)	(17)
Present value of minimum lease payments	217	326

	Consolidated Group	
(b) Operating Lease Commitments	30 September 2015 $000	31 March 2015 $000
Payable — minimum lease payments		
— not later than 12 months	2,465	3,485
— between 12 months and 5 years	6,647	6,860
— longer than 5 years	4,774	4,774
	13,886	15,119

15. Contingencies

Financial Guarantees

The Group has provided the following financial guarantees to its business associates which commit the group to make payments on behalf of these entities upon failure to perform under the terms of the relevant contracts.

	Consolidated Group	
	30 September 2015 $000	31 March 2015 $000
— Guarantees related to leases	1,926	2,124
— Performance guarantees	760	679
	2,686	2,803

16. Related Parties

Subsidiaries

The consolidated financial statements include the financial statements of Neptune Marine Services Limited and its controlled entities. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Ultimate parent

MTQ Corporation Limited is the ultimate parent entity and the parent of the Group is Neptune Marine Services Limited.

Transactions with related parties

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	$000	$000	$000	$000
Entities with significant influence over the Group*:				
Premier Estate Pte Ltd	-	53	-	10
Premier Sea & Land Pte Ltd	-	23	-	8
MTQ Corporation	-	213	-	161
MTQ Oilfield Services WLL	12	-	-	-
MTQ Engineering Pte Ltd	10	-	-	-
Total	22	289	-	179

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Any outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

17. Events after Balance Sheet Date

On 12 October 2015, the Company entered into a Sale and Purchase Agreement with Bhagwan Marine Services for the disposal of Neptune's equipment associated with the Vessel "Bhagwan Dryden" for a cash consideration of $3,300,000. The disposal was completed on the 23 October 2015.

Furthermore, an interim cash dividend for Neptune Marine Services was approved by the Board of Directors on 30 November 2015 as below:

- A fully franked interim dividend of 8 cents per share will be paid to the holders of fully paid ordinary shares
- Dividend will be franked to 100% and amounting to $4,915,303
- This dividend was not declared until 30 November 2015 and accordingly no provision has been recognised at 30 September 2015

Note: Interim dividend will be distributed to the shareholders who are registered as the holders of one or more units of stock in Neptune Marine Services' register of shareholders at the end of 30 November 2015.

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To the members of Neptune Marine Services Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Neptune Marine Services Limited, which comprises the consolidated statement of financial position as at 30 September 2015, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 controls as the directors determine are 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 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 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 30 September 2015 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 Neptune Marine Services Limited and the entities it controlled during the half-year, 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Building a better working world

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 Neptune Marine Services 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 30 September 2015 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*.

Ernst & Young

Ernst & Young

T G Dachs
Partner
Perth
30 November 2015

TD:MW:NMS:016