

Annual Report 2024

Bhagwan Marine is a Leading Marine Solutions Provider



Bhagwan Marine Limited

ACN 009 154 349

bhagwanmarine.com

BHAGWAN^{BM}
marine



FY2024 Annual Report

About this report

This Annual Report provides a summary of Bhagwan Marine's operations, financial performance and sustainability initiatives for the 2024 financial year (FY24) from 1 July 2023 to 30 June 2024.

Unless otherwise stated: references to 'Bhagwan, the 'Group', the 'Company', 'we', 'us' and 'our' refer to Bhagwan Marine and its controlled entities; references to a year are to the financial year ended 30 June; and references to dollar figures are in AUD currency.

Further information

Questions or feedback regarding our Company are always welcome. Please contact investor.relations@bhagwanmarine.com



Bhagwan Marine is a leading marine solutions provider operating in the oil & gas, resources, civil construction, marine logistics, offshore wind and defence industries



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BUSINESS OVERVIEW

About Bhagwan

Bhagwan is a national Australian marine services company that provides a diverse range of marine solutions within ports, nearshore, offshore and subsea locations.

The company is one of the largest marine vessel operators and service providers in Australia. Its fleet of circa 100 inshore and offshore vessels enables it to deliver a diversified service offering providing bespoke marine solutions to meet client's specific needs.

Bhagwan services a number of blue-chip clients, including multinational oil and gas companies, large miners, construction companies, port authorities and Government organisations.

Diverse Services



PORTS

Services performed within or around a port, and generally within approximately 30 nautical miles of the shoreline



NEARSHORE

Operations that are undertaken within approximately 200 nautical miles of the shoreline, but outside the immediate port area



OFFSHORE

Operations that take place further out to sea, away from the immediate coastal areas, in deeper waters beyond approximately 200 nautical miles of the shoreline



SUBSEA

Relates to operations occurring beneath the sea surface

Operating Footprint

Bhagwan's operations are primarily conducted from its major facilities in Dampier, Brisbane, Darwin and Melbourne. These facilities are strategically located close to the assets and operations of the Company's key clients around Australia.



Owned Vessel Fleet

Bhagwan owns a large and diverse fleet of purpose-built charter vessels and marine assets, enabling it to offer a broad range of services to clients across multiple sectors.

VESSEL TYPE	EXAMPLE	NUMBER
Dive Support Vessels		2
Tug Boats		12
Multi-Cats		7
Utility Vessels		10
Barges		13
Crew Transfer Vessels		14
Other		10
Total		68



Accreditations

The Company is compliant with a number of International Organisation for Standardisation (ISO) standards. By adhering to these standards, Bhagwan demonstrates its commitment to upholding and continually improving quality, environmental, and health and safety standards.



ISO 9001:2015 Quality Management System: This standard provides a framework for companies to ensure that they consistently meet customer requirements. It is based on several quality management principles, including a strong customer focus, the motivation of top management, and continual improvement.

ISO 14001:2015 Environmental Management System: This standard helps organisations improve their environmental performance through more efficient use of resources and reduction of waste.

ISO 45001:2018 Occupational Health & Safety Management System: This standard provides a framework to increase safety, reduce workplace risks, and enhance health and well-being at work, enabling an organisation to proactively improve its occupational health and safety performance in preventing injury and ill-health.



Health, Safety and Environment (HSE) and Regulatory Requirements

Bhagwan's commitment and record of meeting, and often exceeding strict HSE requirements has enabled it to hold pre-qualification to work with several major resources and construction clients.

Additionally, it has had compliance in the complex regulatory landscape in Australia since its inception, encompassing;

- All vessels hold the requisite Classification Society Certifications and International Maritime Organisation (IMO) Certificates;
- Bhagwan regularly undergoes International Marine Contractors Association (IMCA) audits, and vessel inspections for registration in the Offshore Vessel Inspection Database (OVID);
- All vessels comply with Australian Maritime Safety Authority (AMSA) regulations, which include regular surveys and inspections to ensure safety, environmental protection, and seafarer welfare standards are maintained;
- Bhagwan complies with Australia's biosecurity regulations, by ensuring that vessels undergo necessary quarantine inspections and treatments; and
- Bhagwan has Safety Cases with the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) and the Department of Energy, Mines, Industry Regulation and Safety in Western Australia (DEMIRS) which demonstrate it has a thorough understanding of all major accident hazards, and the ability to manage health and safety risks associated with their operations.

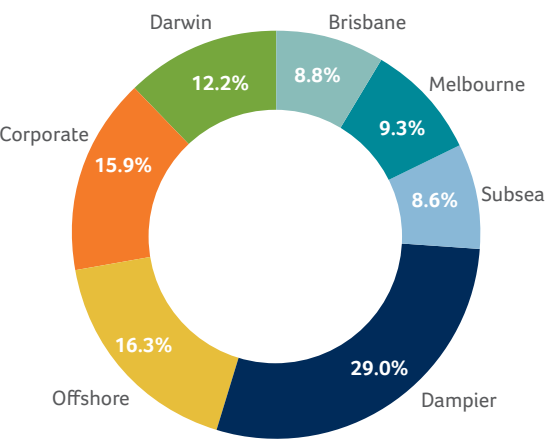


Skilled Workforce

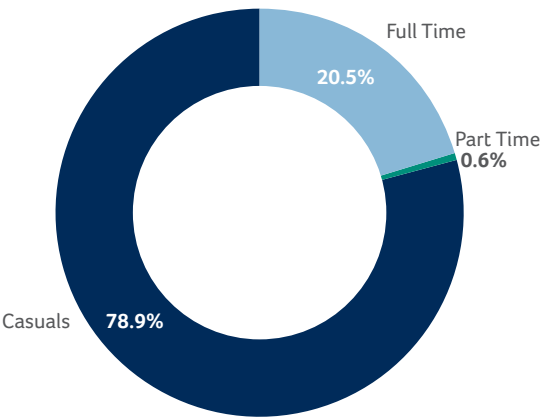
The Company has ~830 employees possessing a diverse and specialised set of skills, reflecting the broad range of marine services offered by the Company. These skills, which are required in order to mobilise, co-ordinate and operate the Company’s diverse fleet and service offerings include:

- Project planning and execution, from conception to completion;
- Supply chain management, to co-ordinate logistics and ensure the timely delivery of equipment and supplies;
- Ship handling and navigation, with proficiency in various marine environments and weather conditions;
- Crew management, with experience across multiple vessel types;
- Commercial diving (being “air diving” to depths of approximately 50 metres);
- Risk management (with expertise in identifying, assessing and mitigating risks in marine environments);
- Health and safety; and
- Environmental compliance.

Bhagwan employees by location (%)



Bhagwan employees by employment basis (%)



Growth Segments

There are significant growth opportunities for Bhagwan in relation to decommissioning, offshore wind, defence and maintenance.



DECOMMISSIONING



OFFSHORE WIND



DEFENCE



MAINTENANCE

GROWTH DRIVERS	Maturing of Australia's offshore oil and gas industry	Nascent and growing market across the APAC region	Renewed focus on marine logistics, security and offshore surveys	Ageing offshore assets and marine / port infrastructure
	Movement to reduce emissions and reduce reliance on fossil fuels	Construction and maintenance services are highly vessel intensive	Increasing naval infrastructure spend	Impetus to maintain production levels and optimise asset utilisation
SERVICES EXAMPLES	Mobilisation of construction barge, with crane and accommodation	Environmental surveys	Geophysical and geotechnical surveys	Inspection, maintenance and repair
	Anchor handling support	Geotechnical support	Construction support	Subsea engineering
BHAGWAN'S CURRENT ACTIVITY	Crew transfer	Construction support	Infrastructure maintenance	Infrastructure maintenance
	Delivered Bhagwan's first oil and gas decommissioning project, the largest undertaken by an Australian-owned service provider	Inspection, maintenance and repair	Inspection, maintenance and repair	Inspection, maintenance and repair
BHAGWAN'S CURRENT ACTIVITY	Currently supporting initial survey work for offshore wind farms	Currently supporting initial survey work for offshore wind farms	Ongoing service delivery for border force contracts	Ongoing maintenance work across Bhagwan's core service portfolio
	Ongoing service delivery for border force contracts	Ongoing service delivery for border force contracts	Ongoing maintenance work across Bhagwan's core service portfolio	Ongoing maintenance work across Bhagwan's core service portfolio



The background of the slide is a solid dark blue. Overlaid on this is a pattern of lighter blue wavy lines that create a sense of movement and depth. A grid of vertical lines is also present, intersecting with the wavy lines to form a series of rectangular blocks.

**“Our strong performance highlights the
commitment of our teams and the strength
of our diversified business model.”**

LOUI KANNIKOSKI - MANAGING DIRECTOR AND CEO

FINANCIAL HIGHLIGHTS

RECORD REVENUE

↑ **\$303.1 Million**
Up 79% on FY23 \$169.0 Million
Up 4% on Prospectus Forecast¹

EBITDA

↑ **\$41.3 Million**
Up 14% on FY23 \$36.4 Million
Up 6% on Prospectus Forecast¹

NET CASH FROM OPERATIONS

↑ **\$29.0 Million**
Up 1% on FY 23 \$28.9 Million

NET DEBT ²

↓ **\$65.1 Million**
FY23 \$68.1 Million
Improved 4% from
\$68.1 million at 30 June 2023
Pro Forma net debt
\$12.4 million at 30 June 2024

¹ Replacement Prospectus dated 28 June 2024, available on the ASX announcements platform.
Pro forma results adjust for listing costs and public company administrative expenses.

² Excluding capitalised leases



“A true highlight of the year was our involvement as a Tier 1 provider in an oil and gas decommissioning project in the Northwest.”

LOUI KANNIKOSKI - MANAGING DIRECTOR AND CEO

STRATEGIC / OPERATIONAL HIGHLIGHTS

ENHANCED SAFETY PERFORMANCE

TRIFR¹ 7.65

Improved from 9.35 in FY23

LTIFR² 0.90

Improved from 1.89 in FY23

PROVEN SERVICE DELIVERY IN HIGH-GROWTH SECTOR

Transitioned oil & gas decommissioning project services to the demobilisation phase -
>800K offshore working hours LTI free

DIVERSIFIED GROWTH WITHIN CORE BUSINESS

Strong performance across all industries and areas of operation nationally – maintained excellent service delivery

ASX LISTING

Commenced trading on
ASX 30 July 2024

STRONG GOVERNANCE

Welcomed:

Andrew Wackett

Executive Director - Finance
and

Tracey Horton AO

Non-Executive Director

ABILITY TO PURSUE GROWTH STRATEGY

Delevered balance sheet provides greater optionality to pursue compelling growth initiatives

¹ Total Recordable Injury Frequency Rate (TRIFR) per million hours worked

² Lost Time Injury Frequency Rate (LTIFR) per million hours worked



CHAIRMAN'S ADDRESS

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Bhagwan Marine's Annual Report for the fiscal year 2024 (FY24).

FY24 has been a milestone year, marked by two major accomplishments. First, the Company demonstrated exceptional resilience in managing significant top-line growth while maintaining our steadfast commitment to service delivery and safety. Second, we successfully completed an initial public offering (IPO), culminating in our listing on the Australian Securities Exchange (ASX) in July 2024.

Achieving both accomplishments simultaneously is a testament to the extraordinary effort and dedication of everyone at Bhagwan. The entire team should take great pride in their contributions and the outstanding results we have delivered this year.

Initial Public Offering and ASX Listing

The IPO received strong institutional support, raising \$80 million. These funds have been used to strengthen Bhagwan's balance sheet, providing us with greater optionality to pursue strategic growth opportunities within the oil and gas decommissioning, offshore wind, and defence sectors.

July 30, 2024, was a proud day for Loui, Kerren, and the Kannikoski family, marking the commencement of trading on the ASX. Founded in 2000 by the Kannikoski family in Geraldton, Western Australia, with a single vessel, Bhagwan has since grown substantially, now operating a broad fleet of more than 100 vessels.

Our diversification strategy has enabled the Company to expand its service offerings across a broad range of sectors nationally, including offshore oil and gas, subsea, port operations, and civil construction.

Safety & Wellbeing

Operating in a marine environment with a workforce of more than 800 employees, safety and wellbeing remain paramount. The Board is pleased with Bhagwan's unwavering commitment to safeguarding its people and its pursuit of continual improvement. This dedication is reflected in our FY24 safety metrics, with the Company's Lost Time Injury Frequency Rate (LTIFR) improving to 0.90 from 1.89 in FY23, and the Total Recordable Injury Frequency Rate (TRIFR) improving to 7.65 from 9.35, despite a substantial increase in working hours.

Sustainable Operations

In addition to safety, the Company is investing in battery and hybrid vessels and new green technologies to lower its emissions. Concurrently, we are advancing our autonomous vessel technology research with partners, which ultimately can enhance safety and reduce the need for personnel to spend extended periods offshore, away from their families and support networks.



Financial Performance

During FY24, Bhagwan achieved record revenue of \$303.1 million, representing a 79% increase over FY23 and 4% above the Prospectus forecast. Pro Forma EBITDA reached \$41.3 million, a 14% uplift from the previous year and 6% above the Prospectus forecast. While EBITDA margins declined from FY23, the Company made strategic investments in its oil and gas decommissioning capabilities to position itself in this high-growth sector.

Governance

During the year, we were pleased to welcome Andrew Wackett as Executive Director – Finance and Tracey Horton as Non-Executive Director. Their professional experience, expertise, and cultural alignment have enabled them to make significant contributions from the outset, particularly in leading internal teams and supporting the IPO process.

For the balance of FY25, the Board will focus on safety, meeting performance goals, and ensuring a smooth transition in our culture and capabilities as the Company enters its next growth phase. We will also build on our strategic outlook, particularly regarding management and Board evolution over the next three to five years.

Thanks to a Talented Team

As Australia's largest listed marine company, we are now better positioned to attract and retain top talent, provide greater assurance to clients through enhanced governance, and leverage additional financial resources and access to capital markets.

I remain enthusiastic about the Company's potential to expand into new industry segments and continue enhancing its performance. Bhagwan's strong operational and safety performance, coupled with its unique culture and passion for service delivery, will serve as the foundation for continued success.

In closing, I would like to express my deep gratitude to the leadership team and all employees at Bhagwan Marine for their tremendous efforts throughout an incredibly busy yet rewarding year.



Anthony Wooles

Non-Executive Chairman



BOARD OF DIRECTORS

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.



Anthony Wooles

BCom, MBA (Finance), FAICD, SA FIN

Non-Executive Chairman

Anthony Wooles was appointed as Non-Executive Chairman of Bhagwan on 8 March 2012.

He has extensive experience in executive and advisory roles in diverse industries, including mining, oil and gas, power generation, manufacturing, telecommunications, food and beverages, and retail.

Anthony currently serves as Chairman of IMDEX Limited, and as a Non-Executive Director of High Peak Royalties Limited.

He is also a Fellow of the Australian Institute of Company Directors (AICD) and holds a Bachelor's Degree in Economics and an MBA in Finance from the Wharton School of the University of Pennsylvania.

Anthony is the Chair of Bhagwan's Remuneration Committee and a member of the Audit and Risk Committee.



Loui Kannikoski

Managing Director and Chief Executive Officer

Loui Kannikoski is the Founder and Managing Director & CEO of Bhagwan.

He began his business career working in the family cray fishing business and led the family business since the mid-1980s. In 1998, Loui expanded the family's growing marine business by securing clients in the oil and gas industry as a marine charter operator. In 2000, he further expanded the business and formed Bhagwan.

Loui's strategy and growth expertise, combined with his operational experience, have provided a strong understanding of the success factors required to drive Bhagwan's performance and business.



Andrew Wackett

BCom, FCPA, FFIN, GAICD

Executive Director - Finance

Andrew Wackett commenced as Executive Director - Finance on 1 May 2024.

Andrew has extensive experience in investment banking, securities management, and finance. Throughout his career, he has gained significant commercial experience with large Australian and international listed entities. He has developed a deep knowledge of financial matters, leadership, and corporate governance and has worked in executive roles guiding businesses, departments, and teams in formulating and executing strategy.

Andrew was recently the CFO of Fleetwood Limited and a former Division Director of Macquarie Securities Group for 20 years. Before joining Macquarie, Andrew worked at Wesfarmers for over six years.

Andrew holds a Bachelor of Commerce, is a Fellow of CPA Australia, a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors (AICD).



Tracey Horton AO

BEc (Hons), MBA, FAICD

**Independent
Non-Executive Director**

Tracey Horton was appointed as an Independent Non-Executive Director of Bhagwan on 5 June 2024.

Currently, she is a professional director with experience across a wide range of ASX-listed companies, Government, and Not-For-Profit boards. Tracey currently serves as a Non-Executive Director of GPT Group, IDP Education Limited, and IMDEX Limited.

She has extensive experience in Australia and internationally as a management consultant, with deep knowledge across a broad range of industries. Throughout her career, Tracey held executive and senior management roles with Bain & Company in North America, and in Australia with Poynton and Partners and the Reserve Bank of Australia. She was also a Winthrop Professor and Dean of the Business School at the University of Western Australia.

Tracey is a Fellow of the Australian Institute of Company Directors (AICD), and holds a Bachelor of Economics (Hons) from the University of Western Australia as well as a MBA from Stanford Graduate School of Business.

She currently serves as the Chair of Bhagwan's Audit & Risk Committee and is a member of the Remuneration Committee.

**“FY24 has been an exciting
and transformative period
for our Company.”**

LOUI KANNIKOSKI - MANAGING DIRECTOR AND CEO





MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER REVIEW OF OPERATIONS

Dear Shareholders,

The 2024 financial year (FY24) has been an exciting and transformative period for our Company. I am immensely proud of how everyone maintained a strong focus on operational excellence, service delivery, and safety while managing Australia's largest oil and gas decommissioning project and navigating the initial public offering process. My sincere thanks go to our teams and families for their unwavering dedication and support.

Financial Performance

Our strong performance highlights the commitment of our teams and the strength of our diversified business model. We achieved record external revenue of \$303.1 million, representing a 79% increase over FY23 and 4% higher than the forecast in our Prospectus. This growth was driven by our decommissioning efforts and robust activity across all sectors and areas of our core business, particularly in the fourth quarter.

Pro Forma EBITDA of \$41.3 million increased by 14% compared to the prior corresponding period and exceeded the Prospectus forecast of \$38.8 million by 6%.

Our decommissioning project generated external revenue of \$99.8 million, net revenue of \$65.4 million and EBITDA of \$6.0 million to June 2024. This compares to prospectus forecasts of \$87.6 million, \$60.7 million and \$3.2 million respectively.

Our Pro Forma EBITDA margin came in at 15.4% and ahead of the prospectus forecast of 14.7%. Excluding the decommissioning project our EBITDA margins of 17.4% were in line with prospectus forecasts.

Cashflow from operations of \$29.0 million compared favourably to the prospectus forecast of \$27.6 million. Free cash flow after capex was \$17.0 million for the year (prospectus forecast \$16.8 million).

Initial Public Offering

On 30 July, we proudly commenced trading on the Australian Securities Exchange (ASX) following a successful initial public offering of fully paid ordinary shares.

The offer involved the issuance of 126,984,127 new shares by Bhagwan at \$0.63 per share, raising \$80 million before costs, and received strong institutional support. The offer was conducted to strengthen our balance sheet and enable our Company to pursue a range of compelling growth opportunities within the oil and gas, offshore wind, decommissioning, infrastructure, and defence sectors.

It was a momentous day for our family and a significant milestone in our Company's history. Watching my mum and fellow shareholder, Matilda Mae Kannikoski ring the ASX bell was a true highlight.

I would like to acknowledge and thank our advisory teams: Euroz Hartleys as the Sole Lead Manager and Underwriter for the Offer, Investigating Accountant KPMG, Corporate Advisor Azure Capital, and Clayton Utz as Legal Adviser. The success of the Offer would not have been possible without your guidance and support.

Safety Culture

With some 830 employees and 100 working vessels, maintaining an acute focus on our safety culture is paramount.

Pleasingly, in FY24, we demonstrated excellent safety engagement and improved performance. Our LTIFR of 0.90 improved from 1.89 in FY23, and our TRIFR of 7.65 showed progress from 9.35 over the same period.

We were especially pleased with our safety performance on the decommissioning project where there were no lost time injuries in over 800,000 hours of offshore work.

We were also pleased to appoint Daniel Shields as General Manager QHSE. With his extensive experience within the marine industry, Daniel will continue to build on the excellent foundations established by our retiring General Manager QHSE, Andy Cowan.

Operational Overview

Activity was strong across our core business, which includes the offshore oil and gas industry, subsea services, port operations, and civil construction. We successfully extended existing contracts and won new ones with both current and new customers, with demand for short-term support contracts particularly strong.

A true highlight of the year was our involvement as a Tier 1 provider in an oil and gas decommissioning project in the Northwest which was a milestone for Bhagwan and the largest decommissioning project by an Australian service provider. The project required multiple disciplines, including subsea work, and involved offshore teams of approximately 180 people working around the clock. Pleasingly, we achieved over 800,000 offshore working hours without a single lost time injury. This demonstrates the importance our teams place on keeping each other safe. Nine wells were successfully removed by August 2024, and we expect to build on our experience and proven service delivery in this high-potential area.

Sustainable Operations

We recognise the increasing importance of delivering sustainable marine services through environmental, social, and governance (ESG) initiatives—for our employees, customers, and shareholders.

Within our Company, we are working on several programmes to improve fuel efficiency and reduce carbon emissions, including incorporating green technologies into our vessel engines, such as hybrid or fully electric systems. Concurrently, we have exciting projects underway for automated vessels that significantly enhance safety and reduce the need for our crews to spend extended periods away from their families and friends.

Externally, the nature of our work in decommissioning, offshore wind energy, and contamination response makes a positive contribution to the environment.

Our Company is also committed to contributing to the social and economic development of the communities in which we operate. We take pride in partnering with community organisations that align with our core values, particularly in relation to regional engagement and training. During FY24, sponsoring cancer, mental health and regional education charities were real highlights.

Strong compliance and governance are integral to our operating culture. As a listed company, we are acutely aware of the heightened focus on transparency, not only for our customers and employees but also for our shareholders.

Growth Strategy and FY25 Focus Areas

Our growth strategy has primarily centred on delivering excellent service and pursuing targeted acquisitions to diversify our revenue streams and strengthen our presence in key growth areas across Australia.

In addition to maintaining our commitment to safety, our focus for the remainder of FY25 will be on the following five key areas:

1. Strengthening our Core Business: Continuing to deliver high-quality service and project outcomes for our clients.
2. Expanding in Growth Sectors: Pursuing additional opportunities in growth industries, including offshore decommissioning, offshore wind, and defence.
3. Disciplined and Targeted Acquisitions: Seeking accretive acquisitions that broaden our capabilities, particularly within growth sectors.
4. Fleet Upgrades: Continuing to modernise our fleet with more efficient and sustainable vessels.
5. Long-term Contracts: Prioritising longer-term contracts that ensure higher vessel utilisation rates.



Outlook

The outlook for our core business remains compelling. Australia has successfully attracted, retained, and grown a world-class offshore oil and gas industry—a multi-billion-dollar contributor to our economy, energy security, employment, and terms of trade. Similarly, demand for subsea services aligns with the offshore oil and gas market and the growing offshore wind energy market. Finally, as an island nation, we rely on maritime freight and infrastructure construction for the efficient import and export of goods.

In our growth markets—oil and gas decommissioning, offshore wind, and defence—we anticipate activity will be driven by:

- The offshore oil and gas industry's significant decommissioning portfolio over the coming decades.
- The Australian Government's commitment to a 43% reduction in the country's emissions by 2030 and net zero by 2050, including the identification of six priority offshore wind areas for development.
- The Australian Government's increased defence budget and the announcement of several maritime-related initiatives, including ocean survey, port facilities and infrastructure upgrades.

Our experience, fleet capacity, and national presence position us strongly to continue expanding our core and growth businesses.

My Thanks to a Great Team

I am incredibly proud of our unique culture at Bhagwan. The way our teams have responded to an enormously busy year has been truly remarkable. Everyone has done a tremendous job.

The outlook for Bhagwan is brighter than at any time in our past. The underlying fundamentals of our industry are excellent, the pipeline of opportunities is long, and our teams have never been stronger.

My sincere thanks to my fellow Board members—Anthony Wooles, Andrew Wackett, and Tracey Horton—for your guidance. My thanks also to our leadership team and everyone at Bhagwan for your dedication to service delivery, safety, and each other, as well as your good humour.

We have the fleet, the national network, and the balance sheet to respond to market needs and opportunities as they arise. We look forward with great excitement to FY25 and the years ahead for Bhagwan, our customers, our team, and ultimately, our shareholders.



Loui Kannikoski
Managing Director and CEO





EXECUTIVE LEADERSHIP COMMITTEE

Bhagwan's management team is led by Managing Director and CEO, Loui Kannikoski, who is supported by a number of experienced and skilled personnel, who together have extensive knowledge of the Bhagwan business and the industry in which it operates.



Loui Kannikoski
Chief Executive Officer

Loui Kannikoski is the Founder and Managing Director & CEO of Bhagwan.

He began his business career working in the family crayfishing business and led the family business since the mid-1980s. In 1998, Loui expanded the family's growing marine business by securing clients in the oil and gas industry as a marine charter operator. In 2000, he further expanded the business and formed Bhagwan.

Loui's strategy and growth expertise, combined with his operational experience, have provided a strong understanding of the success factors driving Bhagwan's performance and business.



Andrew Wackett
Executive Director - Finance

Andrew Wackett commenced as Executive Director - Finance on 1 May 2024.

Andrew has extensive experience in investment banking, securities management, and finance. Throughout his career, he has gained significant commercial experience with large Australian and international listed entities. He has developed a deep knowledge of financial matters, leadership, and corporate governance and has worked in executive roles guiding businesses, departments, and teams in formulating and executing strategy. Andrew was recently the CFO of Fleetwood Limited and a former Division Director of Macquarie Securities Group for 20 years.

Before joining Macquarie, Andrew worked at Wesfarmers for over six years. Andrew holds a Bachelor of Commerce, is a Fellow of CPA Australia, a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.



Cheryl Williams
Chief Financial Officer and Joint Company Secretary

Cheryl is Bhagwan's Chief Financial Officer and Joint Company Secretary, joining the Company in February 2018. Cheryl is responsible for overseeing all aspects of financial planning, analysis, reporting, and management for the Company. Cheryl has over 15 years' experience in senior finance roles across multinational corporations, privately owned companies, and public practice.

Cheryl is a Certified Chartered Accountant, and holds a Certificate in Governance Practice from the Governance Institute of Australia, and a BA (Hons) in Accounting and Human Resource Management from the National College of Ireland.

**Kerren Kannikoski****General Manager - Corporate Services**

Kerren is a co-founder of the business and commenced employment with Bhagwan in 2000 alongside her husband, Managing Director and CEO, Loui Kannikoski.

Kerren is responsible for Human Resources, crewing of vessels, payroll, information systems and marketing.

**Tom Kannikoski****General Manager - Corporate and Strategic Development**

Tom commenced employment with Bhagwan in 2014 and has worked in various positions across all regions of the company.

Tom is also the Deputy Designated Person Ashore (DPA) as appointed under the Company's Safety Management System.

Tom is an AMSA qualified Marine Master with 15 years' industry experience.

**Andy Cowan****General Manager - QHSE**

Andy joined Bhagwan in 2008 and is responsible for Quality Management, Occupational Health and Safety Management nationally.

Andy holds formal qualifications in Shipbuilding from City and Guilds.

**Grant Bedford****General Manager - Commercial and Business Development**

Joining in July 2023, Grant is responsible for the management of commercial functions and business development activities for the Bhagwan businesses nationally.

Grant holds a Master of Business Administration (MBA), is a Graduate of the Australian Institute of Company Directors, a CPA (Australia) and has a Bachelor of Commerce (BCom) - Accounting from the University of Western Australia. Previously Grant had 19 years' experience in similar roles globally, including Europe, Middle East and Asia.

**Peter Carmichael****General Manager - West Coast Operations**

Peter is an Australian Maritime Safety Authority (AMSA) qualified Marine Master and Engineer who commenced employment with Bhagwan in 2006 and has operated many vessels across the Bhagwan fleet.

Peter is responsible for the safe management of Bhagwan's operations on the West Coast of Australia.

**Gregory Standish****General Manager - Subsea**

Gregory is responsible for Bhagwan's Subsea marine services. This includes business development and technical operations.

Gregory has nearly 20 years' experience in the oil and gas and defence sectors with companies including DOF Subsea and defence contractor, Phoenix International. Gregory holds a BEng (Hons), Civil Engineering from the University of Edinburgh.

**Kevin Clifford****General Manager - East Coast Operations**

Kevin commenced employment with Bhagwan in 2014, and is responsible for managing the commercial and operational aspects of tug, barge, towing, marine construction and salvage operations for Bhagwan on the East Coast of Australia.

Kevin is an AMSA qualified Marine Master and Engineer.

**Luke Morand****General Manager - Northern Territory**

Luke began his career with Bhagwan in 2014 as the Northern Territory Fleet Manager and grew within the region to his current role due to his extensive operational and technical knowledge.

Luke is an AMSA qualified Marine Engineer and has over 15 years of industry experience.





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DIRECTORS' REPORT

The Directors of Bhagwan Marine Limited (the Company or 'parent entity') present their report, together with the consolidated financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the group') consisting of the Company and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

Name and role	Information on Directors
Anthony Wooles Chairman & Non-Executive Director BCom, MBA (Finance), FAICD, SA FIN Anthony was appointed as Non-Executive Chairman on 8 March 2012.	Experience and Expertise Anthony Wooles has extensive experience in executive and advisory roles in diverse industries, including mining, oil and gas, power generation, manufacturing, telecommunications, food and beverages, and retail. He is also a Fellow of the Australian Institute of Company Directors and holds a Bachelor's Degree in Economics and an MBA in Finance from the Wharton School of the University of Pennsylvania. Listed Companies Other Directorships (held in the last three years) Imdex Ltd (2016 to current) High Peak Royalties Ltd (2012 to current) Board Committee Memberships Chair of the Board Remuneration Committee (Chair) – since 5 June 2024 Audit & Risk Committee – since 5 June 2024 Interests in Securities in Bhagwan Marine at date of this report 23,392,021 ordinary shares (subject to voluntary escrow until the date on which Bhagwan Marine releases its financial results for the financial year ending 30 June 2025 to the ASX).
Tracey Horton AO Independent Non-Executive Director BEc (Hons), MBA, FAICD Tracey was appointed as an Independent Non-Executive Director on 5 June 2024.	Experience and Expertise Tracey Horton is a professional Director with experience across a wide range of ASX-listed companies, Government, and Not-For-Profit boards. She has extensive experience in Australia and internationally as a management consultant, with deep knowledge across a broad range of industries, including utilities (gas and electric), resources, healthcare, manufacturing, retail, and technology. Tracey has previously held executive and senior management roles with Bain & Company in North America, and in Australia with Poynton and Partners and the Reserve Bank of Australia. She is a Fellow of the Australian Institute of Company Directors and holds a Bachelor of Economics (Hons) from the University of Western Australia and an MBA from Stanford Graduate School of Business. Listed Companies Other Directorships (held in the last three years) Imdex Ltd (2023 to current) IDP Education Ltd (2022 to current) GPT Group Ltd (2019 to current) Nearmap Limited (2019 – 2022) Board Committee Memberships Audit & Risk Committee (Chair) – since 5 June 2024 Remuneration Committee – since 5 June 2024 Interests in Securities in Bhagwan Marine at date of this report 30,000 ordinary shares 74,627 performance rights

DIRECTORS' REPORT

Name and role

Loui Kannikoski Managing Director & CEO

Loui was appointed as Managing Director & CEO in 1985.

Information on Directors

Experience and Expertise

Loui Kannikoski is the Founder and Managing Director & CEO of Bhagwan. He began his business career working in the family cray fishing business and led the family business since the mid-1980s. In 1998, Loui expanded the family's growing marine business by securing clients in the oil and gas industry as a marine charter operator. In 2000, he further expanded the business and formed Bhagwan Marine.

Loui's strategy and growth expertise, combined with his operational experience, have provided a strong understanding of the success factors driving Bhagwan Marine's performance and business.

Listed Companies Other Directorships (held in the last three years)

None

Board Committee Memberships

None

Interests in Securities in Bhagwan Marine at date of this report

111,528,011 ordinary shares (subject to voluntary escrow until the date on which Bhagwan Marine releases its financial results for the financial year ending 30 June 2025 to the ASX).

Andrew Wackett Executive Director - Finance

BCom, FCPA, FFIN, GAICD

Andrew was appointed as Executive Director Finance on 1 May 2024.

Experience and Expertise

Andrew Wackett has extensive experience in investment banking, securities management, and finance and has significant commercial experience with large Australian and international listed entities. Andrew was previously the CFO of Fleetwood Ltd and a Division Director of Macquarie Securities Group for 20 years. Before joining Macquarie, Andrew worked at Wesfarmers for over six years.

He holds a Bachelor of Commerce, is a Fellow of CPA Australia, a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.

Listed Companies Other Directorships (held in the last three years)

None

Board Committee Memberships

None

Interests in Securities in Bhagwan Marine at date of this report

160,000 ordinary shares
74,627 performance rights

Kerren Kannikoski, an alternate Director for Loui Kannikoski, resigned from this role on 29 May 2024.

DIRECTORS' REPORT

Attendance of Directors at meetings

The number of Board meetings including meetings of Board committees, held during the year and the number of meetings attended by each Director is set out below:

Director	Board		Audit and Risk Committee (formed 5 June 2024)		Remuneration Committee (formed 5 June 2024)	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Anthony Wooles	11	11	-	-	-	-
Loui Kannikoski	11	11	-	-	-	-
Andrew Wackett	5	5	-	-	-	-
Tracey Horton	3	3	-	-	-	-

No meetings of the Audit & Risk Committee and the Remuneration Committee were held as they were only formed on 5 June 2024.

A special-purpose Due Diligence Committee, comprising Anthony Wooles, Loui Kannikoski, and various corporate advisors, was also formed during the year to oversee the preparation of the Company's Prospectus and Initial Public Offer.

Company Secretary

Cheryl Williams and Darryl Edwards are the joint Company secretaries.

Cheryl has been the Chief Financial Officer and Joint Company Secretary since February 2018. Cheryl has over 15 years of experience in senior finance roles across multinational corporations, privately owned companies, and public practice. Cheryl is a Certified Chartered Accountant who holds a Certificate in Governance Practice from the Governance Institute of Australia and a BA (Hons) in Accounting and Human Resource Management from the National College of Ireland.

Darryl Edwards was appointed as Joint Company Secretary on 5 June 2024. Darryl is the founder of Boardroom Governance a consultancy firm that provides corporate governance services. Darryl has over 20 years of experience in corporate governance and is a Fellow of the Governance Institute of Australia and Member of the Australian Institute of Company Directors.

Principal activities

During the financial year the principal activities of the consolidated entity consisted of operating a diverse range of vessels providing marine solutions within ports, nearshore, offshore and subsea locations.

There were no significant changes in the nature of the activities of the Group during the year.

Review of operations

A review of the operations of the consolidated entity during the financial year and the results of those operations are set out in the report on pages 23 to 25.

Objectives

The Company's objectives and growth strategy are to continue achieving sustainable earnings growth and to focus on providing high-quality service and project delivery for clients. The company's strategy is focused on providing a diverse range of marine services in the Australian market and to build up a diverse service offering and capabilities, with the aim to service clients in an expanding range of markets and industries, including decommissioning, offshore wind energy, defence and security, and maintenance services.

DIRECTORS' REPORT

Financial review

The consolidated entity reported revenue from contracts with customers of \$268.8m for the year (2023: \$169.0m). The reported profit is \$5.5m for the year (2023: \$17.3m).

Shareholder returns

	2024 \$'000	2023 \$'000	2022 \$'000
Profit attributable to owners of the company	5,547	17,343	2,405
Basic EPS	3.71	11.56	1.60
Dividends paid	-	-	-
Dividends per share	-	-	-
Return on capital employed	14.5%	13.6%	6.2%

Risks – Specific Business Risks

The following are the material risks relevant to the company's operation.

A. Reliance on resources and oil and gas exploration, development, production and decommissioning activity

Bhagwan's performance and future growth is largely dependent on the level of activity that relates to the resources and oil and gas industry. The level of activity in the resources and oil and gas industry may impact the demand for Bhagwan's services in ports, nearshore, offshore and subsea locations.

B. Reliance on key clients

Bhagwan's business relies on a number of key clients and Bhagwan derives a significant proportion of its revenue from a small number of key long-term clients. Approximately 55% of Bhagwan's FY24 revenue was derived from three key clients of Bhagwan. These clients provide revenue for Bhagwan for the provision of services including (without limitation) civil construction, subsea, offshore and port services.

C. Failure to renew existing contracts or win new contracts

Bhagwan's ability to renew existing contracts with existing clients and win new contracts is fundamental to maintaining its business, profitability and to drive growth with existing clients in terms of expanding the range of services provided and to attract new clients. Bhagwan has contracts at various stages and of varying lengths, including contracts that are due to expire in the next 12 months.

D. Ability to retain and engage skilled personnel

Casual employees make up the majority of Bhagwan's workforce. Many of these casual employees are highly skilled individuals who are critical to the provision of Bhagwan's services and the operation of Bhagwan's vessels. These casual employees generally do not have an obligation to be engaged to provide services when called upon and can generally terminate their employment at short notice. There is a risk that Bhagwan may fail to engage the adequate number of casual employees with the requisite skills to provide the services that it is required to provide or fail to deliver such services in a timely manner or to the standards required.

E. Industrial relations and employee risks

A substantial portion of Bhagwan's employees are members of various labour unions under several collective bargaining agreements. While the Company strives to maintain constructive relationships with these unions, Bhagwan notes the following potential risks related to employing members of labour unions: Labour disputes and strikes, Increased operational costs, Regulatory compliance, and periodic contract negotiations.

F. Large and highly skilled workforce

Bhagwan employs a large and highly skilled workforce. Bhagwan's service quality is dependent on its ability to attract, develop, motivate and retain appropriately skilled and qualified personnel and on Bhagwan's ability to provide sufficient training and oversight to its employees to achieve consistent service standards.

G. Delay in projects and new contracts' commencement

There is a possibility of delays in the commencement of any new projects or new contracts past the expected commencement date, for example, due to project pre-requisites for commencement not being met, delays in the supply of certain materials, adverse weather events and the failure by Bhagwan to mobilise resources needed to provide the services under the contract in a timely manner.

DIRECTORS' REPORT

Risks – Specific Business Risks (continued)

H. Quality of work and delivery of services

An important part of Bhagwan's business is its ability to add value to its clients by delivering high quality services in a consistent and timely manner. Whilst Bhagwan has a strong record of delivering its services and has systems and processes in place to ensure the continuation of its service standards, there is no guarantee that all of Bhagwan's services will always meet its client's expectations as to the quality and timing of the work performed.

I. Competition and supply of vessels

The marine service industry is competitive and is comprised of many global and regional owners and operators of vessels and marine providers. Bhagwan expects to continue to have a broad range of competitors across all of its operations and in the various locations where Bhagwan operates, which could impact Bhagwan's ability to retain existing clients, attract new clients, obtaining attractive margins on new contracts and other similar or favourable terms when seeking new, or renewing existing, engagements.

Demand for Bhagwan's vessels is affected, at a whole of industry level, by the number of vessels available in the market, Bhagwan's ability to secure vessels on acceptable commercial terms and maintain those vessels under contracts with counterparties and the competitive landscape in which it operates. Increased competition adversely impacts utilisation levels of Bhagwan's vessels, day rates that Bhagwan may charge on engagements and other contract terms. An increase in size or capabilities of Bhagwan's competitors and/or the increased supply or production of new vessels in the industry in which Bhagwan operates may also increase competition and limit the demand for Bhagwan vessels.

J. Potential for litigation, claims and disputes

Bhagwan may be exposed to various litigation, claims and disputes in the ordinary course of its business as an operator of vessels. These may include property damage claims, contractual disputes, personal injury claims and employment disputes. For example, contractual disputes with clients may arise if Bhagwan is not able to provide the adequate resources to provide the services required by the client under a service contract, such as the appropriate vessel (size or type) or appropriately skilled personnel. The risk of disputes with clients could impact Bhagwan's relationship with the client, its reputation in the industry and its ability to attract new clients and maintain existing clients.

K. Third party injury or commercial operations interruption

Bhagwan provides services to prominent mining and oil and gas companies and government agencies and operates within settings where it interacts with the public and third-party commercial businesses. While delivering its services, Bhagwan's employees or contractors, through the use of Bhagwan's owned or leased vessels, could potentially inflict harm upon individuals, as well as cause damage or disruption to the business operations of third parties. In some instances, Bhagwan is responsible for a client's assets and may be exposed to risk of loss or damage to such assets irrespective as to the cause of that loss or damage. Bhagwan may be liable for such injury, damage or interruption not covered by insurance protection, which may have a material adverse impact on Bhagwan's financial performance and financial position.

L. Reputation

Bhagwan's ability to maintain its reputation is critical to its ongoing financial performance. Bhagwan's reputation could be impacted if it does not maintain high standards for service quality or if it fails to comply with regulations or accepted practices. Furthermore, the actions of external entities (i.e. clients, contractors, subcontractors, technical service providers or material suppliers), have the potential to negatively impact Bhagwan's reputation. Any consequential negative publicity may reduce the demand for Bhagwan's services.

M. Securing funding on acceptable terms

Bhagwan is party to a number of separate facility agreements with lenders for the purposes of financing acquisitions, providing guarantees and financing other corporate expenses. Any deterioration in Bhagwan's financial health, a decline in its creditworthiness, or instability in local and global banking and capital markets might lead to higher borrowing costs for Bhagwan or may impede its ability to secure additional debt or replace existing debt as it matures. An inability for Bhagwan to secure debt funding on favourable terms, or to continue to comply with its financial covenants, could constrain the future growth of its business and could adversely impact Bhagwan's operating and financial performance.

DIRECTORS' REPORT

Risks – Specific Business Risks (continued)

N. Environment and cultural protection

Many of Bhagwan's operations and proposed activities are subject to laws and regulations concerning the environment and cultural heritage protection. Bhagwan services may have an impact on the environment when servicing its clients. Should any of these services adversely impact or interfere with the environment, this may adversely affect Bhagwan's financial performance. It is Bhagwan's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental and cultural heritage protection laws and regulations.

O. Project management and cost management

Execution and delivery of projects involves judgment regarding the planning, development and operation of complex operating facilities and equipment. As a result, Bhagwan's operations, cash flows and liquidity could be affected if the resources or time needed to complete a project are miscalculated, if it fails to meet contractual obligations, or if it encounters delays or unspecified conditions.

Cost overruns, unfavourable contract outcomes, serious or continued operational failure, disruption at key projects, disruptions to communication systems or a safety incident has the potential to have an adverse impact on Bhagwan's ability to adequately resource future engagements and its financial performance.

Bhagwan is also exposed to input costs through its operations, such as the cost of fuel and energy sources, equipment and personnel. To the extent that these costs cannot be passed on to clients in a timely manner, or at all, Bhagwan's financial performance could be adversely affected.

P. Maintenance and capital expenditure risk

Given the nature of the Company's operations, its fleet assets will age and depreciate over time. As its fleet assets age, the cost of maintaining such assets, if not replaced within a certain period of time, will increase. Determining the optimal age of fleet assets is subjective and requires estimates by management with asset management expertise.

Q. Inability to maintain adequate insurance

Although the Company maintains insurance, no assurance can be given that adequate insurance will continue to be available to the Company in the future on commercially acceptable terms.

R. Cyber security

Bhagwan may be adversely affected by malicious third-party applications that interfere with, or exploit, security flaws of Bhagwan's computer or operating systems. Breaches of security, such as cyber-attacks by hackers, could also render Bhagwan's information technology infrastructure and software platforms unavailable. If Bhagwan's efforts to combat these malicious applications are unsuccessful, Bhagwan's reputation and brand name may be impacted, which may result in an adverse effect on its operations and financial position.

S. Contingent liabilities

Although Bhagwan has limited contractual security arrangements in place in the form of issued bank guarantees and bonds as at 30 June 2024, there is a risk that such a performance security may be called upon, requiring Bhagwan to make whole to the provider of the security which may in turn adversely impact Bhagwan's financial performance. There is also a risk that such performance securities may become harder or more expensive to secure in the future.

Dividends

No dividends were paid during the year ended 30 June 2024 (2023: nil).

Significant changes in the state of affairs

On 14 June 2024, the company changed from a Proprietary Company to a Public Company.

On 28 June 2024, the Company launched an initial public offering (IPO) of fully paid ordinary shares in the Company under the terms of a replacement prospectus lodged with the Australian Securities and Investments Commission (ASIC) to raise \$80 million in new capital. Contemporaneously, the Company applied for admission to the official list of the Australian Securities Exchange (ASX) and entered into an underwritten agreement with Euroz Hartley Limited in which the underwriter agreed to arrange and manage the offer on new shares under the IPO. The IPO closed on 23 July 2024 raising \$80 million before costs. Further details are set below in the subsequent events note.

Other than those matters noted above, there were no other significant changes in the state of affairs of the consolidated entity during the financial year.

DIRECTORS' REPORT

Matters subsequent to the end of the financial year

On 8 July 2024, the Company issued of 783,586 performance rights with a nil exercise price expiring on or before 8 July 2027. Each performance right is convertible into one ordinary share on 30 July 2026, subject to the holder remaining in service with the Company.

On 23 July 2024, the Company raised \$80 million in new capital (before costs) under the terms of its Prospectus by issuing 126,984,127 new ordinary shares at an issue price of \$0.63 per share. The purpose of the capital raising is to:

- repay debt, strengthening the Company's balance sheet and facilitating the ability of the Company to pursue growth opportunities;
- increase the Company's profile and brand recognition;
- facilitate the listing of Bhagwan on the ASX and to enable access to capital markets; and
- provide a liquid market for Shares and an opportunity for people to invest in Bhagwan.

On 26 July 2024, the Company was admitted to the Official List of ASX (ASX: BWN) and its securities commenced quotation on 30 July 2024.

On 24 July 2024, the funds raised under the IPO and Prospectus were used to;

- repay bank loans of \$45 million related to the Company's overdraft facility, term debt facility, and commercial advance facility;
- repay in full the shareholder loan of \$12.9 million, inclusive of interest;
- repay in full the other loans of \$12.7 million, inclusive of interest; and
- pay the cost of the IPO.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Securities on issue at the date of this report

At the date of this report the number of securities on issue is:

	Number
Ordinary shares	275,200,238
Performance rights	783,586

The voting rights attached to each class of equity securities are set out below:

- Ordinary Shares: every member present at a meeting of the Company in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- Performance Rights: no voting rights.

One performance right is convertible into one ordinary share for nil consideration.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

DIRECTORS' REPORT

Indemnification of Officers and Auditor

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, and the Company Secretaries of the Company and of any related body corporate against a liability incurred as such by a Director or Company Secretary Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Environmental regulation

The consolidated entity operates in compliance with the International Convention for the Prevention of Pollution from Ships (MARPOL) under Commonwealth legislation through the Australian Maritime Safety Authority (AMSA) Marine Order Regulations. State operated vessels comply with National Law Marine Orders.

The consolidated entity has regulatory reporting obligations to the Clean Energy Regulator under the National Greenhouse and Energy Reporting Act 2007.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Non-audit services

During the year KPMG, the external auditor, has performed certain other services in addition to the audit of the financial statements.

The Directors are satisfied that non-audit services provided during the year by the auditor did not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the board to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid/payable to the auditor of the Company, including KPMG, and its network firms for audit, non-audit and due diligence services provided during the year are \$943,116. Including \$617,000 payable to KPMG Financial Advisory Services (Australia) Pty Ltd for financial services related to the Company's Prospectus.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

DIRECTORS' REPORT

Remuneration Report – audited

The remuneration report for the year ended 30 June 2024 outlines the remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its regulations. This information has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The remuneration report details the remuneration arrangements for key management personnel ('KMP'). The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing, and controlling the major activities of the company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

The KMP of the Company for the year ended 30 June 2024 are as follows:

	Role	Appointment	Ceased as KMP
Anthony Wooles	Chair & Non-Executive	8 March 2012	N/A
Loui Kannikoski	Managing Director & CEO	31 October 1985	N/A
Andrew Wackett	Executive Finance Director	25 March 2024	N/A
Tracey Horton	Non-Executive Director	5 June 2024	N/A
Kerren Kannikoski	GM Corporate Services	27 June 2012	29 May 2024
Cheryl Williams	Chief Financial Officer	6 September 2019	29 March 2024

Remuneration Principles

Members of key management have authority and responsibility for planning, directing and controlling the activities of the Group. During the financial period, KMP comprised the Directors of the Company.

The Group's broad remuneration principles and objectives is to ensure the remuneration package properly reflects the duties and responsibilities of the role and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Board is responsible for determining and reviewing arrangements for its directors and executives.

Compensation packages for KMP currently comprises of fixed remuneration. Fixed remuneration consists of fixed contractual salary or fees, employer contributions to superannuation funds and other employee benefits.

Non-executive remuneration structure

In accordance with corporate governance practice, the Company recognises that the performance of the Board, including the Non-Executive Directors on the Board, must be reviewed, and assessed on a regular basis. Non-Executive Directors are paid a fixed remuneration for services provided on terms decided by the Board. The Company will contribute statutory superannuation to a complying superannuation fund where required. Remuneration is reviewed annually and any increase to it will be at the discretion of the Board.

A Remuneration Committee was established in June 2024. The Board will be setting its remuneration governance, structure and approvals post year-end and plans for this to be effective for the financial year ending 30 June 2025.

The total amount or value of remuneration paid to Non-Executive Directors in any year may not exceed the director fee pool of \$800,000 per annum, as approved by shareholders. Current annual remuneration payable to Non-Executive Directors is set out below.

Position	Annual Directors fees (inclusive of superannuation) Effective 5 June 2024
Chair	\$260,000
Non-executive Directors (each)	\$130,000
Committee chair (per committee)	\$20,000
Committee member (per committee)	\$10,000

DIRECTORS' REPORT

Executive remuneration structure

The Company aims to reward executives based on their position and responsibility. Executive remuneration is governed by an employment agreement with the Company. Fixed remuneration, consisting of base cash salary, superannuation and non-monetary benefits, are reviewed annually by the Board. The Managing Director and Executives are eligible to participate in incentive arrangements offered by the Company from time to time.

There were no short-term incentives ('STI') or long-term incentives ('LTI') plans in place or awarded to executives during the financial year ended 30 June 2024 and 30 June 2023.

The Company has adopted an incentive awards plan that took effect from 10 June 2024 which provides the framework under which individual grants of equity or equity-based incentive awards may be made to Directors, employees and individual service providers of the Company and any Associated Body Corporate of the Company (**Incentive Awards Plan**). The Incentive Awards Plan has been designed to allow the Board to grant Awards to attract and retain talent, and to align the interests of its Directors and employees with those of the Company.

On 8 July 2024 the Company issued 783,586 Performance Rights to specific Directors and employees as part of their respective remuneration packages as an equity-based incentive.

Details of remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Group for the year ended 30 June 2024 are as follows:

30 June 2024	Short-Term Benefits			Long-Term Benefits	Post-employment Benefits	Total
	Salary and fees \$	Non-monetary benefits \$	Annual leave \$	Long Service leave \$	Pension and Superannuation benefits \$	\$
Non-Executive Directors						
A Wooles	295,000	-	-	-	-	295,000
T Horton ¹	23,543	-	-	-	2,605	26,148
Executive Directors						
L Kannikoski	472,758	6,716	52,350	12,544	52,049	596,417
A Wackett ²	94,231	-	6,712	-	7,981	108,924
Other KMP						
K Kannikoski ³	229,150	-	26,321	6,437	25,229	287,137
C Williams ⁴	195,000	-	9,743	7,938	21,450	234,131
Total	1,309,682	6,716	95,126	26,919	109,314	1,547,757

30 June 2023	Short-Term Benefits			Long-Term Benefits	Post-employment Benefits	Total
	Salary and fees \$	Non-monetary benefits \$	Annual leave \$	Long Service leave \$	Pension and Superannuation benefits \$	\$
Non-Executive Directors						
A Wooles	295,000	-	-	-	-	295,000
Executive Directors						
L Kannikoski	444,124	6,824	44,712	19,341	46,678	561,679
Other KMP						
K Kannikoski ³	235,522	-	23,742	10,756	24,730	294,750
C Williams ⁴	225,092	-	8,253	7,357	23,660	264,362
Total	1,199,738	6,824	76,707	37,454	95,068	1,415,791

1. T Horton appointed as non-executive director on 5 June 2024.

2. A Wackett appointed as executive director on 1 May 2024 and KMP on 25 March 2024.

3. K Kannikoski resigned as alternate director on 29 May 2024 and ceased to be a KMP for the year ended 30 June 2024.

4. C Williams ceased to be a KMP on 29 March 2024 for the year ended 30 June 2024.

No bonuses were paid to any individuals in this report and remuneration was not linked to financial performance of the company for the year ended 30 June 2024.

DIRECTORS' REPORT

Details of remuneration (continued)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2024	2023	2024	2023	2024	2023
Non-Executive Directors						
A Wooles	100%	100%	-	-	-	-
T Horton	100%	N/A	-	N/A	-	N/A
Executive Directors						
L Kannikoski	100%	100%	-	-	-	-
A Wackett	100%	N/A	-	N/A	-	N/A
Other KMP						
K Kannikoski	100%	100%	-	-	-	-
C Williams	100%	100%	-	-	-	-

Shareholdings of KMP (direct and indirect holdings)

The number of ordinary shares in the Group held by each KMP during the year ended 30 June 2024 is as follows:

	Balance at 1 July 2023	Issued as remuneration	Acquired	Balance at 30 June 2024
A Wooles	22,870,077	-	-	22,870,077
L Kannikoski ¹	111,051,811	-	-	111,051,811
A Wackett	-	-	-	-
T Horton	-	-	-	-
K Kannikoski ¹	-	-	-	-
C Williams	-	-	-	-
Total	133,921,888	-	-	133,921,888

¹ L and K Kannikoski have a relevant interest in 111,051,811 shares held in various entities controlled by the Kannikoski family.

Share based compensation

There were no shares issued to Directors and other KMP as part of compensation during the year ended 30 June 2024.

Options

There were no options or performance rights issued to Directors and other KMP as part of compensation during the year ended 30 June 2024.

Key terms of employment contracts

These employment contracts may be terminated by either party giving the required notice and subject to termination payments as detailed in the table below:

Name:	Loui Kannikoski
Title:	Managing Director & Chief Executive Officer
Agreement commenced:	31 October 1985
Term of agreement:	Permanent contract
Details:	<p>Base salary of \$472,757 per annum and superannuation of \$52,003.</p> <p>Not entitled to any other benefits as part of fixed arrangements but is eligible to participate in incentive arrangements offered by the company from time to time.</p> <p>Expenses – employment related expenses to be reimbursed.</p> <p>Termination – 4 weeks' notice in writing.</p>

DIRECTORS' REPORT

Key terms of employment contracts (continued)

Name:	Andrew Wackett
Title:	Executive Director - Finance
Agreement commenced:	25 March 2024
Term of agreement:	Fixed Term contract ending 21 March 2025.
Details:	Base salary of \$350,000 per annum and superannuation of \$27,500. Not entitled to any other benefits as part of fixed arrangements but is eligible to participate in incentive arrangements offered by the company from time to time. Expenses – employment related expenses to be reimbursed. Termination – 4 weeks' notice in writing.

As at the date of this report, the Managing Director and other key management personnel are employed by the Company under an employment agreement. The agreement for the Executive Director – Finance is a fixed term contract ending on 21 March 2025.

The Company has not disclosed its financial performance over the past five years in this remuneration report as there has historically been no link between remuneration and the Company's performance.

Loans to/from key management personnel and their related parties

A loan has been granted to a related party, BM Fleet Pty Ltd, of \$4,364,000 (2023: \$3,127,000). BM Fleet Pty Ltd is considered a related party as the consolidated entity and BM Fleet Pty Ltd have mutual directors, Anthony Wooles and Loui Kannikoski, who have control. Interest accrued of \$245,000 is charged at 8% per annum as from 1 July 2023. The outstanding loan receivable was priced on an arm's length basis, is unsecured and is not expected to be settled within the next 12 months. No write downs and no expense has been recognised in the current or prior period for bad or doubtful debts in respect of amounts owed by related parties. The highest loan balance during the year ended 30 June 2024 was \$5,684,000.

The Group transferred its 50% ownership in a joint venture to related party BM Fleet Pty Ltd. The investment in the JV that was previously accounted for using equity accounting has been converted to a loan of \$6,650,000 (2023: \$6,650,000) due to the Group from BM Fleet Pty Ltd. The loan is unsecured and is not expected to be settled within the next 12 months. There is no interest paid or payable and the loan balance remained at \$6,650,000 during the year ended 30 June 2024. Arm's length interest would have been charged at 8% per annum, totalling \$552,000.

A loan has been granted from a related party, Loui Kannikoski, during the financial year ended 30 June 2024 of \$12,582,000 (2023: \$12,590,000). Interest accrued of \$764,000 is charged at 6% per annum. The outstanding loan payable is priced on an arm's length basis and is unsecured.

On 24 July 2024, the Company settled the Shareholder loan granted from a related party, as detailed in the prospectus. The shareholder loan balance of \$12,582,000 as at 30 June 2024 was repaid in full, inclusive of interest from 30 June 2024 up to the date of settlement.

Other transactions with key management personnel

There were no other transactions with key management personnel during the financial year ended 30 June 2024.

Remuneration consultants

The Group has a protocol for engaging and working with remuneration consultants to ensure that "remuneration recommendations" (being advice relating to the elements of remuneration for KMP, as defined under the Australian Corporations Act 2001) are made free from undue influence by KMP to whom they may relate. We have monitored compliance with these requirements throughout the year ended 30 June 2024. The Reward Practice are independent Executive remuneration consultants, not related to the Group, specialising in board, executive and employee reward & recognition programs. The Reward Practice's services were used to provide support on the 2025 Remuneration Policy and giving advice in relation to management proposals. The Board of Directors oversee the selection of the remuneration consultants, who reported directly to the Board of Directors, the engagement letter outlines the scope of work, emphasising independence and objectivity. The Group is satisfied that the remuneration consultants' team is independent.

The Reward Practice was paid \$23,650 (2023: \$nil) for these services and did not provide other services. Fees were charged on the basis of time and expenses incurred.

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT

This report is made in accordance with a resolution of Directors, pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Anthony Wooles', with a stylized flourish at the end.

Anthony Wooles
Chairman

28 August 2024
Perth, WA



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Bhagwan Marine Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Bhagwan Marine Limited for the financial year ended 30 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Matthew Hingeley

Partner

Perth

28 August 2024

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

		Consolidated	
	Note	2024	2023
		\$'000	\$'000
Continuing operations			
Revenue from contracts with customers	5	268,849	168,973
Raw materials and consumables		(22,804)	(7,972)
Vessel expenses		(70,594)	(52,612)
Employee benefits expense		(117,184)	(63,931)
Depreciation and amortisation expense		(23,566)	(20,989)
Impairment of assets		(280)	(322)
Other direct costs		(6,520)	(1,391)
Professional fees		(7,195)	(1,737)
Other income		990	132
Other expenses		(4,591)	(3,412)
Operating profit		17,105	16,739
Finance income		247	3
Finance costs	7	(9,414)	(6,717)
Profit before tax		7,938	10,025
Income tax (expense)/benefit	8	(2,391)	7,318
Profit for the period attributable to the owners of Bhagwan Marine Limited		5,547	17,343
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of vessels net of tax	19	8,966	-
Items that will be reclassified to profit or loss			
Foreign currency reserve		78	-
Other comprehensive income for the year, net of tax		9,044	-
Total comprehensive income for the year attributable to the owners of Bhagwan Marine Limited		14,591	17,343
Earnings per share			
Basic and diluted earnings per share (cents)	9	3.71	11.56

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2024

		Consolidated	
	Note	2024 \$'000	2023 \$'000
Assets			
Current assets			
Cash and cash equivalents	10	1,351	42
Trade and other receivables	11	82,957	33,964
Inventories		2,200	2,858
Other current assets	12	3,480	1,757
Assets held for sale		-	1,401
Total current assets		89,988	40,022
Non-current assets			
Other investments		1,454	1,455
Deferred tax assets	8	1,083	7,318
Property, plant and equipment	13	134,191	117,583
Right-of-use assets	14	16,424	20,356
Non-current financial assets	15	11,014	9,990
Total non-current assets		164,166	156,702
Total assets		254,154	196,724
Liabilities			
Current liabilities			
Trade and other payables	16	76,758	30,073
Loans and borrowings	17	45,352	32,156
Lease liabilities	14	9,126	8,572
Employee benefits	18	4,727	3,399
Total current liabilities		135,963	74,200
Non-current liabilities			
Loans and borrowings	17	32,121	45,992
Lease liabilities	14	7,155	12,021
Employee benefits	18	839	378
Total non-current liabilities		40,115	58,391
Total liabilities		176,078	132,591
Net assets		78,076	64,133
Equity			
Issued capital	19	65,262	65,910
Reserves	19	56,942	47,898
Accumulated losses		(44,128)	(49,675)
Total equity		78,076	64,133

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	65,910	47,898	(67,018)	46,790
Profit after income tax benefit for the year	-	-	17,343	17,343
Total comprehensive income for the year	-	-	17,343	17,343
Balance at 30 June 2023	65,910	47,898	(49,675)	64,133

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 30 June 2023	65,910	47,898	(49,675)	64,133
Profit after income tax benefit for the year	-	-	5,547	5,547
Foreign currency reserve	-	78	-	78
Buyback of Shares	(648)	-	-	(648)
Revaluation of vessels net of tax	-	8,966	-	8,966
Total comprehensive income for the year	(648)	9,044	5,547	13,943
Balance at 30 June 2024	65,262	56,942	(44,128)	78,076

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Consolidated	
		2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts from customers		280,417	185,655
Payments to suppliers and employees		(246,513)	(151,852)
Interest and other finance costs paid		(4,867)	(4,916)
Net cash from operating activities	10	29,037	28,887
Cash flows from investing activities			
Payments for property, plant and equipment		(13,648)	(11,558)
Proceeds from disposal of property, plant and equipment		1,584	250
Net cash used in investing activities		(12,064)	(11,308)
Cash flows from financing activities			
Repayment of borrowings		(3,664)	(4,528)
Proceeds/(repayment) in multi-option facility	17	1,885	(2,953)
Principal element of lease payments		(13,237)	(10,572)
Repurchase of share capital		(648)	-
Net cash used in financing activities		(15,664)	(18,053)
Net increase/(decrease) in cash and cash equivalents		1,309	(474)
Cash and cash equivalents at the beginning of the financial year		42	516
Cash and cash equivalents at the end of the financial year	10	1,351	42

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 1. Reporting entity

Bhagwan Marine Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, 251 St Georges Terrace
Perth, Western Australia 6000

The consolidated financial statements comprise Bhagwan Marine Limited and the entities it controlled at the end of, or during, the year.

The Group is a for-profit entity and a description of the nature of the group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

Note 2. Basis of preparation

(a). Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with *Australian Accounting Standards* adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

These consolidated financial statements were authorised for issue by the Company's Board of Directors on 28 August 2024.

Details of the Group's Other accounting policies are included in Note 26.

(b). Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The Company raised \$80m post year end pursuant to the offer of Bhagwan's Replacement Prospectus dated 28 June 2024, whereby the bank facilities noted below have been settled, thereby mitigating the going concern risk.

The Group's financing facilities with a carrying amount of \$77.5 million at 30 June 2024, had an expiry date of on or before 30 September 2025 (refer Note 17).

On 24 July 2024, the funds raised under the IPO and Prospectus were used to;

- repay bank loans of \$45 million related to the Company's overdraft facility, term debt facility, and commercial advance facility;
- repay in full the shareholder loan of \$12.9 million, inclusive of interest accrued from 30 June 2024 to repayment date;
- repay in full the other loans of \$12.7 million, inclusive of interest accrued from 30 June 2024 to repayment date; and
- pay the cost of the IPO.

The Group has prepared a cash flow forecast for a 12-month period from the date of these financial statements. The cash flow forecast is sensitive to revenue from both contracted and new business. Based on this forecast, the directors are confident that the Group will generate positive cash flows from operations and will meet obligations when they fall due.

Accordingly, the Directors believe that, at the date of approving the financial statements, there are reasonable grounds to believe that the Group will have sufficient funds to meet its obligations as and when they fall due and are of the opinion that the use of the going concern basis remains appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 2. Basis of preparation (continued)

(c). Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for contingent consideration, derivative financial instruments and vessel assets which are measured at fair value.

(d). Significant judgements and estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(e). Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, unless otherwise stated.

(f). Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 23.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(a). Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 14 - Determining the lease term of contracts with renewal and termination options – Group as lessee and determining the incremental borrowing rates on leases

(b). Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 24(ii) - Allowance for expected credit losses (ECL) of receivables
- Note 26(D) - Determining the fair value less costs to sell of non-current assets held for sale
- Note 13 - Estimation of useful lives of assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 4. Segment information

(a). Basis for segmentation

The Group manages its operations as a single business operation and there are no parts of the business that qualify as operating segments under AASB 8 Operating Segments. The Board assesses the financial performance of Bhagwan on an integrated basis only and accordingly, Bhagwan is managed on the basis of a single segment.

During the period, the Group has reclassified the comparative segment information relating to 30 June 2023 to align with the current year presentation. The Board have determined that reporting the results of the Group as a single unit is appropriate.

(b). Information about reportable segments

Information related to the single segment is set out below. Segment EBITDA (Earnings before interest, tax, depreciation and amortisation) is used to measure performance as management believe that this information is the most relevant in evaluating the results of the Group relative to other entities that operate in the same industries. The Group's reporting segments cover Australia. The Group does not operate in any other geographical locations.

2023	Consolidated \$'000
External revenues	168,973
Cost of sales	(112,098)
Gross profit	56,875
Admin costs	(18,957)
Impairment of assets	(322)
EBITDA	37,596
Finance income	3
Other income	132
Depreciation and amortisation expense	(20,989)
Finance costs	(6,717)
Income tax benefit	7,318
Profit for the year	17,343

2024	Consolidated \$'000
External revenues	303,231
Passthrough revenue*	(34,382)
Net revenue	268,849
Cost of sales	(197,497)
Gross profit	71,352
Admin costs	(31,391)
Impairment of assets	(280)
EBITDA	39,681
Finance income	247
Other income	990
Depreciation and amortisation expense	(23,566)
Finance costs	(9,414)
Income tax expense	(2,391)
Profit for the year	5,547

* Non AASB15 Revenue

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 4. Segment information (continued)

(c). Major customers

The Group's major customers vary year on year, being dependant on the projects and services occurring. The three largest customers for the year ended 30 June 2024, represented approximately 55% (\$148.3m) of total revenue reported. The three customers differed to the three largest customers for the year ended 30 June 2023, which represented approximately 40% (\$67.6m) of total revenue reported.

Note 5. Revenue

(a). Revenue streams

	Consolidated	
	2024	2023
	\$'000	\$'000
<i>Sales revenue</i>		
Rendering of Services	268,849	168,973
	268,849	168,973

(b). Disaggregation of revenue from contracts with customers

In the following tables, revenue from contracts with customers is disaggregated by primary geographical market, industry sector and timing of revenue recognition. During the period, the Group has reclassified the comparative primary industry sector information relating to 30 June 2023 to align with the current year presentation.

	Consolidated	
	2024	2023
	\$'000	\$'000

Primary geographical markets:

Australia	268,849	168,973
	268,849	168,973

Primary industry sector:

Offshore and nearshore services	85,455	54,946
Decommissioning offshore	65,439	-
Subsea services	46,371	41,477
Port services	27,481	17,323
Other services	24,164	15,601
Civil construction services	19,939	39,626
External revenue as reported	268,849	168,973

Revenue recognised over time:

Products and services transferred over time	268,849	168,973
External revenue as reported	268,849	168,973

Revenue from contracts with customers is recognised over time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 5. Revenue (continued)

Revenue from services

Revenue is derived from the provision of a diverse range of services, including project management, wharf & jetty construction, coastal towage, crew and cargo transfers, dredging, commercial diving, complete integrated subsea Inspection, Maintenance and Repair (IMR), and the provision of specialised vessels, equipment, personnel and materials, to customers across a variety of industries.

The services provided in each contract are all integrated and represent single performance obligations. These services are contracted on a set rate per day. Revenue is recognised over the period of time based on the number of days the customer utilises the services provided. Income received in advance is deferred until the service is rendered.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The Group has contracts with customers to acquire, on their behalf, certain services from contractors or suppliers. The Group is acting as an agent as they do not control the services provided to the customer by these contractors or suppliers and recognises revenue at the net amount that is retained for these arrangements.

Note 6. Reclassification of comparatives

During the period, the Group reclassified the following comparative information relating to 30 June 2023 to align with current year presentation.

Consolidated statement of profit or loss and other comprehensive income:

- As at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income is presented using the expense by function classification to better align the Group's disclosures with its peers, instead of expense by nature classification that was used as at 30 June 2023. As such, the 30 June 2023 comparatives have been reclassified from expense by nature into expense by function categories.

Note 7. Finance costs

	Consolidated 2024 \$'000	2023 \$'000
Interest and finance charges paid/payable	8,417	5,846
Interest on lease of ROU assets	781	785
Net foreign exchange loss	216	86
Total finance costs expense	9,414	6,717

Note 8. Income tax (expense)/benefit

	Consolidated 2024 \$'000	2023 \$'000
Amounts recognised in profit or loss		
Current tax expense		
Current year	-	-
Changes in estimates related to prior years	-	-
	-	-
Deferred tax expense		
Utilisation of prior period tax loss	(3,288)	(2,993)
Origination and reversal of temporary differences	897	(34)
Recognition of previously unrecognised tax losses	-	10,345
Tax (expense)/benefit on continuing operations	(2,391)	7,318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 8. Income tax (expense)/benefit (continued)

	Consolidated 2024 \$'000	2023 \$'000
Reconciliation of effective tax rate		
Profit before tax from continuing operations	7,938	10,025
Tax at the statutory tax rate of 30%	(2,381)	(3,007)
Non-deductible expenses:		
Entertainment expenses	(25)	(20)
Other	(3)	-
	(28)	(20)
Unused tax losses for which a deferred tax asset has been recognised	-	10,345
Over provided in prior years	18	-
Income tax (expense)/benefit	(2,391)	7,318

Balance 30 June 2024	Net balance 1 July \$'000	Previously unrecognised \$'000	Charged to Income Statement \$'000	Charged to Equity	Net balance 30 June \$'000	Deferred tax assets \$'000	Deferred tax liabilities \$'000
Movements in tax balances							
Tax losses carried forward	14,859	-	(3,288)	-	11,571	11,571	-
Impairment of receivables	56	-	48	-	104	104	-
Accrued expenses	1,393	-	1,227	-	2,620	2,620	-
Property, plant and equipment	(9,045)	-	(567)	(3,844)	(13,456)	-	(13,456)
Prepaid expenses	(89)	-	89	-	-	-	-
Intangible assets	844	-	41	-	885	885	-
AASB16 Right of use assets	(6,106)	-	1,180	-	(4,926)	-	(4,926)
AASB 16 Leases	6,178	-	(1,294)	-	4,884	4,884	-
Other items	(772)	-	173	-	(599)	-	(599)
Tax assets/(liabilities) before offset	7,318	-	(2,391)	(3,844)	1,083	20,064	(18,981)
Tax liabilities offset						(18,981)	
Net deferred tax assets						1,083	

Balance 30 June 2023	Net balance 1 July \$'000	Previously unrecognised \$'000	Charged to Income Statement \$'000	Charged to Equity	Net balance 30 June \$'000	Deferred tax assets \$'000	Deferred tax liabilities \$'000
Movements in tax balances							
Tax losses carried forward	7,507	10,345	(2,993)	-	14,859	14,859	-
Impairment of receivables	153	-	(97)	-	56	56	-
Accrued expenses	1,008	-	385	-	1,393	1,393	-
Property, plant and equipment	(8,729)	-	(316)	-	(9,045)	-	(9,045)
Prepaid expenses	(12)	-	(77)	-	(89)	-	(89)
Intangible assets	604	-	240	-	844	844	-
AASB16 Right of use assets	(6,941)	-	835	-	(6,106)	-	(6,106)
AASB 16 Leases	7,049	-	(871)	-	6,178	6,178	-
Other items	(639)	-	(133)	-	(772)	-	(772)
Tax assets/(liabilities) before offset	-	10,345	(3,027)	-	7,318	23,330	(16,012)
Tax liabilities offset						(16,012)	
Net deferred tax assets						7,318	

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 8. Income tax (expense)/benefit (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits and does not give rise to equal taxable and deductible temporary differences; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Bhagwan Marine Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Note 9. Earnings per share

	Consolidated 2024 \$'000	2023 \$'000
--	--------------------------------	----------------

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

Profit for the year, attributable to ordinary shareholders	5,547	17,343
Weighted average number of ordinary shares	149,666	150,086
Basic and diluted earnings per share (cents)	3.71	11.56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 10. Cash and cash equivalents

	Consolidated 2024 \$'000	2023 \$'000
Cash at bank and on hand	1,351	42

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within loans and borrowings in current liabilities on the statement of financial position unless the overdraft account is used for financing.

Reconciliation of profit after income tax to net cash from operating activities

	2024 \$'000	2023 \$'000
Profit after income tax benefit from continuing operations	5,547	17,343
Adjustments for:		
Depreciation and amortisation	23,566	20,989
Impairment of non-current assets	280	322
Foreign exchange differences	216	86
Net loss/(gain) on disposal of property, plant and equipment	226	(57)
Revaluation of vessels	(1,216)	-
Interest expense on shareholder and vendor loans	1,188	1,818
Interest income on related party loan	(247)	-
Income tax expense / (benefit)	2,391	(7,318)
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(48,993)	694
(Increase) in non-current financial assets	(1,025)	(5,424)
Decrease/(increase) in inventories – fuel	658	(444)
(Increase) in prepayments	(1,723)	(846)
Decrease in other investments	1	4,960
Increase/(decrease) in trade and other payables	46,379	(4,035)
Increase in employee benefits	1,789	799
Net cash from operating activities from continuing operations	29,037	28,887

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 11. Trade and other receivables

	Consolidated 2024 \$'000	2023 \$'000
Trade receivables	79,992	26,017
Less: Allowance for expected credit losses	(345)	(186)
	79,647	25,831
Accrued revenue	889	5,900
Other receivables	2,421	2,233
	82,957	33,964

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 12. Other current assets

	Consolidated 2024 \$'000	2023 \$'000
Prepayments	2,733	1,607
Security deposits	747	150
	3,480	1,757

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Note 13. Property, plant and equipment

	Consolidated 2024 \$'000	2023 \$'000
Leasehold land and buildings improvements – at cost	5,606	5,488
Less: Accumulated depreciation	(2,375)	(2,138)
	3,231	3,350
Plant and equipment – at cost	20,278	16,493
Less: Accumulated depreciation	(16,071)	(13,326)
	4,207	3,167
Leasehold vessel improvements – at cost	11,045	9,650
Less: Accumulated depreciation	(7,095)	(4,976)
	3,950	4,674
Vessel equipment – at cost	-	4,691
Less: Accumulated depreciation	-	(3,493)
	-	1,198
Vessels – at revaluation	161,362	149,063
Less: Accumulated depreciation	(43,489)	(46,610)
	117,873	102,453
Capital work in progress	4,930	2,741
	134,191	117,583

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 13. Property, plant and equipment (continued)

Consolidated	Leasehold land and buildings	Plant and equipment	Vessels	Leasehold vessels and vessel equipment	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2022	3,558	3,440	103,921	4,541	3,337	118,797
Additions	20	730	6,477	2,165	1,588	10,980
Disposals	-	(93)	(189)	-	-	(282)
Transfer to assets held for sale	-	-	(1,401)	-	-	(1,401)
Transfers from capital wip	-	-	1,537	647	(2,184)	-
Other transfers	-	-	(117)	117	-	-
Depreciation expense	(228)	(910)	(7,775)	(1,598)	-	(10,511)
Balance at 30 June 2023	3,350	3,167	102,453	5,872	2,741	117,583
Additions	114	1,059	7,003	1,226	4,245	13,647
Disposals	-	18	(361)	(65)	-	(408)
Revaluation of vessels	-	-	14,025	-	-	14,025
Transfers from capital wip	-	1,353	703	-	(2,056)	-
Other transfers	3	(196)	2,165	(1,916)	-	56
Depreciation expense	(236)	(1,194)	(8,115)	(1,167)	-	(10,712)
Balance at 30 June 2024	3,231	4,207	117,873	3,950	4,930	134,191

Impairment of non-current assets

The consolidated entity performs a review of non-current asset values each year whenever circumstances indicate that the carrying amount of assets are impaired. The Group did not recognise an impairment as at 30 June 2024 (2023: impairment of \$nil). There were no other indicators of impairment identified as at the end of June 2024.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Revaluation of vessels

Vessels are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure the carrying amount of a revalued vessel does not differ materially from its fair value.

The fair value measurements of the Group's vessels at 30 June 2024 were performed by Grays eCommerce Group Limited, independent valuers not related to the Group. Grays certified valuers are affiliated with either an API, AVAA or ASA designation, and they have appropriate qualifications and recent experience in the fair value measurement of vessels in the relevant sectors. The valuations conform to International Valuation Standards and were based on three industry accepted approaches to value being the Income Approach, Cost Approach and Market Approach. The fair value of the vessels were determined based on the cost approach and market comparable approach that reflects recent transaction price for similar vessels.

The carrying amount of vessels, had they been carried under the cost model, would be \$61,314k (2023: \$47,506k).

Property, plant and equipment, except vessels, is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 13. Property, plant and equipment (continued)

Vessels – survey and refits

In a vessel's lifetime, it will undergo general maintenance due to operations, be inspected to satisfy the requirements of licensing, and go through restoration to extend the useful life of the vessel.

- A vessel survey is an Australian Maritime Safety Authority (AMSA) requirement, a certificate of survey is evidence that a vessel is surveyed and meets specified standards for design, construction, stability and safety equipment that apply to the vessel. When each major survey is performed the costs are recognised in the carrying amount of the vessel as a component. Any previous vessel survey cost remaining within the carrying amount of the vessel is derecognised when the new vessel survey is recognised in the carrying amount.
- A vessel refit is general vessel upgrades and improvements in addition to the requirement of the vessel survey. When a vessel has a scheduled refit, the work performed extends the useful life of the vessel therefore all costs in relation to the refit are recognised in the carrying amount of the vessel as a component.

Vessels - leasehold vessels

Capital costs in relation to vessels that are leased rather than owned are capitalised and depreciated over the life of the lease.

Vessels - depreciation

Depreciation is calculated on a straight-line or diminishing value basis to write off the net cost of each item of property, plant and equipment over their expected useful lives. The depreciation rates used are as follows:

Buildings	2.5%
Leasehold land (over period of lease)	4%-10%
Leasehold vessels (over period of lease)	20%-100%
Plant and equipment	20%-66%
Vessels	4%
Vessel refits	40%
Vessel survey	20%-100%

Increases in the carrying amounts arising on the revaluation of vessels are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 14. Leases

This note provides information for leases where the Group is a lessee.

The Group leases several assets including:

- Current head office premises in Perth which expires on 15 December 2025.
- Operating premises in Henderson, Darwin, Gove, Dampier, Brisbane, and Melbourne.
- Vessel bareboat charters with varying lease terms.

(a). Amounts recognised in the consolidated statement of financial position

Consolidated	Properties	Vessels	Motor vehicles and cranes	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022	8,102	14,891	174	23,167
Depreciation charge for the year	(2,750)	(7,558)	(170)	(10,478)
Additions to right-of-use assets	1,342	5,977	348	7,667
Balance at 30 June 2023	6,694	13,310	352	20,356
Depreciation charge for the year	(2,999)	(9,654)	(203)	(12,856)
Additions to right-of-use assets	1,275	7,463	186	8,924
Balance at 30 June 2024	4,970	11,119	335	16,424

	Consolidated 2024 \$'000	2023 \$'000
Lease liabilities		
Balance at 1 July	20,593	23,552
Additions	8,144	6,828
Accretion of interest	781	785
Payments	(13,237)	(10,572)
Balance at 30 June	16,281	20,593
Current	9,126	8,572
Non-Current	7,155	12,021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 14. Leases (continued)

(b). Amounts recognised in the consolidated statement of profit or loss

	Consolidated 2024 \$'000	2023 \$'000
Interest expense (included in finance cost)	781	785
Expense relating to short-term leases	19,587	3,973
	20,368	4,758

The total cash outflow for leases in 2024 was \$32,824k (2023: \$14,545k).

The short-term committed lease payments at 30 June 2024 were \$1,356k (2023: \$nil).

(c). Future lease payments

The total of future lease payments is disclosed for each of the following periods:

	Consolidated 2024 \$'000	2023 \$'000
Less than one year	29,174	13,242
One to two years	4,192	6,662
Two to three years	2,231	3,030
Three to four years	994	1,468
Four to five years	726	828
More than five years	930	1,656
	38,247	26,886

The Group as a lessee

The Group makes use of leasing arrangements principally for the provision of office space and related facilities and vessels. The rental contracts for properties are typically negotiated for terms of between 2 and 20 years and some of these have extension terms. Lease terms for vessels are between 1 and 5 years and some of these have extension terms.

The group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not exercise the option to renew.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 14. Leases (continued)

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implied in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with a similar security to obtain an asset of equivalent value.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Change in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to the lease term is discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

The Group has elected to account for short-term leases using the practical expedients. \$19,587k was recognised in the profit or loss for the reporting period (2023: \$3,973k) to reflect lease payments that arise from short-term leases. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Note 15. Non-current financial assets

	Consolidated	
	2024	2023
	\$'000	\$'000
Debt instruments at amortised cost		
Receivables from related parties (Note 20)	11,014	9,990

Note 16. Trade and other payables

	Consolidated	
	2024	2023
	\$'000	\$'000
Trade payables	56,481	23,915
Payable to related party (Note 20)	118	67
Accrued expenses	20,159	6,091
	76,758	30,073

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 16. Trade and other payables (continued)

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 17. Loans and borrowings

	Consolidated 2024 \$'000	2023 \$'000
Current Liabilities		
Current portion of term debt facility	1,613	3,996
Bank overdraft	18,769	16,884
Shareholder loan (Note 20)	12,582	-
Other loans	12,388	11,276
	45,352	32,156
Non-current Liabilities		
Commercial advance facility	32,121	32,124
Term debt facility	-	1,278
Shareholder loan (Note 20)	-	12,590
	32,121	45,992

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows.

	Currency	Nominal interest rate	Year of Maturity	Limit	2024 \$'000 Carrying Amount	Limit	2023 \$'000 Carrying Amount
Bank overdraft	AUD	10.32%	2025 ^A	10,045	8,769	10,824	6,884
Bank overdraft facility	AUD	6.09%	2025 ^A	10,000	10,000	10,000	10,000
Total bank overdraft facility				20,045	18,769	20,824	16,884
Commercial advance facility	AUD	6.94%	2025 ^B	32,121	32,121	32,124	32,124
Term debt facility	AUD	6.85%	2025 ^B	1,613	1,613	9,799	5,274
Shareholder loan	AUD	6.00%	2024 ^C	12,582	12,582	12,590	12,590
Other loans	AUD	10.00%	2023 ^D	12,388	12,388	11,276	11,276
Total interest-bearing liabilities				78,749	77,473	86,613	78,148

(^A) 31 January 2025

(^B) 30 September 2025

(^C) 31 December 2024

(^D) 30 June 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 17. Loans and borrowings (continued)

The other loans bear interest at 10% p.a. and are unsecured. The expiry date was 30 June 2023, it had been agreed to continue this facility on a rolling month by month basis.

The other loan balance was repaid in full on 24 July 2024. Refer to Note 25.

The bank overdraft facility has a termination date of 31 January 2025.

The bank overdraft facility balance of \$10,000k was repaid in full on 24 July 2024. Refer to Note 25.

The term debt facility bears interest at a base rate of BBSY and an interest rate margin of 2.50% p.a. with a termination date of 30 September 2025.

Under the current facilities arrangement, Bhagwan has a requirement to amortise their Bank loans by \$333k per month. The term debt facility balance was repaid in full on 24 July 2024. Refer to Note 25.

The commercial advance facility balance was repaid in full on 24 July 2024. Refer to Note 25.

Assets pledged as security

The bank overdraft and bank loans are secured by property and ship mortgages over the consolidated entity's land, buildings and vessels. The lease liabilities are secured by rights to the leased assets, recognised in the statement of financial position, and revert to the lessor in the event of default.

Interest rates and maturity dates

The bank overdraft forms part of a working capital facility to be used for general corporate and working capital purposes. The base interest rate is the overdraft reference rate, currently 10.32% p.a., with an expiry date of 31 January 2025.

The bank contingent facility has been used towards letters of credits and bank guarantees.

The shareholder loan bears interest at 6% p.a. and is unsecured. The expiry date is 31 December 2024.

The shareholder loan was repaid in full on 24 July 2024. Refer to Note 25.

Note 18. Employee benefits

	Consolidated	
	2024	2023
	\$'000	\$'000
Non-current Liabilities		
Liability for long-service leave	839	378
	839	378
Current Liabilities		
Liability for long-service leave	2,072	1,484
Liability for annual leave	1,894	1,388
Liability for marine leave	761	527
	4,727	3,399

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long-term employee benefits

The liability for long term employee benefits is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 18. Employee benefits (continued)

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current since the consolidated entity does not have an unconditional right to defer settlement.

Note 19. Capital and reserves

Share capital

	Shares	Shares	\$'000	\$'000
Ordinary shares fully paid	148,216,111	150,086,073	65,262	65,910

Movements in ordinary share capital

	Date	Shares	Issue Price	\$'000
Balance	30 June 2023	150,086,073	-	65,910
Repurchase of shares		(1,869,962)	-	(648)
Balance	30 June 2024	148,216,111	-	65,262

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Nature and purpose of reserves

Revaluation reserve

This reserve is used to recognise the fair value adjustment on revaluation of vessels.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Foreign Currency \$'000	Revaluation \$'000	Total \$'000
Balance at 30 June 2022	(78)	47,976	47,898
Movement for the year	-	-	-
Balance at 30 June 2023	(78)	47,976	47,898
Movement for the year net of tax	78	8,966	9,044
Balance at 30 June 2024	-	56,942	56,942

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 19. Capital and reserves (continued)

Dividends

Dividend

No dividends were declared or paid for the year ended 30 June 2024 (2023: nil).

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Franking Credits

	Consolidated	
	2024	2023
	\$'000	\$'000

Franking credits available for subsequent financial years based on a tax rate of 30%	23,522	23,522
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The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Franking credits are related to the Australian operations of the consolidated entity.

Note 20. Related party disclosures

Parent entity

The Parent entity of the Group is Bhagwan Marine Limited.

Transactions with key management personnel

Key management personnel compensation comprised the following:

	Consolidated	
	2024	2023
	\$	\$
Short-term employee benefits	1,404,808	1,276,445
Long-term employee benefits	26,919	37,454
Post-employment benefits	109,314	95,068
Non-monetary car parking employment benefits	6,716	6,824
	1,547,757	1,415,791

Compensation of the Group's key management personnel includes salaries, non-cash car parking justification and contributions to a post-employment superannuation fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 20. Related party disclosures (continued)

Trading transactions with related parties

During the year, the Group had nil (2023: nil) sales and purchases of goods and services to and from related parties. The following balances were outstanding at the end of the reporting period:

	Amounts owed by related party		Amounts owed to related party	
	2024 \$	2023 \$	2024 \$	2023 \$
Related Party Loans	11,014,120	9,777,015	-	-
Shareholder Loan	-	-	12,581,532	12,590,007
Payable from/to related party	-	213,173	118,278	67,251
	11,014,120	9,990,188	12,699,810	12,657,258

Loans to related party

A loan has been granted to a related party of \$4,364k (2023: \$3,127k). Interest is charged at 8% per annum as from 1 July 2023. The outstanding loan receivable was priced on an arm's length basis, is unsecured and is not expected to be settled within the next 12 months. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of amounts owed by related parties.

The Group transferred its 50% ownership in a joint venture to related party BM Fleet Pty Ltd. BM Fleet Pty Ltd is considered a related party as the consolidated entity and BM Fleet Pty Ltd have mutual directors who have control. The investment in the JV that was previously accounted for using equity accounting has been converted to a loan of \$6,650k (2023: \$6,650k) due to the Group from BM Fleet Pty Ltd. The loan is unsecured, does not bear interest, and is not expected to be settled within the next 12 months.

Loan from related party

A loan has been granted from a related party during the financial year ended 30 June 2024 of \$12,582k (2023: \$12,590k). Interest is charged at 6% per annum. The outstanding loan payable is priced on an arm's length basis and is unsecured. On 24 July 2024, the Company settled the Shareholder loan, as detailed in the prospectus. The shareholder loan balance was repaid in full, inclusive of interest, up to the date of settlement. Refer to Note 25.

Payable from/to related party

Payables from a related party of nil (2023: \$213k) relate to funds to be received from Director related parties for miscellaneous expenses incurred and are regularly repaid throughout the period. Similarly, the payable to a related party of \$118k (2023: \$67k) relates to the settlement of expenses owing by the Group to the Director related parties at year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 20. Related party disclosures (continued)

Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 26(A):

Name	Principal activity	Principal place of business /country of incorporation	ACN	Ownership %	
				30 June 2024	30 June 2023
DSL Marine Holdings Pty Ltd	Asset owner	Australia	155 467 271	100%	100%
C-side Marine Engineering Pty Ltd	Asset owner	Australia	150 638 190	100%	100%
Barge Partners Group Australia Pty Ltd	Asset owner	Australia	158 034 229	100%	100%
Work Boats Northern Australia 2 Pty Ltd	Asset owner	Australia	158 034 256	100%	100%
Ugly Boats Northern Australia Pty Ltd	Asset owner	Australia	153 173 310	100%	100%
Bhagwan Marine Security Pty Ltd	Asset owner	Australia	087 894 577	100%	100%
RCWB Northern Australia Pty Ltd	Dormant	Australia	158 034 265	100%	100%
North Australian Barge Services Pty Ltd	Asset owner	Australia	130 684 203	100%	100%
Barge Partnership Pty Ltd	Asset owner	Australia	158 034 247	100%	100%
Bhagwan Marine (NT) Pty Ltd	Asset owner	Australia	609 927 102	100%	100%

Note 21. Remuneration of auditors

The board has considered the non-audit services provided during the year, by the auditor, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the board to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

The following fees were paid or payable to the Group's auditors, KPMG, and services provided by other firms:

	Consolidated 2024	2023
	\$	\$
<i>Audit services</i>		
Audit of the financial statements – KPMG	299,716	230,470
<i>Other services</i>		
Tax compliance and advisory – KPMG	26,400	45,540
IPO and due diligence services – KPMG	617,000	-
Total fees	943,116	276,010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 22. Contingent liabilities

The consolidated entity has given bank guarantees and letters of credit to third party customers, in the normal course of business, as at 30 June 2024 totalling \$2,331k (2023: \$2,666k). The outflow of settlement is considered remote and additional information is not considered practicable to disclose.

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2024	2023
	\$'000	\$'000
Profit after income tax	6,431	18,596
Revaluation of vessels	5,697	-
Total comprehensive income	12,128	18,596

Statement of financial position

	Parent	
	2024	2023
	\$'000	\$'000
Total current assets	90,099	38,859
Total assets	248,157	192,718
Total current liabilities	134,899	72,742
Total liabilities	175,014	131,133
Equity		
Issued capital	65,262	65,910
Foreign currency reserve	-	(78)
Revaluation reserve	38,302	32,605
Accumulated losses	(30,421)	(36,852)
Total equity	73,143	61,585

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

The parent entity has given bank guarantees as at 30 June 2024 of \$2,331k (2023: \$2,666k).

Capital commitments - Property, plant and equipment

The parent entity has capital commitments of \$1,915k for property, plant and equipment at as 30 June 2024 (2023: \$nil).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 26(A), except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 24. Financial instruments – Fair values and risk management

(a). Accounting classifications and fair values

i. Fair value hierarchy

When measuring the fair value of a vessel, the Group uses market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value measurements of vessel assets have been categorised as Level 3 fair values based on the valuation techniques used by the vessel valuer. In acknowledging Market Value, the valuer makes significant unobservable inputs per vessel, being the estimated replacement cost of each vessel.

ii. Level 3 fair values

The following table shows a breakdown of the total gains (losses) recognised in respect of Level 3 fair values (vessel assets).

	2024	2023
	\$'000	\$'000
Gain included in 'other income'		
Change in fair value (pre-tax)	1,217	-
Gain included in OCI		
Change in fair value (pre-tax)	12,808	-
Total change in fair value (pre-tax) – refer Note 13	14,025	-

The Company's core fleet of vessels has an estimated replacement cost ranging from \$110k to \$16,800k per vessel.

The Company's purpose-built dive support vessel has an estimated replacement cost of \$45,000k.

iii. Valuation techniques and significant unobservable inputs

Type:

Vessel assets

Valuation technique:

Depreciated replacement cost; is based on the principle of substitution; a prudent buyer will not pay more for a vessel than the cost of acquiring a substitute vessel of equivalent utility. The appraiser starts with the current replacement cost new of the vessel being appraised and then deducts for the loss in value caused by physical deterioration, functional obsolescence, and economic obsolescence.

Significant unobservable inputs:

Estimated replacement cost.

Inter-relationship between key unobservable inputs and fair value measurement:

The estimated fair value would increase (decrease) if the estimated replacement cost of the vessels was higher (lower).

Other than the investment in Marine & Towage Services Group, the consolidated entity does not have financial assets measured at fair value.

Cash and cash equivalents (refer to Note 10) and Trade and other receivables (refer to Note 11) are financial assets at amortised cost which approximates fair value.

Financial liabilities not measured at fair value include Bank overdrafts and secured bank loans (refer to Note 17).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 24. Financial instruments – Fair values and risk management (continued)

(b). Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk (see (b)(ii));
- Liquidity risk (see (b)(iii); and
- Market risk (see (b)(iv))

i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

	2024 \$'000	2023 \$'000
Impairment loss on trade receivables and contract assets arising from contracts with customers	280	322
	280	322

Expected credit loss (ECL) assessment for individual customers

The ECL of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by considering the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 24. Financial instruments – Fair values and risk management (continued)

ii. Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 30 June 2024.

30 June 2024 \$'000	Weighted- average loss rate	Gross carrying amount	Loss allowance	Credit- impaired
Current (not past due)	0.07%	70,635	(47)	No
1-30 days past due	0.51%	4,146	(21)	No
31-60 days past due	1.64%	2,919	(48)	No
61-90 days past due	2.29%	656	(15)	No
More than 90 days past due	13.08%	1,636	(214)	Yes
		79,992	(345)	

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 30 June 2023.

30 June 2023 \$'000	Weighted- average loss rate	Gross carrying amount	Loss allowance	Credit- impaired
Current (not past due)	0.11%	22,342	(25)	No
1-30 days past due	0.47%	2,351	(11)	No
31-60 days past due	4.84%	537	(26)	No
61-90 days past due	2.36%	296	(7)	No
More than 90 days past due	23.83%	491	(117)	Yes
		26,017	(186)	

Movements in the allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows.

	2024 \$'000	2023 \$'000
Balance at 1 July	186	508
Amounts written off	(70)	(644)
Net remeasurement of loss allowance	229	322
Balance at 30 June	345	186

Trade receivables with a contractual amount of \$70k, written off during 2024, are still subject to enforcement activity.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in Note 5.

The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Board of Directors.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and two months for individual and corporate customers, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 24. Financial instruments – Fair values and risk management (continued)

ii. Credit risk (continued)

More than 85% of the Group's customers have been transacting with the Group for over five years, and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

The Group manages credit risk exposure of trade receivables by monitoring each individual customer, utilising data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. The credit risk defined using qualitative and quantitative factors that are indicative of the risk of default.

Collectability of trade receivables is reviewed on an ongoing basis and managed through regular meetings with the customers, on-going contractual arrangements and regular receipts for the balances outstanding. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due, according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The Group does not require collateral in respect of trade and other receivables.

At 30 June 2024, the exposure to credit risk for trade receivables, other receivables and accrued revenue by geographic region was as follows.

	2024 \$'000	2023 \$'000
<i>Australia:</i>		
Trade receivables	79,992	26,017
Less: Allowance for expected credit losses	(345)	(186)
	79,647	25,831
Accrued revenue	889	5,900
Other receivables	2,421	2,233
Total Australia exposure	82,957	33,964

At 30 June 2024, the exposure to credit risk for trade receivables and accrued revenue by type of counterparty was as follows.

	2024 \$'000	2023 \$'000
<i>End-user customers:</i>		
Trade receivables	79,992	26,017
Less: Allowance for expected credit losses	(345)	(186)
	79,647	25,831
Accrued revenue	889	5,900
Total End-user customers	80,536	31,731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 24. Financial instruments – Fair values and risk management (continued)

ii. Credit risk (continued)

	2024	2023
	\$'000	\$'000
Other receivables	2,421	2,233
	82,957	33,964

At 30 June 2024, the carrying amount of the receivable from the Group's most significant customer (an Australian end-user) for the year ended 30 June 2024 was \$50,943k. At 30 June 2023, the carrying amount of the receivable from the Group's most significant customer (an Australian end-user) for the year ended 30 June 2023 was \$1,631k.

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

In addition, the Group maintains the following lines of credit.

- \$10.0 million overdraft facility that is secured. Interest would be payable at the nominal rate of 10.32%.
- \$32.1 million commercial advance facility that is secured and can be drawn down to meet short-term financing needs. Interest would be payable at the nominal rate of 6.94%.
- \$1.6 million commercial advance facility that is secured and can be drawn down to meet short-term financing needs. Interest would be payable at the nominal rate of 6.85%.
- \$10.0 million commercial advance facility that is secured and can be drawn down to meet short-term financing needs. Interest would be payable at the nominal rate of 6.09%.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements. The carrying amount of variable interest rate instruments is in agreement with Note 17 terms and repayment schedule, bank overdraft facility and commercial advance facilities carrying amounts.

30 June 2024	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Variable interest rate instruments	52,509	(56,909)	(1,308)	(22,920)	(32,681)	-	-
Fixed interest rate instruments	24,970	(26,069)	(332)	(25,737)	-	-	-
Lease liabilities	16,281	(18,661)	(2,213)	(7,374)	(4,192)	(3,952)	(930)
Trade payables and accruals	76,640	(76,640)	(76,640)	-	-	-	-
Payable to related party	118	(118)	-	(118)	-	-	-
	170,518	(178,397)	(80,493)	(56,149)	(36,873)	(3,952)	(930)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 24. Financial instruments – Fair values and risk management (continued)

iii. Liquidity risk (continued)

30 June 2023	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Variable interest rate instruments	54,284	(58,230)	(1,306)	(22,881)	(34,043)	-	-
Fixed interest rate instruments	23,866	(25,657)	(314)	(12,375)	(12,968)	-	-
Lease liabilities	20,593	(22,796)	(1,524)	(7,628)	(6,662)	(5,326)	(1,656)
Trade payables and accruals	30,006	(30,006)	(21,367)	(8,639)	-	-	-
Payable to related party	67	(67)	-	(67)	-	-	-
	128,816	(136,756)	(24,511)	(51,590)	(53,673)	(5,326)	(1,656)

The Group has secured bank loans that contain loan covenants. A future breach of a covenant may require the Group to repay the loan earlier than indicated in the above table. Under the agreement, the covenants are monitored on a regular basis by the Board of Directors to ensure compliance with the agreement. The bank loans have been repaid on 24 July 2024, refer to Note 25.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

iv. Market risk

Market risk is the risk that changes in market prices, will affect the Group's income or the value of its holdings of financial instruments. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Where required, the Group can enter into a range of derivative financial instruments to manage exposure to these risks.

At a Group level, these market risks are managed through sensitivity analysis, within the guidelines set by the Board of Directors. There is no change in the manner in which these risks are managed and measured in the current year.

Foreign currency risk management

Foreign currency risk is the risk that exchange rate fluctuations arise, primarily to the Group's operating activities, when revenue or expense is denominated in a foreign currency. Exchange rate exposures are managed within the approved policy parameters utilising forward foreign exchange contracts when it is considered appropriate.

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

	2024 USD \$'000	2023 USD \$'000
Trade receivables	2,574	203
Cash at bank and on hand	899	2
Trade payables	(2,622)	(7)
Net statement of financial position exposure	851	198

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 24. Financial instruments – Fair values and risk management (continued)

iv. Market risk (continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to US dollar exchange rate fluctuations.

The following table details the Group's sensitivity to a 10% strengthening (weakening) in the Australian Dollar against the US dollar. The 10% sensitivity represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive value below indicates an increase in profit or equity, with a negative value being the opposite impact. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	\$'000	\$'000	\$'000	\$'000
30 June 2024				
USD (10% movement)	(85)	85	-	-
30 June 2023				
USD (10% movement)	(27)	27	-	-

Interest rate risk management

Interest rate risk is the risk that interest rate fluctuations arise, the Group is exposed to interest rate risk because it borrows funds primarily at floating interest rates. The risk is managed by the Group's Board of Directors, through the use of interest rate swap contracts when considered appropriate. Hedging activities are evaluated regularly to align with interest rate views ensuring the most cost-effective hedging strategies are applied, if required. At this point in the interest rate cycle the Group is unhedged.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

At the reporting date, if interest rates had been 100-basis points higher / lower and all other variables remain constant, the impact on the net profit of the Group would be a decrease/increase in net profit of: \$525k (2023: decrease/increase by \$543k).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 25. Events after the reporting period

The Company raised \$80m pursuant to the offer of Bhagwan's Replacement Prospectus dated 28 June 2024 by the issue of 126,984,127 shares at an issue price of \$0.63 per share.

On 26 July 2024, the Company was admitted to the Official List of ASX (ASX: BWN) and the securities of the Company commenced quotation on 30 July 2024.

On 8 July 2024, the Company issued 783,586 performance rights which include 74,627 performance rights to Andrew Wackett*, 74,627 performance rights to Tracey Horton*, and 634,332 performance rights to various Non-KMP*. Each performance right is convertible into one ordinary share on 30 July 2026, subject to the holder remaining in service with the Company.

* and/or their respective nominees

On 24 July 2024, the funds raised under the IPO and Prospectus were used to:

- repay bank loans of \$45 million related to the Company's overdraft facility, term debt facility, and commercial advance facility;
- repay in full the shareholder loan of \$12.9 million, inclusive of interest;
- repay in full the other loans of \$12.7 million, inclusive of interest; and
- pay the cost of the IPO.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Note 26. Other material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in Note 26 in certain instances.

Set out below are the Group's material accounting policies, the details of which are available on the pages that follow.

- A. Principles of consolidation
- B. Foreign currency translation
- C. Current and non-current classification
- D. Non-current assets held for sale
- E. Investments and other financial assets
- F. Finance costs
- G. Provisions
- H. Goods and Services Tax ('GST') and other similar taxes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 26. Other material accounting policies (continued)

A. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bhagwan Marine Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Bhagwan Marine Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities, and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received, and the fair value of any investment retained together with any gain or loss recognised in profit or loss.

B. Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

C. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 26. Other material accounting policies (continued)

D. Non-current assets held for sale

The consolidated entity assessed the fair value of the assets held for sale based on the current market conditions. The calculations require the use of assumptions including fair value less costs of disposal. Significant judgement is required in determining the fair value given the vessels were purpose-built vessels.

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

E. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Group applies the AASB 9 'Financial Instruments' simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets. The expected loss rates are based on historical evidence of collection. The historical loss rates are adjusted to reflect current and future information such as estimated future cash flows or by using fair value where this is available through observable market prices and review of macroeconomic factors which may affect the counterparty's ability to settle the receivables. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the original impairment was recognised, the impairment reversal is recognised in the income statement on a basis consistent with the original charge.

F. Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Note 26. Other material accounting policies (continued)

G. Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

H. Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 27. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

A. Classification of Liabilities as Current or Non-Current (Amendments to AASB 101)

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

B. AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 replaces AASB 101 as the standard describing the primary financial statements and sets out requirements for the presentation and disclosure of information in AASB-compliant financial statements. Amongst other changes, it introduces the concept of the "management-defined performance measure" to financial statements and requires the classification of transactions presented with the statement of profit or loss within one of five categories – operating, investing, financing, income taxes, and discontinued operations. It also provides enhanced requirements for the aggregation and disaggregation of information.

C. Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- AASB 16 Lease Liability in a Sale and leaseback and amendments to AASB 16 Lease Liabilities
- AASB 7 Supplier Finance Arrangements and amendments to AASB 7
- Lack of Exchangeability – amendments to AASB 121
- AASB 9 Financial Instruments and AASB 7 Financial Instruments: Disclosures

CONSOLIDATED ENTITY DISCLOSURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

Entity Name	Body corporate, partnership or trust	Place incorporated/formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
Bhagwan Marine Limited	Body Corporate	Australia		Australian	N/A
DSL Marine Holdings Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
C-side Marine Engineering Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Barge Partners Group Australia Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Work Boats Northern Australia 2 Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Ugly Boats Northern Australia Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Bhagwan Marine Security Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
RCWB Northern Australia Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
North Australian Barge Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Barge Partnership Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Bhagwan Marine (NT) Pty Ltd	Body Corporate	Australia	100%	Australian	N/A

Key assumptions and judgements.

Determination of Tax Residency

Section 295 (3A) of the *Corporations Act 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which give rise to a different conclusion or residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

DIRECTORS' DECLARATION

30 JUNE 2024

1. In the opinion of the directors of Bhagwan Marine Limited (the 'Company'):
 - (a) the consolidated financial statements and notes that are set out on pages 46 to 82 and the Remuneration report on pages 40 to 43 in the Directors' report, 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 June 2024 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. The Consolidated entity disclosure statement as at 30 June 2024 set out on page 83 is true and correct.
3. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2024.
4. The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Anthony Wooles
Chairman

28 August 2024
Perth, WA



Independent Auditor's Report

To the shareholders of Bhagwan Marine Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Bhagwan Marine Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2024
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024
- Notes, including material accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue recognition (\$268.8m)

Refer to Note 5 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>The Group derives the majority of its revenue from marine services to its customers, which requires them to analyse recognition over the period the service is provided. It is the Group's policy to recognise revenue based on contractual rates per day as performance obligations are met.</p> <p>Revenue recognition was a key audit matter for us due to the quantum of the balance, and the significant audit effort we have applied in assessing the Group's recognition and measurement of revenue. This was the result of the:</p> <ul style="list-style-type: none"> Quantum and high volume of services revenue recognised during the year. Amount of accrued revenue recorded at year end for services rendered but not yet invoiced is prepared manually by the Group and is prone to greater risk of manipulation for fraudulent revenue recognition. We considered this in light of the presentation of revenue targets in the 2024 Prospectus of an Initial Public Offering. <p>In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry and the economic environment it operates in.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Understanding the nature of the Group's revenue streams and the related revenue recording processes, systems and controls. Evaluating the appropriateness of the Group's accounting policies related to revenue recognition against the requirements of the accounting standard and our understanding of the business and industry practice. Testing a sample of revenue recognised throughout the year and checking: <ul style="list-style-type: none"> The existence of an underlying contract with the customer; The rates used to invoice customers against underlying documents such as customer contracts or approval letters; Evidence of the service delivery to the customer against underlying documents such as customer approved activity schedules, timesheets or job reports; and The timing of revenue recognition for consistency with timing of completed performance obligations and the Group's revenue recognition policy. Evaluate revenue recognised from key customer contracts against the terms and conditions of the respective contracts and the requirements of the Accounting Standards. Comparing the forecast revenue for the



	<p>current financial year included in the Prospectus of an Initial Public Offering to actual revenue.</p> <ul style="list-style-type: none"> • Testing a sample of revenue recorded subsequent to year end for consistency of the financial year in which it should be recorded as revenue. Samples were checked against underlying documentation such as customer approved contracts or timesheets. • Evaluating the adequacy of disclosures in the financial report using our understanding obtained from our testing and against the requirements of the Accounting Standards.
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Other Information

Other Information is financial and non-financial information in Bhagwan Marine Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the Corporations Act, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the Corporations Act, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as



applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Bhagwan Marine Limited for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 40 to 43 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Matthew Hingeley

Partner

Perth

28 August 2024



ASX ADDITIONAL INFORMATION

Additional information is given in accordance with ASX Listing Rule 4.10 and not shown elsewhere in this Annual Report is as follows. The information is current as of 12 August 2024.

Distribution of shareholders

The distribution of fully paid ordinary shareholders is as follows:

Share spread	Number of shareholders	Shares	Percentage of shares on issue
1 - 1,000	59	47,077	0.02
1,001 - 5,000	124	394,364	0.14
5,001 - 10,000	89	754,089	0.27
10,001 - 100,000	378	13,861,392	5.04
100,001 and over	101	260,143,316	94.53
Total	751	275,200,238	100.00

There were Nil holders of less than a marketable parcel of shares (\$500 worth) based on the closing market price of Bhagwan Marine Limited shares on 12 August 2024.

TWENTY LARGEST SHAREHOLDERS Name of registered holder	Number of ordinary shares	Percentage of shares on issue
Matilda Kannikoski	73,635,669	26.76
Citicorp Nominees Pty Limited	29,284,382	10.64
Lauri Keven Kannikoski	27,042,947	9.83
AEW Holdings <AEW Capital Account>	23,392,021	8.50
UBS Nominees Pty Ltd	19,307,427	7.02
HSBC Custody Nominees (Australia) Limited	16,761,799	6.09
J P Morgan Nominees Australia Pty Limited	11,268,704	4.09
Guru Pty Ltd < Kannikoski Family A/C>	10,373,195	3.77
Jonathan Parslow	6,818,182	2.48
BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	4,532,594	1.65
Offshore Plant Hire Pty Ltd <The DMG Family A/C>	2,338,707	0.85
BNP Paribas Nominees Pty Ltd <HUB24 Custodial Serv Ltd>	2,082,200	0.76
Rural Contractors Pty Ltd	1,875,229	0.68
G Harvey Nominees Pty Limited <Harvey 1995 Discretion A/C>	1,611,111	0.59
Warbont Nominees Pty Ltd	1,589,307	0.58
Zero Nominees Pty Ltd <5060066 A/C>	1,581,118	0.57
T Mitchell Pty Ltd <The T Mitchell S/F A/C>	1,422,111	0.52
HSBC Custody Nominees (Australia) Limited – A/C 2	1,269,842	0.46
Andrew McKenzie & Catherine McKenzie <A W McKenzie Super Fund A/C>	975,000	0.35
Egmont Pty Ltd <Craig Carter Super Fund A/C>	778,968	0.28
TOTAL	237,940,513	86.46

ASX ADDITIONAL INFORMATION

Substantial shareholders of ordinary fully paid shares

Substantial shareholders are as follows and information is as at the date of the substantial shareholders notice was provided to the Company:

	Number of shares held	Percentage of shares on issue
Bhagwan Marine Limited (Note 1)	134,920,032	49.1%
The Kannikoski Family (Note 2)	111,528,011	40.5%
Anthony Wooles (Note 3)	23,392,021	8.5%
Regal Funds Management Pty Ltd	13,968,254	5.1%

1. The Company has an aggregate voting power of 49.1% in the Company, as a consequence of restrictions on the disposal of shares under voluntary escrow arrangements, which give the Company a deemed 'relevant interest' in its own shares under section 608(1)(c) of the Corporations Act 2001 (Cth). The voluntary escrow arrangements were disclosed in the Company's Replacement Prospectus that was lodged with ASIC on 28 June 2024 and are set out below.
2. The Shares held by the Kannikoski Family comprise Shares held directly by Lauri Kannikoski (27,042,947 Shares), an indirect interest through Guru Pty Ltd (10,373,195 Shares), an entity that Lauri and his wife, Kerren Kannikoski, control, and an indirect interest in the Shares held by Lauri's mother, Matilda Kannikoski, who has provided Lauri (jointly with Lauri's sister) with an enduring power of attorney over Matilda's Shares (73,635,669 Shares), and Shares held by Lauri and Kerren Kannikoski as trustees for the Kannikoski Superannuation Fund (476,200 Shares).
3. Anthony Wooles holds indirect interests in Shares through AEW Holdings Pty Ltd (AEW Capital Account), an entity that Anthony controls.

Unquoted securities – Performance rights

During the year ended 30 June 2024, there were no performance rights on issue. The number of unquoted securities on issue as at 28 August 2024 is set out below. No holder held more than 20% of the number of performance rights on issue.

	Number of holders	Number on issue
Performance rights issued under the Bhagwan Marine awards incentive plan	13	783,586

The above Performance Rights were issued on 8 July 2024, in accordance with the terms issue described in section 6.4.6 in the Company's Prospectus. A summary of the key terms of the performance rights is set out below:

Term	Description
Performance Right Conversions	Each Performance Right gives the holder, subject to the satisfaction of any applicable Vesting Conditions (unless waived by the Board in accordance with the Incentive Awards Plan and the ASX Listing Rules), the right to subscribe for one fully paid ordinary Share (subject to any adjustments under the Incentive Awards Plan); or at the discretion of the Board, to a cash amount equal to the market value of a Share, less any superannuation, taxes, duties or other amounts Bhagwan is required to pay or withhold. The Performance Rights were issued for no consideration and there is no exercise price.
Vesting Conditions	Subject to the Incentive Awards Plan, the Performance Rights do not vest and become exercisable except to the extent the Vesting Conditions set out below are satisfied (or waived by the Board in accordance with the Incentive Awards Plan). Vesting Condition - the listing of Bhagwan on the ASX by 31 August 2024 or such later date as determined by the Board; and the holder remains an Eligible Participant for two years following the listing of Bhagwan on the ASX (being 30 July 2026).
Expiry date	8 July 2027
Ceasing to be an Eligible Participant	If the holder of Performance Rights ceases to be an "Eligible Participant" (e.g. by ceasing employment or engagement by Bhagwan), any Vesting Conditions in respect of unvested Performance Rights will be automatically waived unless the Board otherwise resolves.

ASX ADDITIONAL INFORMATION

Disposal restrictions	<p>Performance Rights can only be transferred in special circumstances (e.g. death, severe financial hardship).</p> <p>Shares in Bhagwan issued or transferred on exercise of Performance Rights can be made subject to disposal restrictions as set out in the Incentive Awards Plan, the Invitation Letter and subject to Bhagwan's securities trading policy.</p>
Change of Control / Business Sale	<p>In the event of a Change of Control or Business Sale (as defined in the below):</p> <ul style="list-style-type: none"> any Vesting Conditions in respect of unvested Performance Rights will be deemed to be automatically waived unless and to the extent the Board otherwise resolves; and the Board may require that all vested Performance Rights be exercised as part of a Change of Control/Business Sale, failing which they lapse. <p>A "Change of Control" means:</p> <ul style="list-style-type: none"> a bona fide Takeover Bid is declared unconditional and the bidder has acquired a Relevant Interest in at least 50.1% of Bhagwan's issued Shares; a court approves, under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement (other than a compromise or arrangement with Bhagwan's creditors) for the purposes of, or in connection with, a scheme for the reconstruction of Bhagwan or its amalgamation with any other company or companies; or in any other case, an entity obtains voting power in Bhagwan of at least 50.1%. <p>A "Business Sale" means Bhagwan sells or otherwise disposes of its interest in all or substantially all of its assets or business.</p>
Other Key Terms	<p>The Performance Rights:</p> <ul style="list-style-type: none"> are not quoted; are not transferrable; do not confer any right to vote, except as otherwise required by law; do not permit the holder to participate in new issues of capital such as bonus issues and entitlement issues; do not carry an entitlement to a dividend; do not permit the holder to participate in a return of capital, whether in a winding up, upon a reduction of capital or otherwise; and do not carry an entitlement to participate in the surplus profit or asset of the Company upon winding up of the Company. <p>Each of the Performance Rights are converted into one fully paid ordinary share on achievement of the relevant milestone.</p> <p>If the relevant class of Performance Rights is not converted into a Share by the relevant expiry date, then all the Performance Rights of that class lapse.</p>

No performance rights have been converted or cancelled since the date of issue.

As Bhagwan Marine listed on the ASX prior to 31 August 2024 the first vesting condition (milestone) has been satisfied. The second vesting condition (milestone), being that the holder of the performance rights remains an eligible participant for 2 years, remains to be satisfied and as a result, no performance rights have vested since the date of issue.

Voting rights

The voting rights attached to each class of equity securities are set out below:

- (a) Ordinary shares: Every member present at a meeting of the Company in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Performance rights: No voting rights

ASX ADDITIONAL INFORMATION

Shares held in voluntary escrow

Shares that are subject to voluntary escrow arrangements at the time that Bhagwan Marine was admitted to the official list of ASX are as follows:

- a) A total of 134,920,032 shares are subject to voluntary escrow, which will end on the date that the Company has released to the ASX its audited financial report for the financial year ended 30 June 2025. These shares are already quoted on the ASX. The shares to be released from escrow are held as follows:
- b) As defined in section 6.5 of Bhagwan's Replacement Prospectus dated 28 June 2024 and includes Bhagwan Marine Limited Managing Director, Lauri Kannikoski, Matilda Kannikoski, Guru Pty Ltd, and the Kannikoski Superannuation Fund (and their associates) in respect of 111,528,011 Shares.
- c) As defined in section 6.5 of Bhagwan's Replacement Prospectus dated 28 June 2024 and includes Bhagwan Marine Limited Non-Executive Director, Anthony Wooles (and his associates) in respect of 23,392,021 Shares.

Compliance statement under ASX LR 4.10.19

Bhagwan confirms that it used cash and assets in a form readily convertible to cash, at the time it was admitted to the ASX (being 30 July 2024) to the date of this report, in a way that was consistent with its business objectives as stated in its Replacement Prospectus dated 28 June 2024.

Corporate Governance Statement

Bhagwan Marine's annual Corporate Governance Statement is available on the Company's website at: www.bhagwanmarine.com.au

Bhagwan Marine also operates with a number of Policies, which are available on its website.

CORPORATE DIRECTORY

Directors

Anthony Wooles – Chair and Non-Executive
Tracey Horton AO – Independent Non-Executive Director
Loui Kannikoski – Managing Director & CEO
Andrew Wackett – Executive Director Finance

Joint Company Secretaries

Cheryl Williams
Darryl Edwards

Registered Office

Level 3, 251 St Georges Terrace
Perth, Western Australia 6000

Telephone: +61 8 9424 2300

Email: investor.relations@bhagwanmarine.com

Auditor

KPMG, Australia
235 St Georges Terrace
Perth, Western Australia 6000

Stock Exchange Listing

Listed on the Australian Securities Exchange
(ASX Code: BWN)

Australian Legal Adviser

Clayton Utz
Level 27, QV.1 Building
250 St Georges Terrace
Perth, Western Australia 6000

Company Website

www.bhagwanmarine.com



SHAREHOLDER INFORMATION

Annual General Meeting

Our first Annual General Meeting will be held in November in Perth, Western Australia.

Members of our Board and Management team will be available to answer questions pertaining to the Company's performance and operations.

Share Register Enquiries

Share Registry

Link Market Services Limited
Level 12, 250 St Georges Terrace
Perth, Western Australia 6000

Telephone: +61 1300 554 474

Website: www.linkmarketservices.com.au

Link Market Services Limited (Link) provides a range of services that can be accessed online. When accessing some information online, you may be required to enter your Security Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored/CHESS statements and other personal details such as your postcode.



BHAGWAN HISTORY

YEAR	MILESTONE
1985 – 2007	Fennoclean Pty Ltd (Fennoclean) was formed in 1985 by the Kannikoski Family. In 2000, Fennoclean began trading as Bhagwan Marine. In October 2007, Fennoclean changed its name to Bhagwan Marine Pty Ltd.
2009	Acquired Dalmarine allowing Bhagwan to establish an operating presence in Dampier, providing Bhagwan with the ability to service the oil and gas market in the north west of Western Australia.
2009	Awarded a construction support contract for the Gorgon gas project, one of the world's largest natural gas projects, and the largest single resource development in Australia's history.
2011	Catalyst Investment Partners and Anthony Wooles invested in the Company, providing additional capital for further acquisitions.
2011	Launched Bhagwan's internal maintenance and engineering division.
2013	Acquired Workboats Northern Australia Pty Ltd, allowing Bhagwan to expand its operations to Darwin and provide services to the Northern Territory oil and gas industry, including the Ichthys LNG project.
2014	Acquired Marine and Towage Services Limited (MTS), a UK based business, allowing Bhagwan to remobilise under-utilised Australian vessels to the North Sea. MTS was subsequently divested in 2020.
2014	Acquired MDT Maritime Pty Ltd, to establish an operating presence in Queensland with a vessel fleet and service yard.
2015	Launched Bhagwan's subsea division.
2016	Acquired Broadsword Marine Contractors expanding Bhagwan's fleet of vessels and clients in the Northern Territory.
2016	Acquired Perth-based subsea engineering consultancy Delta Subsea Pty Ltd, enhancing Bhagwan's subsea engineering capabilities.
2017	Awarded a subsea and inspection, maintenance, and repair master services agreement by a multinational oil and gas company in relation to its Pilbara operations.
2019	Awarded the Port of Melbourne maintenance contract, after a competitive tender.
2022	Engaged by the head contractor on the Spoilbank Marina Project, being the construction of a new marina and associated facilities on the Port Hedland waterfront.
2023	Awarded five-year contract with a multinational oil and gas company to provide various marine services at an offshore gas processing platform in the North West Shelf.
2023 – 2024	Engaged to provide services for a decommissioning project for a major oil and gas company of its offshore infrastructure in the North West Shelf.
2024	Successful Initial Public Offering (IPO) and listing on Australian Securities Exchange (ASX)



www.bhagwan
marine.com.au

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