AUSTRALIAN
NAVAL
INFRASTRUCTURE

ANNUAL REPORT
2023 - 2024

Front Cover: The first two OPVs are being constructed at the ONS (photo credit: Luerssen Australia)

ISSN:2208-9535

Contents

TRANSMITTAL LETTER

AUSTRALIAN NAVAL INFRASTRUCTURE

AUSTRALIAN NAVAL INFRASTRUCTURE

61 Veitch Road, Osborne SA 5017
E enquiries@ani.com.au
PO Box 2404, Port Adelaide SA 5015
T +61 8 8131 9000

10 September 2024

The Hon Richard Marles MP
Deputy Prime Minister and Minister for Defence
Parliament House
CANBERRA ACT 2600

Senator the Hon Katy Gallagher
Minister for Finance
Parliament House
CANBERRA ACT 2600

Dear Ministers,

Australian Naval Infrastructure Pty Ltd 2023-24 Annual Report

I am pleased to submit the 2023-24 Annual Report for Australian Naval Infrastructure Pty Ltd (ANI or the Company), which has been prepared in accordance with the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act).

The Annual Report includes the financial statements for the financial year ended 30 June 2024 and reports on ANI's progress during the financial year.

The Company's primary purpose is to support the Commonwealth's continuous naval shipbuilding program through:

1. acquiring, holding, managing and developing the infrastructure and related facilities used in connection with this program, and
2. efficiently and effectively managing this infrastructure (including providing access) in a manner that ensures an integrated and coordinated approach to the delivery of all aspects of this program.

ANI's Board has approved this report in accordance with a resolution on 10 September 2024.

I would be grateful if you could endorse this document for tabling in Parliament.

LUCIO DI BARTOLOMEO
Chair

It gives us great pleasure to present the 2023-24 Annual Report for Australian Naval Infrastructure (ANI).

ANI continues to deliver on its primary object to support the Commonwealth's naval shipbuilding and sustainment operations by being the owner, developer and manager of critical shipbuilding and sustainment infrastructure at the Osborne Naval Shipyard (ONS) in South Australia.

Operating safely and ensuring the wellbeing of our workforce is at the forefront of everything that we do. ANI is pleased to report that our excellent safety performance has continued in the past financial year, with no lost time injuries and one medical treatment injury recorded.

Having established a strong safety culture, ANI is well positioned to rise to the challenges of becoming an exemplary nuclear steward through maintaining the highest possible levels of nuclear safety, security and safeguards as we design and deliver the Nuclear-Powered Submarine Construction Yard (NPSCY).

During the year, our facilities at Osborne have been utilised by:

- ASC Pty Ltd (ASC) for the deep maintenance of Australia's fleet of Collins class submarines
- BAE Systems Maritime Australia (BAESMA) for the prototyping phase and commencement of the build of the Hunter class frigates (HCF), and
- Luerssen Australia Pty Ltd (Luerssen) for the construction of two Arafura class Offshore Patrol Vessels (OPVs).

ANI has also commenced and continues to undertake a series of significant infrastructure upgrade projects within the Osborne South (ONS-S) shipyard and the Common User Facility (CUF) to provide enhanced capacity and capability to support the HCF program and the planned Destroyer Capability Enhancement program to upgrade the Royal Australian Navy's Hobart class destroyers. In addition, ANI has fully implemented the requirements under the *Security of Critical Infrastructure Act 2018* (Cth) following the ONS' designation as critical infrastructure.

Following from the Government's announcement in March 2023 on the optimal pathway for the acquisition of conventionally-armed, nuclear-powered submarines (NPS), ANI has continued to work closely with the Australian Submarine Agency (ASA) and Australia's Sovereign Submarine Build Partner (a joint venture between ASC Pty Ltd and BAE Systems) to develop the infrastructure requirements for the NPSCY, and to commence design and enabling works. A significant milestone was the appointment in March 2024 of design partners, Kellogg Brown & Root (KBR) and a joint venture comprising AECOM and Aurecon (AAJV).

In the last financial year, ANI has had a significant focus on developing and expanding its organisation to support the significant increase in the size and complexity of ANI's activities as a result of its role as the Government's delivery partner for the NPSCY.

ANI has continued to play a limited role in assisting Defence with planning for future developments at Henderson by undertaking a program of environmental baseline monitoring works at Henderson and in surrounding waters, pending future Government decisions on the capability requirements at that precinct.

ANI is proud to be a key partner and enabler in the delivery of critical infrastructure to support the Commonwealth's Naval Shipbuilding and Sustainment Plan.

LUCIO DI BARTOLOMEO	ANDREW SEATON
Chair	Managing Director and CEO

10 September 2024

ANI'S PRIMARY OBJECT IS TO SUPPORT THE COMMONWEALTH'S CONTINUOUS NAVAL SHIPBUILDING PROGRAM

ANI is a Commonwealth company and a Government Business Enterprise (GBE), classified as a Public non-Financial Corporation (PnFC).

ANI's primary object is to support the Commonwealth's continuous naval shipbuilding program through:

- acquiring, holding, managing and developing the infrastructure and related facilities used in connection with this program, and
- efficiently and effectively managing the infrastructure (including providing access) in a manner that ensures an integrated and coordinated approach to delivery of all elements of this program.

All of the share capital in ANI is owned by the Commonwealth of Australia. As at 30 June 2024, ANI's Shareholder Ministers were the Minister for Defence and the Minister for Finance.

Context: Naval Shipbuilding Plan, Defence Strategic Review and AUKUS

The 2017 Naval Shipbuilding Plan highlighted infrastructure as a key enabler for continuous naval shipbuilding in Australia. Since inception, ANI has played a principal role as the owner, developer and manager of critical shipyard infrastructure at Osborne to support that endeavour.

In March 2023, the Government announced the optimal pathway for the acquisition of conventionally-armed nuclear-powered submarine (NPS) capability, part of which involves building NPS at Osborne. This was reaffirmed in the 2024 National Defence Strategy. ANI was announced as the Government's delivery partner for the build of the nuclear-powered submarine construction yard (NPSCY).

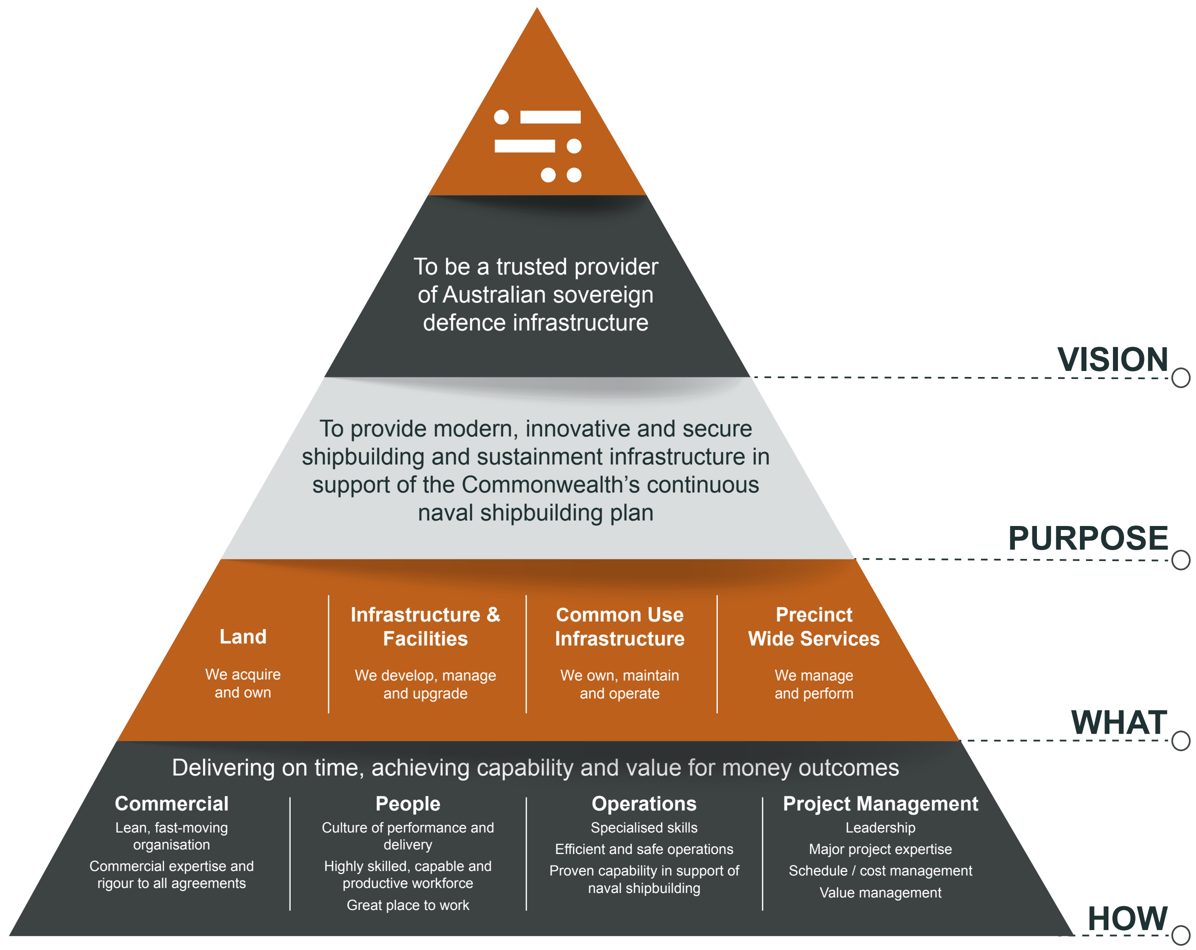
In April 2023, the Defence Strategic Review (DSR) recommended the Government reaffirm its commitment to continuous naval shipbuilding through an updated National Naval Shipbuilding Enterprise Strategy and updated supporting Naval Shipbuilding and Sustainment Plan. It strongly supported the acquisition of conventionally-armed NPS and confirmed the need to develop the requisite infrastructure for NPS construction and sustainment, which it said must be started immediately.

The 2024 Naval Shipbuilding and Sustainment Plan will set out the Government's approach to supporting the growth of a productive and resilient sovereign shipbuilding and sustainment industrial enterprise.

In February 2024, the Independent Analysis (IAR) of the Navy's Surface Combatant Fleet was released, which was an action arising from the DSR. Amongst other recommendations, the IAR supported the construction of six Hunter class frigates (HCF) at Osborne, and a series of new surface combatants to be constructed at Henderson.

Strategic Plan

ANI's vision, purpose and strategy is depicted in the following diagram, and is underpinned by ANI's governance framework.



Organisational structure

ANI's organisational structure comprises three primary areas – corporate, operations and facilities, and projects. With ANI now being responsible for the design and delivery of the NPSCY, ANI has established an Integrated Delivery Office (IDO) within the projects function, as ANI's delivery arm for that project.

With the significant uplift in ANI's activities and responsibilities, primarily as a result of the NPSCY project, ANI's organisation has grown substantially in 2023-24, and continues to grow. This has resulted in increased employee numbers and the establishment of a new collaborative project office in the Adelaide CBD to house the IDO and ANI's design and delivery partners, together with representatives from NPSCY stakeholders including the Australian Submarine Agency (ASA). The IDO team will be supplemented with specialist contractors and consultants throughout the life of the project.

ANI Operations team with the City of Adelaide Clipper Ship

As at 30 June 2024, ANI had 73 employees.

Ongoing

2023-2024	Man / Male	Woman / Female	Non-binary	Prefers not to answer	Uses a different term	Total	Total (%)
Full-time	49	16	-	-	-	65	90%
Part-time / casual	-	7	-	-	-	7	10%
Total	**49**	**23**	**-**	**-**	**-**	**72**	
Percentage	68%	32%					100%

2022-2023	Man / Male	Woman / Female	Non-binary	Prefers not to answer	Uses a different term	Total	Total (%)
Full-time	29	11	-	-	-	40	87%
Part-time / casual	1	5	-	-	-	6	13%
Total	**30**	**16**	**-**	**-**	**-**	**46**	
Percentage	65%	35%					100%

Non-ongoing

2023-2024	Man / Male	Woman / Female	Non-binary	Prefers not to answer	Uses a different term	Total	Total (%)
Full-time	-	-	-	-	-	-	0%
Part-time / casual	1	-	-	-	-	1	100%
Total	**1**	**-**	**-**	**-**	**-**	**1**	
Percentage	100%	0%					100%

2022-2023	Man / Male	Woman / Female	Non-binary	Prefers not to answer	Uses a different term	Total	Total (%)
Full-time	4	2	-	-	-	6	67%
Part-time / casual	3	-	-	-	-	3	33%
Total	**7**	**2**	**-**	**-**	**-**	**9**	
Percentage	78%	22%					100%

All ANI staff are currently based in South Australia.

ANI does not have any subsidiaries.

ANI's assets

ANI's principal place of business is located within the Osborne Naval Shipyard (ONS) precinct in South Australia, where ANI owns the infrastructure necessary for naval vessel construction and sustainment. ANI's assets include the following sites.

1. Osborne North (ONS-N) shipyard

The existing Osborne North (ONS-N) shipyard is the location for the full-cycle docking and maintenance of the Royal Australian Navy's six existing Collins class submarines (CCSM) which is undertaken by ASC Pty Ltd (ASC).

2. ONS-N NPSCY site

This is the preferred site for the development of the NPSCY, and comprises a mix of vacant, partially improved and improved land spanning over 70 hectares. Improvements include existing buildings that were on the land when originally acquired by ANI in 2018 and 2019, and new buildings completed as part of the former Attack class submarine construction yard (SCY) development. Partial improvements include works undertaken as part of the former Attack class SCY development including piling, which ANI is developing a plan to re-use for the NPSCY.

The Combat Systems Physical Integration Facility (CSPIF) is one of the buildings completed for the former Attack class SCY, the office areas of which are currently tenanted by ASC, in support of the CCSM life-of-type extension (LOTE) activities.

The vacant land includes over 56 hectares of land acquired by ANI between March and June 2024 as part of the strategic land swap agreed between the Commonwealth and South Australian Governments.

3. Skills and Training Academy (STA) site

This is over 20 hectares of vacant land, acquired by ANI in June 2024 as part of the strategic land swap referenced at item 2 above, located adjacent to the NPSCY site on Pelican Point Road. A new STA to facilitate the growth in workforce required to support the build of the SSN-AUKUS submarines and surface combatants will be developed on this site.

4. Osborne South (ONS-S) shipyard

The shipyard at ONS-S comprises a mix of legacy assets and new facilities which were built as part of the Osborne South Development Project (OSDP) and completed in 2020 to support the continuous build of major warships.

Legacy assets on the eastern side of the yard are being utilised by the Offshore Patrol Vessel (OPV) program for the build of the first two Arafura class OPVs by Luerssen Australia Pty Ltd (Luerssen). The remainder of the yard, including all the new facilities, are tenanted by BAE Systems Maritime Australia (BAESMA) for the HCF program. BAESMA will progressively occupy the areas currently used by Luerssen when the OPV program at Osborne is complete, which is anticipated in 2025.

5. Common User Facility (CUF)

ANI owns and operates the CUF and associated infrastructure at Osborne including the wharf, dry berth, transfer system, shiplift and a fleet of self-propelled modular transporters (SPMTs) and provides services to the shipbuilding programs and other commercial users of the shipyard.

Other common use infrastructure owned and managed by ANI includes carparking areas associated with the ONS, including a newly constructed carpark to the west of the shipyard, with access via a pedestrian bridge built over the rail corridor.

6. ANI's head office

ANI's head office is located at the entrance to the CUF at Osborne. The office provides modern facilities co-locating the ANI team alongside the shipyard near ANI's tenants and project sites. Prior to May 2024, all ANI staff were based at Osborne.

In May 2024, ANI's IDO team moved into leased premises in the Adelaide CBD, where they will be co-located with ANI's NPSCY design partners and other NPSCY stakeholders.

7. Building S101

This is an office and training facility, located alongside the ONS-S shipyard. Since November 2023, ANI has licensed this premises to BAESMA in support of the HCF program.

Company performance

The key objectives outlined in ANI's 2023-24 Corporate Plan have been achieved. These include:

- safely undertaking operations
- providing services and ensuring availability of facilities to shipbuilding programs
- ongoing implementation of ONS security measures, including implementation of the Naval Shipbuilding and Sustainment Identity Card (NSSIC) in compliance with *Security of Critical Infrastructure Act 2018* (Cth) requirements
- progressing improvements to ONS-S access
- finalising early contractor involvement activities, entering into construction contracts and progressing delivery for various facilities including wharf extension, dry berth and shiplift upgrades, construction of an outfitting support building with associated access towers and platforms, and construction of a second blast and paint hall at ONS-S
- undertaking planning and design activities for future upgrades of infrastructure at both ONS-S and ONS-N, including the Collins class sustainment facility (CCSF) shiplift and blast and paint facility
- progressing environmental background monitoring works in support of the Department of Defence, in preparation for potential infrastructure developments at Henderson
- negotiating and entering into transaction documents to give effect to the transfer of land at ONS-N from the South Australian Government to ANI in accordance with the strategic land swap agreed between the State and Commonwealth
- continuing to work with the ASA on infrastructure requirements for the NPSCY
- commencing enabling works for the NPSCY, including completion of the laydown area, progression of utility relocations planning, progressing the concept design for the NPSCY including the key milestone of appointing design partners, along with other investigations, planning and approvals processes, and
- progressing planning and design of the STA.

THE KEY OBJECTIVES OUTLINED IN ANI'S 2023-24 CORPORATE PLAN HAVE BEEN ACHIEVED

CUF shiplift upgrades underway

CORPORATE GOVERNANCE

ANI is incorporated as a company under the *Corporations Act 2001* (Cth) (Corporations Act), is limited by shares, and is subject to the PGPA Act.

All share capital of ANI is owned by the Commonwealth of Australia.

Under the PGPA Act, ANI is a Commonwealth Company, PnFC, and prescribed as a GBE. While the Corporations Act is the primary regulatory framework, the PGPA Act sets the standards of governance and accountability and imposes specific duties on ANI's Board and executive relating to the use and management of resources.

Shareholder Ministers

ANI sits within the Finance portfolio of the Australian Government. Its Board reports to both the Minister for Defence and the Minister for Finance as Shareholder Ministers.

As at 30 June 2024, ANI's Shareholder Ministers were:

- Deputy Prime Minister and Minister for Defence, the Hon Richard Marles MP, and
- Minister for Finance, Senator the Hon Katy Gallagher.

Ministerial directions

ANI did not receive any direction by a Minister under its constitution, an Act or other instrument, or any government policy orders (under section 93 of the PGPA Act) in FY24.

The Board

The ANI Board comprises six members with the seventh position currently being vacant. The Board is chaired by an independent non-executive director and the roles of Chair and Managing Director are separate. The Managing Director is the only executive director on the Board and is also the Chief Executive Officer. All other directors are independent non-executive directors.

The Board is responsible for the corporate governance of ANI and operates within an approved Board charter. Each director is appointed by the Shareholder Ministers pursuant to a formal letter of appointment.

Shiplift platform lift

Chair

Lucio Di Bartolomeo was appointed Chair on 26 June 2017. The Chair is responsible for the leadership of the Board and for the efficient and proper functioning of the Board, including maintaining relationships with the Shareholders. The Chair's current term is due to expire on 25 September 2024.

The Board's role and responsibilities

The Board acts in the best interests of ANI as a whole and on behalf of the Shareholder Ministers, representing the Commonwealth, and is accountable to the Shareholder Ministers for the overall strategic direction, management and corporate governance of ANI.

Subject to the PGPA Act, the constitution and directions from the Shareholder Ministers, the Board is responsible for:

- determining and fostering a corporate culture within the organisation that is appropriate to ANI
- overseeing ANI, including control and accountability systems

- appointing and monitoring the performance of the CEO and the Company Secretary and, where appropriate, the removal of the CEO and the Company Secretary
- providing strategic advice to management
- approving and monitoring the progress of major capital expenditure projects, capital management, acquisitions and divestitures, as well as financial and other reporting
- approving the annual Corporate Plan (including budgets and key performance indicators), reviewing ANI's performance against the Corporate Plan and monitoring the implementation of corrective actions where necessary
- reviewing and interrogating systems of risk management, internal control and legal compliance to satisfy itself that appropriate compliance frameworks and controls are in place
- reviewing and overseeing the implementation of ANI's Code of Conduct
- establishing Board committees where required and approving the composition, and any charters, of Board committees
- monitoring and verifying compliance with legal and regulatory requirements, ethical standards and policies, and
- ensuring that ANI complies with its work, health and safety obligations.

Board committees

Audit and Risk Committee

The Board established an Audit and Risk Committee in August 2017 to assist in carrying out its responsibilities.

The Audit and Risk Committee's charter, which was last reviewed and approved by the Board in November 2023, sets out the matters relevant to the composition, responsibilities and administration of the Committee. The charter is published on ANI's website at: https://www.ani.com.au/wp-content/uploads/2024/02/Audit-Risk-Committee-Charter-0-approved-by-Board-1-Nov-23-1.pdf

The Audit and Risk Committee meets at least three times a year. A quorum for an Audit and Risk Committee meeting is two Audit and Risk Committee members.

The objectives of the Audit and Risk Committee are to:

1. help the Board achieve its objectives in relation to reviewing the appropriateness of:
   a. financial reporting
   b. performance reporting
   c. system of risk (financial and performance) oversight and management
   d. systems of internal control, and
   e. the application of accounting policies
2. maintain and improve the quality, credibility and objectivity of the financial accountability processes
3. assess ANI's risk management principles, policies, processes and practices so that it can satisfy itself that:
   a. adequate systems are in place for the effective identification and assessment of all areas of potential material business risk
   b. adequate policies, processes and procedures have been designed and implemented to manage identified material business risks
   c. appropriate action is undertaken to bring the identified material risks within ANI's risk tolerance levels
   d. a culture of compliance is promoted, and
   e. compliance strategies and functions are effective
4. establish and maintain effective internal and external audit functions, and communication between the Board and the internal and external auditor, and
5. verify that financial compliance strategies and financial compliance functions are effective.

As at the date of this report, the Audit and Risk Committee comprises Janice van Reyk (Chair), Peter Iancov and Andrea Sutton.

ANI Operations team with OPV NUSHIP Eyre

The names and details of directors and executive management in office as at 30 June 2024 are as follows:

Lucio Di Bartolomeo

BE (Civil), MEngSc

Chair and Non-Executive Director

Lucio was appointed as Chair in June 2017. His current term will expire on 25 September 2024.

With over 40 years' experience in the transport industry, Lucio brings extensive knowledge in rail, infrastructure and engineering fields to the ANI Board as a non-executive director. He is currently the Chair of Health Infrastructure NSW and on an advisory panel for Transport NSW. He was previously Chair of Australia Post, Deputy Chair of Moorebank Intermodal Company and a non-executive director of Australian Super and Australian Rail Track Corporation.

Prior to taking on non-executive director roles, Lucio was the Managing Director of ADI Limited, Country Director of Thales (Australia) and Managing Director of FreightCorp.

Janice van Reyk

M Comm, M Env, LLB (Hons), BA, FAICD, FCPA

Non-Executive Director

Janice was appointed in August 2017. Her current term will expire on 13 February 2025.

Janice is a non-executive director serving on the boards of Lochard Energy Group, Australian Super, NSW Ports and RepurposeIt.

Previously she has served on a number of boards and committees in the infrastructure sector. Prior to her non-executive career, Janice enjoyed a career as a senior executive in ASX 100 companies (BHP, Orica and National Foods).

She is a Fellow of the AICD and CPA and a Leadership Victoria Fellow.

Peter Iancov

FIEAust, FAIB, FAIM, SMIEEE, MAICD, CSE

Non-Executive Director

Peter was appointed on 26 June 2017. His current term will expire on 25 June 2025.

Peter is an experienced company director and executive with over 30 years' expertise gained in the energy, infrastructure, mining, commercial construction, contracting and defence sectors. He is currently Managing Director of Zinfra, Chairman of Chronos Advisory and a non-executive director of Yamatji Enterprises Limited and the Tasmanian Development Board. Peter has previously held multiple board roles and senior executive positions across Australian and multinational organisations.

In his previous and current roles, Peter has been instrumental in securing and delivering major infrastructure projects and has been responsible for the management, construction and operation of critical energy infrastructure assets across Australia.

Prior to joining ANI, Peter was a non-executive director of ASC Pty Ltd.

Alan (Jim) Whalley AO

MBA (Adel), BSc (NSW), FRAeS, CompIEAust, GAICD

Non-Executive Director

Jim was appointed on 26 June 2017. His current term will expire on 25 June 2025.

Jim is co-founder and executive deputy chair of Nova Systems, one of Australia's largest privately owned defence professional service providers. He is a former air force fighter pilot and graduate of the Royal Air Force, Empire Test Pilots' School. Jim is a Fellow of the Royal Aeronautical Society and Companion of Engineers Australia, Member of the Society of Experimental Test Pilots and has completed the Harvard Business School OPM Executive Education Program. He serves on the Sir Ross and Keith Smith advisory committee and is a director of AROSE.

Andrea Sutton

BE (Chem), GradDip Economics, GAICD

Non-Executive Director

Andrea was appointed on 26 September 2023. Her current term will expire on 25 September 2026.

Andrea is a non-executive director serving on the boards of Australia's Nuclear Science and Technology Organisation (including as Chair of the Risk and Audit Committee), Iluka Resources, Perenti Limited, Red 5 Limited, the Water Corporation (WA) and the National Association of Women in Operations.

Andrea has held several executive roles in safety, human resources, security, infrastructure management, and sales within the coal mining sector, including CEO and Managing Director of Energy Resources of Australia (ERA), and Chair of the Minerals Council of Australia – NT Management Committee. During a 19-year career at Rio Tinto she undertook the roles of General Manager of Operations at the Bengalia Mine and General Manager of Infrastructure, Iron Ore. Previously Andrea served on the boards of ERA and DDH1 and the Infrastructure WA Board.

Andrea has a Bachelor of Chemical Engineering from the University of Melbourne, a Graduate Diploma in Economics from the University of New England in Australia and is a Graduate Member of the Australian Institute of Company Directors.

Andrew Seaton

BE (Chem) (Hons), GradDip Bus Admin, GAICD

Managing Director and Chief Executive Officer

Andrew joined ANI in July 2017 and was appointed as Managing Director and Chief Executive Officer in April 2020. His current term will expire on 5 April 2028.

Andrew has over 30 years' business experience encompassing a broad range of executive management, finance, investment banking, engineering and project management roles. Prior to joining ANI he was CFO of Santos Limited and was previously a Vice President in investment banking with Merrill Lynch. He is a non-executive director of Strike Energy Ltd, Homestart Finance Ltd, and Rex Minerals Ltd.

Andrew has an honours degree in Chemical Engineering, a Graduate Diploma in Business Administration and is a Graduate Member of the AICD.

Sally McLennan

LLB (with Honours), GDLP, BMgt, MAICD

General Counsel and Company Secretary

Sally was appointed as General Counsel and Company Secretary in August 2017.

Sally is an experienced in-house commercial and corporate lawyer and has over 30 years' business experience. Prior to joining ANI, she held senior legal roles at ASC Pty Ltd and Santos Limited. Sally's prior experience includes commercial and human resources roles across industries, including oil and gas, telecommunications and manufacturing sectors.

Sally has a Bachelor of Laws (with Honours), Graduate Diploma in Legal Practice and a Bachelor of Management (Labour Relations) and is a Member of the AICD. She is currently a non-executive director of the Botanic Gardens and State Herbarium and Guide Dogs SA/NT.

Paul Bates

BA, GradDip InfoMgt, Dip Leadership and Mgt, MBA

Chief Operating Officer

Paul was appointed as Chief Operating Officer in April 2023, after previously holding the position of General Manager Operations.

Paul has substantial maritime operations experience. Prior to his appointment at ANI, Paul was General Manager - Infrastructure of the Defence SA Techport CUF, ensuring the successful delivery of the CUF and other contracted services to the Air Warfare Destroyer program since 2009. Prior to joining Defence SA, Paul was Project and Bid Manager for DMS Maritime Pty Ltd (now Serco Defence) and he previously served for 18 years in the Royal Australian Navy, holding a variety of operations roles both at sea and ashore.

Paul holds a Master of Business Administration and is a graduate of the Australian Defence Force Academy.

Adele Fraser

B.Comm (Hons), GradDip CA, FCA, GAICD

Chief Financial Officer

Adele joined ANI in August 2018 and was appointed as Chief Financial Officer in April 2023.

Adele is a chartered accountant with over 20 years' business experience. Prior to joining ANI, Adele held management positions at PwC, initially in South Africa and later in Australia.

Adele has an honours degree in Financial Reporting, Auditing, Taxation and Management Accounting and a Graduate Diploma of Chartered Accounting. Adele is a Fellow of CAANZ, a Graduate Member of the AICD and is a non-executive director of Redflow Ltd.

John Mortimer

BEng (Civil) (Hons), FIEAust, CPEng, EngExec, MAIPM

Director Major Projects

John joined ANI as Director Major Projects in June 2023.

With over 30 years' experience in the construction and development industries, John is a specialist in the delivery of complex infrastructure projects. Prior to joining ANI, he held senior leadership roles at Mott MacDonald Australia Pty Ltd including Major Projects Director for the Asia, Pacific, New Zealand & Australia Region and Managing Director of the Australian business.

John's prior project experience includes the development of the Port of Brisbane Terminal 11 and Port Botany Terminal 3 projects and numerous projects for the South Australian Government including the Adelaide Oval Redevelopment, Adelaide Convention Centre and the planning phases of the North South Corridor - Torrens to Darlington Project.

Kate McTaggart

B Soc Sc, Grad Cert Bus Admin (Executive)

General Manager, People and Culture

Kate was appointed as General Manager, People and Culture in January 2024, after joining ANI in 2022 as ANI's Human Resources Business Partner.

With over 30 years' experience in a variety of people related roles, Kate has worked in a leadership capacity across multiple industries across the Northern Territory, Australia Capital Territory and South Australia, including infrastructure, transport and health.

Kate has a Bachelor of Social Sciences and a Graduate Certificate in Business Administration (Executive) and extensive experience in leading small and large teams in a variety of sectors.
She has substantial experience in the areas of organisational strategy and development, leadership development, change management and coaching.

Board performance and education

The Board assesses the performance of the Board and the Chair on an annual basis. A performance review process in respect of FY24 was undertaken internally by the Company Secretary.

The Board comprises experienced directors with a diverse range of experience across industries including major infrastructure and prior GBE experience. The process of Board renewal commenced in FY24, having been unchanged for the prior six years.

During FY24, education of directors has focused on developing the Board's understanding and knowledge of nuclear submarines and facilities.

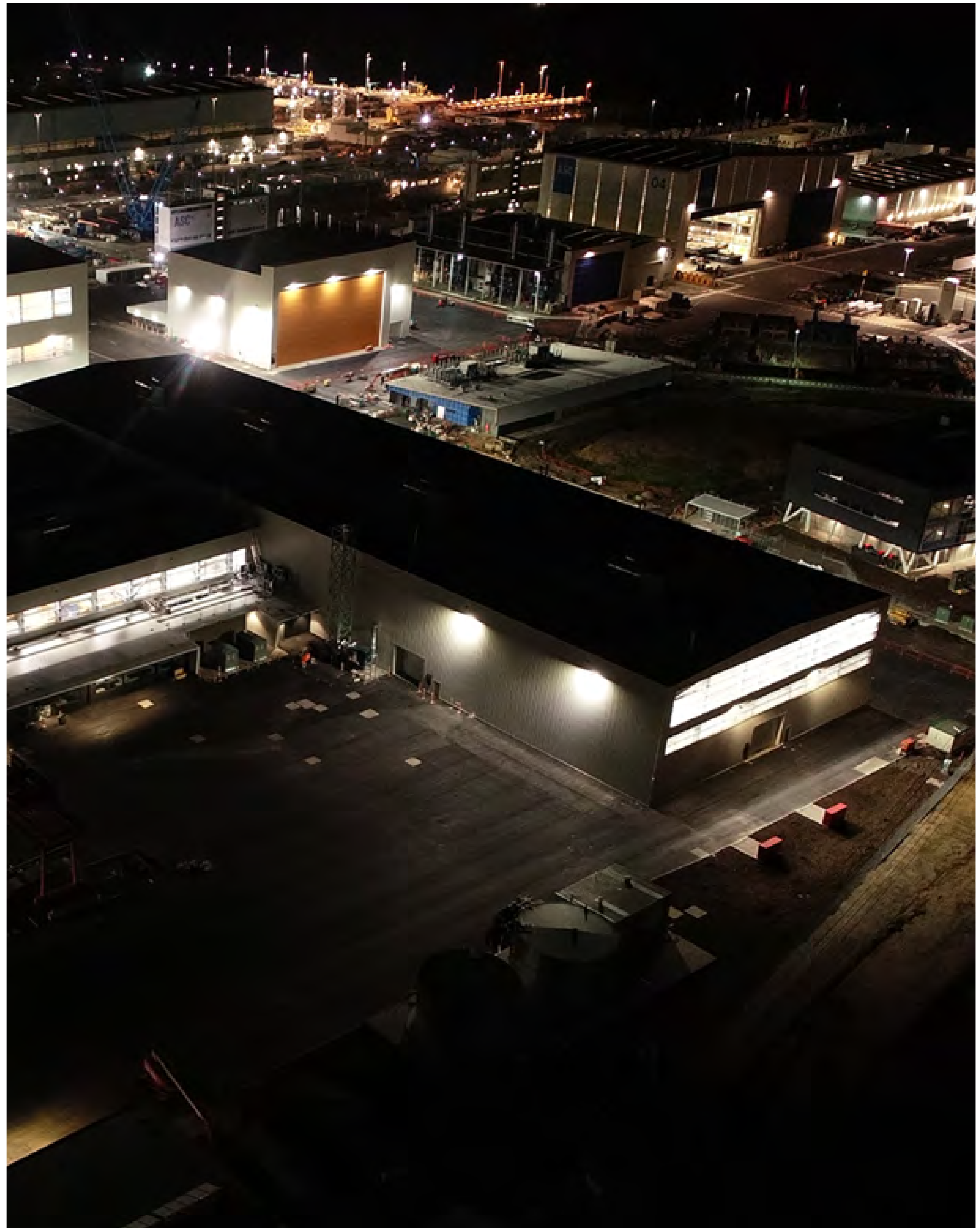
Attendance at meetings

The table below details Board and Committee meetings and director attendance during the reporting period.

	Board of Directors		Audit & Risk Committee	
	Held	Attended	Held	Attended
Mr Lucio Di Bartolomeo	8	8		
Mr Peter Iancov*	8	8	3	2
Mr Jim Whalley	8	8		
Mr Jeremy Schultz* (term ended 25 September 2023)	2	2	1	1
Ms Janice van Reyk*	8	8	3	3
Mr Andrew Seaton	8	8		
Ms Andrea Sutton* (term commenced 26 September 2023)	6	6	2	2

*indicates Audit & Risk Committee member

ONS-S Marine Works including shiplift upgrades



ONS-S shipyard

Governance

PGPA Act and PGPA Rule

ANI operates within the PGPA Act which sets out the requirements for the governance, reporting and accountability of Commonwealth entities and Commonwealth companies.

GBE requirements

ANI is prescribed as a GBE within the definitions outlined in the PGPA Act. As a GBE, ANI is required to follow the GBE guidelines.

Wholly owned GBEs (including ANI) are required to prepare a Corporate Plan and Statement of Corporate Intent (SCI) in consultation with Shareholder Ministers.

These documents focus on the purpose and corporate outlook of the GBE and express the expectations of its management in relation to future financial and non-financial performance.

ANI's 2024-25 Corporate Plan and SCI were developed in June 2024, with the SCI being published in August 2024 on ANI's website at www.ani.com.au.

Conflicts

Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations. Directors must:

- disclose to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises
- take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty, and
- comply with the Corporations Act and the constitution in relation to disclosing material personal interests and any restrictions on voting.

The Board reviews all directors' disclosures at each meeting of the Board.

Delegations of authority and risk management

Clear delegated authorities consistent with maintaining efficiency of operations and effective management of risks have been implemented by the Board.

ANI's enterprise risk management framework and risk register is periodically reviewed by the Board and Audit and Risk Committee to ensure risks are being effectively managed.

Code of Conduct

ANI's Code of Conduct (Code) sets out the standards of conduct expected of ANI's directors, employees and contractors (ANI personnel).

The Code articulates the high standards of honesty, integrity, ethical and law-abiding behaviour expected of ANI personnel and encourages the observance of those standards to protect and promote the interests of ANI, its Shareholders and other stakeholders.

Compliance with the Code will assist ANI in creating a safe, healthy and productive work environment and preserve and enhance ANI's reputation in the community. The Code supports ANI's purpose to be the owner, developer and manager of critical shipyard infrastructure, and operates in conjunction with ANI's policies and procedures.

Values

ANI has articulated a set of values which represent the way the ANI team behaves and operates in pursuing its objectives.

Community service obligations

The Company does not operate under any specific community service obligations.

Decisions affecting the Company and particulars of reports on the Company during the period

During the period, there were no judicial or administrative tribunal decisions applicable or reports on the Company.

Commercially sensitive information excluded from the Annual Report

The directors have excluded from the Annual Report any information that is considered to be commercially sensitive and would be likely to result in unreasonable commercial prejudice to the Company.

Voluntary Tax Transparency Code (TTC)

ANI has complied with the requirements of the TTC as follows:

- **A reconciliation of accounting profit to tax expense and to income tax paid or income tax payable:** ANI's reconciliation of accounting profit to income tax (expense)/ benefit is detailed in Note 6(b) and the reconciliation of accounting profit/(loss) to income tax loss is detailed in Note 6(c). Being in a loss-making position, ANI is yet to pay income tax.

- **Identification of material temporary and non-temporary differences:** ANI's net deferred tax balance of $44.466 million relates to a deferred tax liability of $156.387 million offset by a deferred tax asset of $111.921 million. These balances comprise temporary differences, mainly attributable to revaluations of property, plant and equipment. This is further explained in Note 6(e) of the financial statements.
- **Accounting effective company tax rates for Australian and global operations:** ANI does not have a global presence and, from its Australian perspective, the tax benefit, based on tax losses, equals 30%.

Environment

ANI considers the protection of the environment is important and is conscious of the sensitive environs adjacent the ONS. The Company aims for environmental and sustainable benefits across its operations, and actively supports and participates in community initiatives and programs that support environmental protection.

Environmental regulation

ANI's operations in South Australia are subject to both Commonwealth and State legislation. The Company is committed to achieving a high standard of environmental performance and has accreditation for AS/NZS ISO 14001:2015 Environmental Management System.

The Company has complied with all applicable environmental regulations and site-specific environmental licence requirements, and there have been no environmental incidents in the reporting period requiring official regulatory notification.

Climate-related risks

ANI's Board and management assesses climate risk at an enterprise level via the corporate risk register where risks are documented and monitored.

Given the location of the ONS and the nature of operations extreme weather and rising sea levels remain ANI's highest rated climate-related risks. These risks are considered when designing and submitting development applications for new buildings and infrastructure.

To ensure data remains relevant and current, ANI has contributed resources to support the South Australian Department of Environment and Water (DEW) undertake sea flood mapping and impact assessment for Port Adelaide and surrounds. This work is a collaborative effort by the Coast Protection Board, City of Port Adelaide Enfield (CPAE), University of Adelaide, ANI and Flinders Port Holdings provides valuable information to consider for the planning, construction and maintenance of infrastructure on the northern Lefevre Peninsula.

ANI is also assisting in the reduction of rising urban heat by implementing the planting of vegetation native to the area as part of its development activities. To date more than 5000 plants have been planted at Osborne South and ANI will continue this activity by developing designs and planting schedules for future capital upgrade works at Osborne South and as part of planning investigations for the preferred site of the NPSCY.

Greenhouse gas emissions

A company's greenhouse gas emissions are classified into three scopes:

- Scope 1: direct emissions from company-owned and controlled resources
- Scope 2: indirect emissions from the generation of purchased energy from a utility provider
- Scope 3: all indirect emissions not included in scope 2 that occur in a company's value chain, both upstream and downstream.

A controlling corporation must apply to be registered under the *National Greenhouse and Energy Reporting Act 2007* (Cth) (NGER Act) if the corporation's group meets one or more of the thresholds detailed in the NGER Act. Registered corporations that exceed either a corporate group or a facility threshold must report their scope 1 and scope 2 emissions and energy production and consumption data to the Clean Energy Regulator under section 19 of the NGER Act.

With reference to the ONS, scope 1 emissions fall predominantly under the responsibility of ANI's tenants who exercise operational control over their respective facilities. Scope 1 emissions, attributable directly to ANI, relate to the CUF and are below the NGER Act reporting threshold.

Climate Action in Government Operations - APS Net Zero 2030 emissions reporting

APS Net Zero 2030 is the Government's policy for the Australian Public Service (APS) to reduce its greenhouse gas emissions to net zero by 2030, and transparently report on its emissions. As part of the Net Zero in Government Operations Strategy, non-corporate Commonwealth entities, corporate Commonwealth entities and Commonwealth companies are required to report on their operational greenhouse gas emissions.

The Greenhouse Gas Emissions Inventory presents greenhouse gas emissions over the 2023–24 period. Results are presented based on Carbon Dioxide Equivalent (CO2-e) emissions. Greenhouse gas emissions have been calculated in line with the APS Net Zero Emissions Reporting Framework, consistent with the Whole-of-Australian Government approach as part of the APS Net Zero 2030 policy. Not all data sources were available at the time of this report and amendments to data may be required in future reports.

As part of the reporting requirements under section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (Cth), and in line with the Net Zero in Government Operations Strategy, all non-corporate Commonwealth entities, corporate Commonwealth entities and Commonwealth companies are required to publicly report on the emissions from their operations.

To ensure consistency across reporting, entities are required to calculate their emissions in line with the APS Net Zero Emissions Reporting Framework and generate the emissions inventory tables using the tools provided by the Department of Finance.

At a minimum, Commonwealth entities and Commonwealth companies are required to use both the location-based and market-based electricity greenhouse gas emissions table templates below, to report their greenhouse gas emissions inventory in their annual reports.

The ONS is located on the Lefevre Peninsula in South Australia

The location-based approach calculates the emissions from the local area in which the energy is consumed, while the market-based approach accounts for electricity purchased through contractual instruments and assigns the associated emissions to the purchasing entity.

The table below presents emissions related to electricity usage using the location-based accounting method:

2023-24 GREENHOUSE GAS EMISSIONS INVENTORY– LOCATION-BASED METHOD

Emission Source	Scope 1 t CO_2-e [1]	Scope 2 t CO_2-e	Scope 3 t CO_2-e	Total t CO_2-e
Electricity (location-based approach)	N/A	138.662	41.013	179.675
Natural gas	-	N/A	-	-
Solid waste[2]	N/A	N/A	4,005.804	4,005.804
Refrigerants[2,3]	-	N/A	N/A	-
Fleet and other vehicles	16.307	N/A	4.007	20.314
Domestic commercial flights	N/A	N/A	27.886	27.886
Domestic hire car[2]	N/A	N/A	-	-
Domestic travel accommodation[2]	N/A	N/A	3.879	3.879
Other energy	3.759	N/A	1.394	5.154
Total t CO_2-e	**20.066**	**138.662**	**4,083.983**	**4,242.711**

The table below presents emissions related to electricity usage using both the location-based and the market-based accounting methods:

2023-24 ELECTRICITY GREENHOUSE GAS EMISSIONS

Emission Source	Scope 2 t CO_2-e[1]	Scope 3 t CO_2-e	Total t CO_2-e	Percentage of electricity use
Electricity (location-based approach)	138.662	41.013	179.675	100%
Market-based electricity emissions	357.162	44.094	401.256	81%
Total renewable electricity	-	-	-	19%
• *Mandatory renewables[4]*	-	-	-	*19%*
• *Voluntary renewables[5]*	-	-	-	*0%*

1 CO_2-e means Carbon dioxide equivalent.

2 Indicates emission sources collected for the first time in 2023-24. The quality of data is expected to improve over time as emissions reporting matures

3 Indicates optional emission source for 2023-24 emissions reporting

4 Mandatory renewables are the portion of electricity consumed from the grid that is generated by renewable sources. This includes the renewable power percentage.

5 Voluntary renewables reflect the eligible carbon credit units surrendered by the Company. This may include purchased large-scale generation certificates, power purchasing agreements, GreenPower and the jurisdictional renewable power percentage (ACT only).

Sustainability

ANI continues to implement environmentally sustainable practices in the operation and maintenance of the existing ONS and aims to reduce adverse whole-of-life social, environmental and economic impacts of its activities.
Recent examples include:

- *Implementation of renewable energy, recycling and clean technology:* the implementation of environmentally sustainable systems and technology is considered at all stages of design, construction and operation. Recent implementation includes the installation of solar panels on four buildings at Osborne South, which commenced in 2023.
- *Production selection and construction methodologies:* sustainable product selection and construction methodologies that reduce or mitigate environmental impact are considered and implemented when upgrading existing infrastructure.

This current sustainability commitment will be broadened to be part of planning and design for new infrastructure at the preferred site of the NPSCY. This will be reflected in future updates to the Company's ISO certification, including that for accreditation for the AS/NZS ISO 14001:2015 Environmental Management System.

Social

Work health and safety

ANI takes a proactive approach to the management of work health and safety, and protection of the environment through appropriate management systems and programs, including employee health checks, inductions and safety related training.

ANI has a safety motto of 'safety never gets time off' to serve as a constant reminder that safety should be at the forefront of employees' minds, both at work and at home. This message has been incorporated into the ANI Values referred to on page 23. The positive safety culture continues to be demonstrated at ANI with high levels of reporting. ANI measures this through both the use of lead indicators, recording the number and nature of observations, inspections, hazard alerts, drills and audits, as well as traditional lag indicators.

In FY24, ANI did not have any notifiable incidents under Part 3 of the *Work Health and Safety Act 2011* (Cth), nor did ANI incur any lost time injuries (LTI) or any serious injury. There was one medical treatment injury.

Contractors undertaking ANI's construction projects operate under their own safety management systems. ANI monitors the safety performance of all projects to ensure safety systems are operationalised and provide a safe place to work. This monitoring takes place at an operational level by ANI's project and safety personnel, as well as through MD and CEO safety walks.

Human resources and diversity

ANI seeks to foster a climate of respect, equality and diversity through an inclusive workplace culture which values the contribution of individuals and provides an environment in which they can thrive. This is reinforced by the Company's values.

In FY24, ANI elevated its human resources function by promoting the Human Resources Business Partner to the position of General Manager, People & Culture reporting directly to the MD and CEO. ANI also commenced recruitment for a new Human Resources Business Partner to support its growing business.

ANI conducted its third employee engagement survey in FY24, which had an 88% participation rate and an employee engagement score of 89%. This was up from 82% in FY23.

Employment opportunities for new industry participants

ANI has continued with its practice of providing opportunities for undergraduates to obtain valuable work experience to give them a start in industry working on significant projects, alongside experienced personnel who are able to mentor them and aid their development. This has included providing vacation employment to assist students in meeting the industry placement requirements for their chosen qualification.

Due to managing the onboarding of significant numbers of new staff in FY24, this year's intake was limited to one mechanical engineering undergraduate on an industry placement. ANI has also engaged a mechanical apprentice through a group training provider.

Flexible working arrangements

ANI has continued with its approach to accommodate flexible working arrangements to suit the individual needs of employees where business needs can still be met.

After undertaking a successful 12-week trial of compressed hours working arrangements for full-time staff in FY23 and 100% positive feedback from employees on the initiative, in FY24 ANI implemented that arrangement on a permanent basis. Under this arrangement, staff work a compressed 75-hour fortnight over nine days per fortnight, instead of 10 days, providing for one rostered day off (RDO) per fortnight. Approximately half of the employees have an RDO in one week, with the remainder having an RDO in the opposite week to ensure continuity of business operations and responsiveness to stakeholder needs. This initiative, combined with working from home arrangements, assists employees in managing work/life balance whilst maintaining productivity, and better positions ANI as an employer of choice. In addition, ANI has several employees who work on a part-time basis to fit in with their study commitments, family responsibilities or lifestyle preferences.

These contemporary workplace practices are critical to ANI being able to compete for talent in a tight labour market and to retain the quality people already employed. It has served as a positive differentiator for prospective employees during ANI's extensive FY24 recruitment campaigns.

Diversity

ANI's relatively small workforce comprises a diverse range of people across age, gender, cultural backgrounds and life experiences. Gender diversity is strong having regard to the nature of construction and defence industries which tend to be male dominated, with females representing 50% of ANI's executive team and 32% of ANI's total ongoing employees.

To date, ANI has not collected any employee data on Aboriginal or Torres Strait Islander heritage but is in the process of updating its system to allow for the collection of this information to facilitate reporting in FY25.

Stakeholder engagement

ANI's approach to the engagement of stakeholders is to inform, consult and collaborate in a manner that is open and timely. Stakeholder groups include ANI's tenants, local community and businesses, the City of Port Adelaide and Enfield council (CPAE), State government authorities, and the general public.

ANI embodies a 'no surprises' approach where possible, keeping stakeholders updated and informed well ahead of planned construction or operational activities to provide ample time for feedback or questions.

Much of ANI's engagement activity is undertaken face to face, with ANI's Communications and Stakeholder Relations Manager meeting regularly with representatives from local community groups, businesses, tenants, CPAE and State government representatives, empowering them to disseminate information to relevant parties without the need to chase information. ANI also meets with local Kaurna representatives and has engaged several First Nations individuals and businesses to undertake cultural awareness activities.

ANI launched its first Reflect Reconciliation Action Plan (RAP) in 2023 to further raise cultural awareness within the Company, and to review its systems, policies and processes to ensure they represent fair work practices and address the needs of First Nations businesses and individuals when applying to work with ANI. In FY24, progress had been made in the following areas:

- connections with local community groups
- ongoing review of documentation across the Company
- exploring collaboration opportunities with tenants, existing and new contractors to support mutually beneficial outcomes, and
- integration of local history into the site literature.

ANI has commenced a review of its RAP with a view to maturing ANI's systems, policies and processes to ensure they represent fair work practices and address the needs of First Nations businesses and individuals when applying to work with ANI.

Other methods of engagement include community drop-ins, presentations to community and industry organisations, and updates through ANI's website and social media.

In April 2024, ANI launched a community engagement initiative to raise awareness and understanding of its upcoming grade separated road project at Osborne. ANI hosted a drop-in session at the Lefevre Peninsula Community Centre, providing residents, businesses, and interested parties with an opportunity to interact directly with project staff. During the event, ANI presented project materials, including fact sheets and high-level concept plans, to foster meaningful dialogue and boost community involvement.
ANI is committed to maintaining an open line of communication with the community throughout design and construction phases of the project.

ANI recently showcased its commitment to honouring Australia's rich naval heritage by facilitating the relocation of the City of Adelaide Clipper Ship from a temporary barge to its permanent home at Seaport Village, using our SPMTs. This event, organised by The City of Adelaide Clipper Ship community group, was open to the public and offered a unique opportunity for the community to witness firsthand the dedication and expertise of our Operations team while celebrating this significant maritime milestone.

ANI Operations team with the City of Adelaide Clipper Ship

Your directors present their report, together with the financial report of ANI, for the year ended 30 June 2024 and the auditor's report thereon.

Directors

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

- Lucio Di Bartolomeo
- Peter Iancov
- Janice van Reyk
- Jeremy Schultz (term expired on 25 September 2023)
- Andrea Sutton (appointment effective 26 September 2023)
- Alan (Jim) Whalley
- Andrew Seaton

Principal activities

The Company is the owner, manager and developer of shipyard infrastructure at the Osborne Naval Shipyard in South Australia in support of the Commonwealth of Australia's continuous naval shipbuilding program.

Review of operations

Financial results

Revenue of $90.499 million was $42.657 million (89%) higher than the previous financial year, mainly due to the inclusion of the fair value of certain parcels of Osborne North land which were transferred to ANI for nominal consideration, as detailed below and in Note 5(b) of the financial statements.

An external valuation was conducted over land, buildings and infrastructure at 30 June 2024. This resulted in a net revaluation increase in buildings and infrastructure of $110.354 million and a revaluation increase in land of $12.145 million. Refer to Note 9 of the financial statements for further details.

Capital expenditure cash flows of $99.904 million were $61.857 million (163%) higher than the previous financial year reflecting a high level of activity relating to the nuclear powered submarine construction yard (NPSCY) and other precinct projects at Osborne.

Nuclear Powered Submarines (NPS)

In March 2023, the Australian Government announced the optimal pathway for Australia to acquire conventionally armed NPS capability, part of which involves building NPS at the preferred site at Osborne, South Australia, with ANI's role being to deliver the NPSCY. ANI continues to work closely with the Australian Submarine Agency (ASA) to determine infrastructure requirements, initiate design activities and progress enabling works activities, paving the way for future development.

Licencing

During the year, additional shipyard assets were licenced to BAESMA for the HCFP. This resulted in an increase in the Company's lease income.

Precinct projects

The Company is progressing with multiple precinct projects in order to increase overall shipyard functionality and further enhance security controls.

Osborne North land

On 10 November 2023, the Commonwealth and the South Australian Government (State Government) entered into a Project Deed to implement certain strategic land transfers to give effect to commitments they had made under a Cooperation Agreement dated 15 March 2023 to support the delivery of Australia's NPS. This included transfers of land from the State Government to ANI for the development of the NPSCY and Skills and Training Academy at Osborne. All relevant land parcels were transferred to ANI for nominal consideration during FY24.

Henderson

ANI has undertaken environmental monitoring activities on behalf of the Commonwealth to support a potential future development at Henderson, and is awaiting any further instruction from the Commonwealth as to ANI's future role once the capability requirements and approach to delivery of the project have been decided.

Significant changes in the state of affairs

There were no significant changes in ANI's state of affairs during the current financial year.

Significant events after the balance sheet date

In June 2024, ANI entered into a lease for an additional floor for its Adelaide project office. The lease commences on 2 September 2024, at which time ANI will recognise a right-of-use asset and a lease liability of approximately $7.600 million.

Dividends

No dividends have been paid or declared by the Company since the end of the previous financial year.

Directors' benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than reimbursement of expenses and the aggregate amount of remuneration received or due and receivable by directors shown in the accounts) because of a contract made by the Company with the director or with a firm of which the director is a member, or with an entity in which the director has a substantial interest.

Indemnification and insurance of directors and officers

Indemnification

The Company has agreed to indemnify the current and previous directors and officers of the Company for all liabilities to another person (other than the Company) that may arise in their capacity as directors and officers of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreements stipulate that the Company will meet, to the extent permitted by law, the full amount of any such liabilities, including costs and expenses.

Insurance premiums

Since the end of the previous financial year, the Company has paid insurance premiums in respect of directors' and officers' liability insurance contracts for current and former directors and officers, including executive officers of the Company. The insurance premiums cover directors and officers for actual losses incurred in their capacity as directors and officers of the Company, which are not indemnified by the Company and which the director or officer becomes legally obligated to pay on account of certain claims made against him/her individually or otherwise. The terms of the insurance policy prohibit disclosure of the amounts of the premium payable.

Auditor's independence declaration

The auditor's independence declaration, as required under section 307C of the Corporations Act 2001 (Cth), is set out on page 38.

This report is made in accordance with a resolution of directors.

LUCIO DI BARTOLOMEO
Chair

ANDREW SEATON
Managing Director and CEO

10 September 2024

REMUNERATION REPORT

This report covers the Company's Key Management Personnel (KMP) who have authority and responsibility for planning, directing and controlling the activities of the Company directly and indirectly throughout the year.

	Title	Term as KMP
Non-executive directors		
Lucio Di Bartolomeo	Independent, non-executive Chair	Full year
Janice van Reyk (1)	Independent, non-executive Director	Full year
Peter Iancov (2)	Independent, non-executive Director	Full year
Alan (Jim) Whalley	Independent, non-executive Director	Full year
Andrea Sutton (2)	Independent, non-executive Director	Part year – appointment effective 26 September 2023
Jeremy Schultz (2)	Independent, non-executive Director	Part year – term expired 25 September 2023
Executive KMP		
Andrew Seaton	Managing Director and Chief Executive Officer	Full year
Sally McLennan	General Counsel and Company Secretary	Full year
Paul Bates	Chief Operating Officer	Full year
Adele Fraser	Chief Financial Officer	Full year
John Mortimer	Director Major Projects	Full year

(1) Janice van Reyk is the Chair of the Audit and Risk Committee

(2) Peter Iancov and Andrea Sutton are Audit and Risk Committee members. Jeremy Schultz was an Audit and Risk Committee member until 25 September 2023.

The superannuation guarantee rate was 11% in FY24 (FY23: 10.5%).

Non-executive director fees

All non-executive directors of the Company are appointed by the Commonwealth Government through the Shareholder Ministers.

Fees for non-executive directors are set through the determinations of the Commonwealth Remuneration Tribunal (Tribunal), an independent statutory body overseeing the remuneration of key Commonwealth offices. The Company is obliged to comply with the Tribunal's determinations and plays no role in the consideration of determination of non-executive director fees.

Fees for non-executive directors for FY24 and FY23 are shown in the following table:

Non-executive position	FY24 $	FY23 $
Chair	127,360	122,460
Member	63,680	61,230
Chair - Audit and Risk Committee	17,450	16,770
Member - Audit and Risk Committee	8,730	8,390

Remuneration for non-executive directors is shown in the following table:

		Short-term benefits			Post-employment benefits	Other long-term benefits			
		Directors' Fees	Short-term incentive	Other benefits and allowances	Superannuation contributions	Long service leave	Other	Termination benefits	Total remuneration
Non-executive directors		$	$	$	$	$	$	$	$
Lucio Di Bartolomeo	2024	127,360	-	-	14,010	-	-	-	141,370
	2023	122,460	-	-	12,858	-	-	-	135,318
Janice van Reyk	2024	81,130	-	-	8,924	-	-	-	90,054
	2023	78,000	-	-	8,190	-	-	-	86,190
Peter Iancov	2024	72,410	-	-	1,838	-	-	-	74,248
	2023	69,620	-	-	-	-	-	-	69,620
Alan (Jim) Whalley	2024	63,680	-	-	7,005	-	-	-	70,685
	2023	61,230	-	-	6,429	-	-	-	67,659
Andrea Sutton	2024	53,156	-	-	5,847	-	-	-	59,003
	2023	-	-	-	-	-	-	-	-
Jeremy Schultz	2024	18,102	-	-	-	-	-	-	18,102
	2023	69,620	-	-	-	-	-	-	69,620
Total non-executive directors	**2024**	**415,838**	**-**	**-**	**37,624**	**-**	**-**	**-**	**453,462**
	2023	**400,930**	**-**	**-**	**27,477**	**-**	**-**	**-**	**428,407**

Managing Director and Chief Executive Officer remuneration

The Company's MD and CEO, Andrew Seaton, was appointed by the Commonwealth Government through the Shareholder Ministers.

The MD and CEO role has been declared by the Tribunal as a Principal Executive Office (PEO) Band D under the *Remuneration Tribunal Act 1973* (Cth). The Company's MD and CEO remuneration has been determined and paid in accordance with the Tribunal's guidance and comprised two components - total fixed remuneration (TFR) and at-risk performance pay (Short Term Incentive or STI).

For FY24, TFR was paid at five percent above the Tribunal's "Total Remuneration Reference Rate" for the office, and the MD and CEO was eligible for STI of up to a maximum of 20% of TFR.

Executive KMP remuneration

The Company's approach to remuneration is designed to attract and retain the right people with the right expertise to deliver on the Company's objectives and targets set out in its Corporate Plan. In particular, the Company's executive team is comprised of individuals with the breadth and depth of experience required to deliver on the Company's major projects and commercial outcomes, and to build a performance culture.

Remuneration of executive KMPs reporting to the MD and CEO is set by the MD and CEO in consultation with the Company's Board. For FY24, executive KMP remuneration comprised TFR and STI of up to a maximum of 20% of TFR.

TFR is set having regard to market factors, technical expertise, role scope and industry benchmarks, and has been informed by external benchmarking.

STI for the MD and CEO and executive KMP is determined by the ANI Board having regard to company and individual performance in the achievement of the Company scorecard. The Company scorecard is set by the Board at the start of the financial year and is aligned to the measures in ANI's Corporate Plan endorsed annually by the Shareholder Ministers.

Performance was assessed against the following measures:

Deliverable	Weighting	Outcome
Safety (safe operations, no serious incidents)	15%	Achieved
Operations and facilities management (efficient and timely delivery of operations and facilities management services)	10%	Achieved
Precinct projects (schedule, budget and quality objectives)	20%	Achieved
NPSCY project (schedule, budget and quality objectives)	35%	Achieved
Corporate and commercial (progress corporate and commercial arrangements)	5%	Achieved
Financial (EBITDA target)	5%	Achieved
Shareholder satisfaction (ANI's culture, performance and delivery)	10%	Achieved
Total	**100%**	

The Company component of STI for FY24 as measured by performance against the above scorecard was assessed as 90%. Executive KMP STI payments are determined based on a 60/40 company / individual basis.

Shiplift platform lift

Remuneration for the executive KMP is shown in the table below:

		Short-term benefits			Post-employment benefits	Other long-term benefits			
Name		Base salary[1]	Short-term incentive	Other benefits and allowances[2]	Superannuation contributions	Long service leave	Other	Termination benefits	Total remuneration
Executive KMP		$	$	$	$	$	$	$	$
Andrew Seaton	2024	609,301	104,034	-	27,481	27,812	-	-	768,628
	2023	587,473	98,432	-	25,292	25,717	-	-	736,914
Sally McLennan	2024	349,127	60,720	-	28,004	14,286	-	-	452,137
	2023	306,561	55,076	-	27,500	19,288	-	-	408,425
Paul Bates	2024	365,545	64,400	-	44,660	11,097	-	-	485,702
	2023	301,420	55,997	-	36,493	25,480	-	-	419,390
Adele Fraser	2024	366,980	60,720	-	19,232	15,361	-	-	462,293
	2023	274,309	47,897	-	23,814	15,728	-	-	361,748
John Mortimer[3]	2024	457,708	79,200	-	13,699	6,653	-	-	557,260
	2023	36,386	-	-	-	88			36,474
Phil Cornish[4]	2024	-	-	-	-	-	-	-	-
	2023	242,066	-	4,000	27,500	(34,134)	-	-	239,432
Total executive KMP	**2024**	**2,148,661**	**369,074**	**-**	**133,076**	**75,209**	**-**	**-**	**2,726,020**
	2023	**1,748,215**	**257,402**	**4,000**	**140,600**	**52,167**	**-**	**-**	**2,202,384**
Total non-executive directors	**2024**	**415,838**	**-**	**-**	**37,624**	**-**	**-**	**-**	**453,462**
	2023	**400,930**	**-**	**-**	**27,477**	**-**	**-**	**-**	**428,407**
Total KMP	**2024**	**2,564,499**	**369,074**	**-**	**170,700**	**75,209**	**-**	**-**	**3,179,482**
	2023	**2,149,145**	**257,402**	**4,000**	**168,077**	**52,167**	**-**	**-**	**2,630,791**

(1) Base salary includes accrued annual leave entitlements and superannuation cap excess amounts, where applicable.
(2) A car allowance is awarded where significant business use of a personal vehicle is required to perform a particular role.
(3) John Mortimer became a KMP on 5 June 2023. His part-year remuneration for 2023 is shown.
(4) Phil Cornish resigned effective 3 March 2023. His part-year remuneration for 2023 is shown and includes annual leave paid out on termination.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

AS AT 30 JUNE 2024

The Company is not required by Australian Accounting Standards to prepare consolidated financial statements and as a result subsection 295(3A)(a) of the *Corporations Act 2001* (Cth) to prepare a Consolidated Entity Disclosure Statement does not apply to the Company.

Aerial view of the ONS

AUDITOR'S INDEPENDENCE DECLARATION

Australian National
Audit Office

Lucio Di Bartolomeo

Chair of the Board

Australian Naval Infrastructure Pty Ltd

AUSTRALIAN NAVAL INFRASTRUCTURE PTY LTD

FINANCIAL REPORT 2023–24

AUDITOR'S INDEPENDENCE DECLARATION

In relation to my audit of the financial report of Australian Naval Infrastructure Pty Ltd for the year ended 30 June 2024, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office

Rahul Tejani
Executive Director
Delegate of the Auditor-General

Canberra
10 September 2024

DIRECTORS' DECLARATION

The directors declare that, in the directors' opinion:

a. the financial statements and notes set out on pages 44 to 75 are in accordance with the *Corporations Act 2001* (Cth), including:

   i. complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements

   ii. giving a true and fair view of the Company's financial position as at 30 June 2024 and of its performance for the year ended on that date

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, and

c. the consolidated entity disclosure statement as at 30 June 2024 on page 37 is true and correct.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of directors.

LUCIO DI BARTOLOMEO
Chair

ANDREW SEATON
Managing Director and CEO

10 September 2024

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

Opinion

In my opinion, the financial report of Australian Naval Infrastructure Pty Ltd (the Company) for the year ended 30 June 2024 is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2024 and of its performance for the year then ended; and

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

The financial report of the Company, which I have audited, comprises the following as at 30 June 2024 and for the year then ended:

- Consolidated entity disclosure statement
- Statement of comprehensive income;
- Statement of financial position;
- Statement of changes in equity;
- Statement of cash flows;
- Notes to the financial statements, comprising material accounting policy information and other explanatory information;; and
- Directors' declaration.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the relevant ethical requirements for financial report audits conducted by the Auditor-General and their delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

GPO Box 707, Canberra ACT 2601
38 Sydney Avenue, Forrest ACT 2603
Phone (02) 6203 7300

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Directors' responsibility for the financial report (

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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.

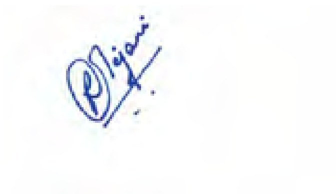
As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Australian National Audit Office



Rahul Tejani
Executive Director
Delegate of the Auditor-General

Canberra
12 September 2024

Eastern dry berth under construction

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Note	June 2024 $'000	June 2023 $'000
Revenue from continuing operations			
Facilities and service revenue	5(a)	**17**	244
Lease income	5(a)	**49,473**	47,196
Other income	5(b)	**41,009**	402
Total revenue and other income		**90,499**	47,842
Expenses			
Depreciation expense	5(b)	**45,136**	45,155
Utilities and statutory charges		**1,644**	3,877
Repairs and maintenance		**5,269**	1,775
Corporate costs	5(b)	**17,675**	15,102
Project costs		**1,993**	7,133
Net revaluation increase	9(a)	**(395)**	(563)
Net impairment reversal	9(a)	**(344)**	(1,267)
Loss on disposal of property, plant and equipment		**3,654**	2,313
Loss on foreign exchange		**196**	-
Total expenses		**74,828**	73,525
Profit / (loss) from operating activities		**15,671**	(25,683)
Finance income	5(b)	**2,655**	2,257
Finance costs	5(b)	**(536)**	(465)
Net finance costs		**2,119**	1,792
Profit / (loss) before income tax		**17,790**	**(23,891)**
Income tax (expense) / benefit	6(b)	**(5,210)**	34,625
Profit for the period		**12,580**	10,734
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Revaluation of land, buildings and infrastructure	9(a)	**122,104**	124,165
Income tax relating to these items	6(d)	**(36,631)**	(37,249)
Other comprehensive income for the period, net of tax		**85,473**	86,916
Total comprehensive income for the period		**98,053**	97,650
Profit / (loss) for the period is attributable to:			
Owners of Australian Naval Infrastructure Pty Ltd		**12,580**	10,734
Total comprehensive income for the period is attributable to:			
Owners of Australian Naval Infrastructure Pty Ltd		**98,053**	97,650

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	June 2024 $'000	June 2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7(a)	**78,098**	69,281
Trade and other receivables	7(b)	**5,755**	6,198
Prepayments	7(c)	**1,352**	11,737
Total current assets		**85,205**	87,216
Non-current assets			
Property, plant and equipment	9(a)	**1,719,201**	1,473,135
Total non-current assets		**1,719,201**	1,473,135
Total assets		**1,804,406**	1,560,351
LIABILITIES			
Current liabilities			
Trade and other payables	7(d)	**17,514**	5,639
Lease liability	7(e)	**578**	-
Provisions	9(b)	**2,332**	1,406
Other current liabilities	9(c)	**913**	1,067
Deferred income	9(d)	**342**	399
Total current liabilities		**21,679**	8,511
Non-current liabilities			
Deferred tax liabilities	6(e)	**44,466**	2,626
Lease liability	7(e)	**11,117**	-
Non interest-bearing liabilities	7(f)	**5**	4
Provisions	9(b)	**289**	328
Deferred income	9(d)	**11,298**	11,583
Total non-current liabilities		**67,175**	14,541
Total liabilities		**88,854**	23,052
Net assets		**1,715,552**	1,537,299
EQUITY			
Share capital	11(a)	**1,697,988**	1,617,788
Revaluation surplus	11(b)	**344,253**	258,780
Accumulated losses	11(c)	**(326,689)**	(339,269)
Total equity		**1,715,552**	1,537,299

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Share capital $'000	Revaluation surplus $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2022	**1,617,788**	**171,864**	**(350,003)**	**1,439,649**
Profit for the year	-	-	10,734	10,734
Revaluation of land, buildings and infrastructure	-	124,165	-	124,165
Income tax relating to these items	-	(37,249)	-	(37,249)
Total comprehensive income for the year	**-**	**86,916**	**10,734**	**97,650**
Transactions with owners in their capacity as owners				
Contributions of equity	-	-	-	-
Balance at 30 June 2023	**1,617,788**	**258,780**	**(339,269)**	**1,537,299**
Balance at 1 July 2023	**1,617,788**	**258,780**	**(339,269)**	**1,537,299**
Profit for the year	-	-	12,580	12,580
Revaluation of land, buildings and infrastructure	-	122,104	-	122,104
Income tax relating to these items	-	(36,631)	-	(36,631)
Total comprehensive income for the year	**-**	**85,473**	**12,580**	**98,053**
Transactions with owners in their capacity as owners				
Contributions of equity	80,200	-	-	80,200
Balance at 30 June 2024	**1,697,988**	**344,253**	**(326,689)**	**1,715,552**

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

Significant upgrades are being made to the CUF to accommodate the needs of the shipbuilding programs

Marine Works wharf extension

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Note	June 2024 $'000	June 2023 $'000
Cash flows from operating activities			
Cash receipts from customers		**75,711**	61,432
Payments to suppliers and employees		**(49,391)**	(43,584)
Net cash inflow from operating activities	8(a)	**26,320**	17,848
Cash flows from investing activities			
Payments for property, plant and equipment		**(99,904)**	(38,047)
Proceeds from sale of property, plant and equipment		**605**	1,864
Interest received	5(b)	**2,655**	2,257
Net cash outflow from investing activities		**(96,644)**	(33,926)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	11(a)	**80,200**	-
Repayment of lease liability	8(b)	**(523)**	(314)
Interest paid	5(b)	**(536)**	(465)
Net cash inflow / (outflow) from financing activities		**79,141**	(779)
Net increase / (decrease) in cash and cash equivalents		**8,817**	(16,857)
Cash and cash equivalents at the beginning of the financial year		**69,281**	86,138
Cash and cash equivalents at the end of the financial year	7(a)	**78,098**	69,281

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

ONS-S Marine Works wharf extension

Preparing for OPV undocking

NOTES TO THE FINANCIAL STATEMENTS

Contents

1. About this report

ANI is a company incorporated and domiciled in Australia. It is wholly owned by the Commonwealth Government.

The Company is a for-profit entity for the purpose of preparing the financial report.

2. Basis of preparation

a. Statement of compliance

This general purpose financial report has been prepared in accordance with:

- Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB), and
- *the Corporations Act 2001* (Cth).

The financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

b. Historical cost convention

These financial statements have been prepared under the historical cost basis, except for the following:

- land, buildings and infrastructure - measured at fair value; and
- financial assets and liabilities (including derivative instruments) - measured at fair value.

c. Significant accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Estimates or judgements which are material or have the potential to be material to the financial report are found in the following notes:

Accounting estimates and judgements	Note
Fair value of land, buildings and infrastructure	9

d. Accounting policies

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability. Unless otherwise stated, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

Material accounting policy information is contained in the notes to the financial statements to which they relate.

The Company has applied AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* for the first time in the financial year commencing 1 July 2023:

AASB 2021-2 amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. The amending standard requires the disclosure of material, rather than significant, accounting policies, and clarifies what is considered a change in accounting policy compared to a change in accounting estimate.

3. Functional and presentation currency

The Company's financial statements are presented in Australian dollars, which is the Company's functional currency. The Company is of a kind referred to in ASIC legislative Instrument 2016/191 dated 1 April 2016 and, in accordance with the Legislative Instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

4. Significant changes in the current reporting period

There were no significant changes in the Company's business during the financial year ended 30 June 2024.

5. Financial performance

a. Revenue

	June 2024 $'000	June 2023 $'000
Revenue from continuing operations		
Facilities and service revenue	17	244
Lease income	49,473	47,196
	49,490	**47,440**

Revenue recognition

Under AASB 15 *Revenue from Contracts with Customers*, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Accounting Policy

Item	Policy
Facilities and services charges	Common Use Infrastructure (CUI) revenue (e.g. commercial dockings) is recognised at a point in time, upon satisfaction of performance obligations, in line with AASB 15 *Revenue from Contracts with Customers.*
Lease income	Annual commercial property rental charges are recognised on a straight-line basis over the period to which the charge relates. Licences with Luerssen Australia Pty Ltd (Luerssen) and BAESMA are classified as operating leases, where the Company is the lessor. Income from ASC Pty Ltd (ASC) comprises a capital charge and a pass-through of depreciation. The capital charge is recognised based on a percentage of the depreciated historic cost of critical infrastructure assets that have not been funded by a program or project and the depreciation charge is recognised based on the depreciation of critical infrastructure assets provided by the Company. Both this capital charge and depreciation charge are treated as lease income under *AASB 16 Leases.*

b. Other income and expense items

Items included in profit / (loss) before income tax:

	June 2024 $'000	June 2023 $'000
Other income		
Deferred income recognised in profit or loss	342	402
Utilities - recharge income	657	-
Assets received from third parties	40,010	-
	41,009	**402**
Depreciation		
Buildings and infrastructure	30,616	30,420
Plant and equipment	14,502	14,513
Right-of-use asset	18	222
	45,136	**45,155**
Corporate costs		
Employee benefits expense	9,130	7,525
Consultants, contractors and legal costs	2,859	1,327
Office expenses	2,749	1,535
Insurance	1,771	1,797
Security	655	787
Other expenses	511	2,131
	17,675	**15,102**
Finance income		
Interest income	**2,655**	**2,257**
Finance costs		
Bank fees	(40)	(22)
Debt commitment fees	(496)	(443)
	(536)	**(465)**

Other income includes $40.010 million relating to assets gifted to ANI from third parties.

Of this, $39.920 million represents the fair value of land transferred from the State Government to ANI for the development of the NPSCY and Skills and Training Academy at Osborne, as detailed in the Directors' Report. The accounting treatment for these transactions is aligned with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

6. Taxation

a. Income tax benefit / (expense)

Accounting policy

Income tax on profit or loss for the year comprises current and deferred tax.

Expense	Policy
Current tax	Represents the expected tax payable on taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Deferred tax	Represents the expense relating to future tax consequences of all transactions undertaken in the current year regardless of when their tax impact may occur.

b. Numerical reconciliation of income tax expense to prima facie tax payable

	June 2024 $'000	June 2023 $'000
Profit / (loss) from continuing operations before income tax	17,790	(23,891)
Tax at the Australian tax rate of 30.0% (2023 - 30.0%)	(5,337)	7,167
Non-deductible expenses	(10)	(39)
Reversal of unrecognised temporary difference	103	120
Prior year adjustment to deferred tax assets for losses	34	-
Recognition of deferred tax assets	-	27,377
Income tax (expense) / benefit	**(5,210)**	**34,625**

c. Numerical reconciliation of accounting profit to tax loss

	June 2024 $'000	June 2023 $'000
Profit / (loss) from continuing operations before income tax	17,790	(23,891)
Tax at the Australian tax rate of 30.0% (2023 - 30.0%)	(5,337)	7,167
Permanent differences	(10)	(39)
Temporary differences - property, plant and equipment	1,232	(333)
Unrecognised temporary differences - property, plant and equipment	103	120
Tax loss utilisation	5,103	-
Temporary differences - other	(1,091)	(1,266)
Income tax loss	**-**	**5,649**

d. Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity

	June 2024 $'000	June 2023 $'000
Recognised in revaluation surplus		
Net deferred tax on revaluation	**(36,631)**	**(37,249)**

e. Deferred tax balances

Net position as presented in the statement of financial position

	June 2024 $'000	June 2023 $'000
Net deferred tax liabilities		
Deferred tax assets	111,921	113,099
Deferred tax liabilities	(156,387)	(115,725)
	(44,466)	**(2,626)**

i. Deferred tax assets

	June 2024 $'000	June 2023 $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	91,669	92,014
Tax losses carried forward	13,710	18,779
Sundry items	6,542	2,306
	111,921	**113,099**

Movements	Property, plant and equipment $'000	Tax losses $'000	Other items $'000	Total $'000
At 1 July 2022	77,942	-	864	78,806
Charged/(credited)				
- to profit or loss	14,072	18,779	1,442	34,293
At 30 June 2023	**92,014**	**18,779**	**2,306**	**113,099**
At 1 July 2023	92,014	18,779	2,306	113,099
Charged/(credited)				
- to profit or loss	(345)	(5,069)	4,236	(1,178)
At 30 June 2024	**91,669**	**13,710**	**6,542**	**111,921**

ii. Deferred tax liabilities

	June 2024 $'000	June 2023 $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	153,179	115,660
Sundry items	3,208	64
	156,387	**115,724**

Movements	Property, plant and equipment $'000	Other items $'000	Total $'000
At 1 July 2022	78,675	131	78,806
Charged/(credited)			
- to profit or loss	(264)	(67)	(331)
- to other comprehensive income	37,249	-	37,249
At 30 June 2023	**115,660**	**64**	**115,724**
At 1 July 2023	115,660	64	115,724
Charged/(credited)			
- to profit or loss	888	3,144	4,032
- to other comprehensive income	36,631	-	36,631
At 30 June 2024	**153,179**	**3,208**	**156,387**

iii. Net deferred tax

	June 2024 $'000	June 2023 $'000
Property, plant and equipment	(61,510)	(23,646)
Tax losses	13,710	18,779
Other items	3,334	2,242
	(44,466)	**(2,625)**

7. Financial assets and liabilities

a. Cash and cash equivalents

	June 2024 $'000	June 2023 $'000
Current assets		
Cash and cash equivalents	**78,098**	**69,281**

Cash and cash equivalents include cash at bank and on hand as well as deposits held at call with financial institutions. The Company's exposure to interest rate risk is addressed in Note 10(d).

b. Trade and other receivables

	June 2024 $'000	June 2023 $'000
Current assets		
Trade and other receivables	4,202	6,067
GST receivable	1,553	131
	5,755	**6,198**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss provision raised for doubtful debts. Trade receivables are generally due for settlement within 45 days. The expected credit loss provision was nil at 30 June 2024 (2023: nil).

c. Prepayments

	June 2024 $'000	June 2023 $'000
Current assets		
Other prepayments	**1,352**	**11,737**

d. Trade and other payables

	June 2024 $'000	June 2023 $'000
Current liabilities		
Trade payables – at amortised cost	28	4
Other payables – at amortised cost	17,486	5,635
	17,514	**5,639**

e. Lease liability

	June 2024 $'000	June 2023 $'000
Opening balance on 1 July	-	296
Remeasurement of liability	-	18
Commencement of new lease	12,218	-
Repayment of liability	(523)	(314)
Closing balance 30 June	**11,695**	**-**
Classification		
Current	578	-
Non-current	11,117	-
	11,695	**-**

The Company entered into an office lease for premises in Adelaide to accommodate ANI's Infrastructure Delivery Office (IDO) and design partners commencing on 1 March 2024. The initial term of the lease expires on 28 February 2030 with two two-year extension options thereafter. Lease accounting is based on an expected lease period of 10 years.

f. Borrowings

Non-interest-bearing liabilities

	June 2024 $'000	June 2023 $'000
Non-current		
Term loan	5	4
Debt facility	-	-
	5	**4**

Debt facility

The Company has a $110 million debt facility under a Syndicated Facility Agreement with two leading Australian financial institutions. The debt facility is structured as a four-year unsecured revolving credit facility with a termination date of 14 October 2026.

At 30 June 2024, the debt facility is undrawn.

8. Cash flow reconciliation

a. Reconciliation of profit after tax to net cash inflow from operating activities

	June 2024 $'000	June 2023 $'000
Profit for the year	12,580	10,734
Adjustment for:		
Depreciation	45,136	45,155
Finance cost	536	465
Other income	(40,352)	(399)
Interest income	(2,655)	(2,257)
Income tax expense / (benefit)	5,210	(34,625)
Loss on disposal of non-current assets	3,654	2,313
Net revaluation increase – land, buildings and infrastructure	(395)	(563)
Net impairment reversal	(344)	(1,267)
Loss on foreign exchange	196	-
*Change in operating assets and liabilities**		
Decrease / (increase) in trade and other debtors	1,632	(2,055)
Increase in trade creditors and other liabilities	1,640	473
Increase in prepayments	(518)	(126)
Net cash inflow from operating activities	**26,320**	**17,848**

*The changes in operating assets and liabilities do not include movements of trade debtors and trade payables categorised as investing activities.

b. Reconciliation of movements of liabilities and equity to cash flows arising from financing activities

	Lease liabilities $'000	Share capital $'000	Total $'000
Year ended 30 June 2023			
Proceeds from issue of share capital – Note 11(a)	-	-	-
Repayment of lease liability – Note 7(e)	(314)	-	(314)
Net cash (outflow) / inflow from financing activities	**(314)**	**-**	**(314)**
Year ended 30 June 2024			
Proceeds from issue of share capital – Note 11(a)	-	80,200	80,200
Repayment of lease liability – Note 7(e)	(523)	-	(523)
Net cash (outflow) / inflow from financing activities	**(523)**	**80,200**	**79,677**

9. Non-financial assets and liabilities

a. Property, plant and equipment

	June 2024 $'000	June 2023 $'000
Land, at valuation	196,984	144,580
Buildings and infrastructure		
At valuation	1,198,189	1,096,521
Accumulated depreciation	-	-
	1,198,189	1,096,521
Plant and equipment		
At historical cost	259,840	258,214
Accumulated depreciation	(64,758)	(58,047)
	195,082	200,167
Right-of-use lease asset		
At cost	11,029	296
Accumulated depreciation	(367)	(277)
	10,662	19
Assets under construction		
At cost	118,284	31,848
Total property, plant and equipment	**1,719,201**	**1,473,135**

OPV NUSHIP Eyre

a. Property, plant and equipment (cont.)

	Land $'000	Buildings and infrastructure $'000	Plant and equipment $'000	Right-of-use lease asset $'000	Assets under construction $'000	Total $'000
Year ended 30 June 2023						
Opening net book amount	134,600	858,807	202,446	241	169,658	1,365,752
Revaluation increase [(1)]	9,980	140,237	-	-	-	150,217
Revaluation decrease [(1)]	-	(25,489)	-	-	-	(25,489)
Reversal of impairment loss	-	-	-	-	1,267	1,267
Additions	-	900	2,468	-	27,364	30,732
Transfers	-	153,011	9,766	-	(162,777)	-
Depreciation charge	-	(30,420)	(14,513)	(222)	-	(45,155)
Disposals	-	(525)	-	-	(3,664)	(4,189)
Closing net book amount	**144,580**	**1,096,521**	**200,167**	**19**	**31,848**	**1,473,135**
Year ended 30 June 2024						
Opening net book amount	144,580	1,096,521	200,167	19	31,848	1,473,135
Revaluation increase [(1)]	14,260	119,293	-	-	-	133,553
Revaluation decrease [(1)]	(2,115)	(8,939)	-	-	-	(11,054)
Reversal of impairment loss	-	-	-	-	344	344
Additions	40,259	3,635	1,970	11,029	115,749	172,642
Transfers	-	18,295	7,447	-	(25,742)	-
Depreciation charge	-	(30,616)	(14,502)	(386)	-	(45,504)
Disposals	-	-	-	-	(3,915)	(3,915)
Closing net book amount	**196,984**	**1,198,189**	**195,082**	**10,662**	**118,284**	**1,719,201**

(1) Revaluation increase / (decrease)

	At 30 June 2024			At 30 June 2023		
	Land $'000	Buildings and infrastructure $'000	Total $'000	Land $'000	Buildings and infrastructure $'000	Total $'000
To revaluation surplus (pre-tax)	14,260	107,844	122,104	7,370	116,795	124,165
To profit or loss	(2,115)	2,510	395	2,610	(2,047)	563
	12,145	**110,354**	**122,499**	**9,980**	**114,748**	**124,728**

i. Recognition and measurement

Class of PPE	Accounting policy (AASB 116)	Valuation technique (AASB 13)	Fair value measurement hierarchy	Depreciation method	Useful life
Land	Revaluation model (Fair value)	Market approach	Level 3	Not depreciated	N/A
Buildings and infrastructure	Revaluation model (Fair value)	Cost approach (depreciated replacement cost)	Level 3	Straight-line	15 - 60 years
Plant and equipment	Cost model	N/A	N/A	Straight-line	2 - 40 years
Right-of-use lease assets	Cost model	N/A	N/A	Straight-line	Shorter of asset's useful life and lease term
Assets under construction	Cost model	N/A	N/A	Not depreciated	N/A

Fair value

Land, buildings and infrastructure are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings and infrastructure. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Revaluation

An independent desktop valuation of all land, buildings and infrastructure of the Company was carried out by Asset Valuation Advisory (AVA) at 30 June 2024. This is the same valuer engaged in previous years. The fair value of the land is based on recent market transactions on arm's length terms, with necessary adjustments made to reflect location and merged improvements of land. The fair value of buildings and infrastructure is based on the depreciated replacement cost approach.

Assets are depreciated over the following useful lives:

- Freehold buildings and infrastructure: 15 - 60 years
- Plant and equipment: 2 - 40 years

The cost of an individual item of property, plant and equipment with an acquisition cost of less than $1,000 is considered a minor purchase and is therefore not depreciated but expensed at acquisition.

Assets under construction and capitalisation

Costs that relate directly to a project are capitalised to assets under construction until such time as the project is commissioned and depreciation commences. Costs that relate directly to a specific project may include contractor costs, labour costs of project staff, utilities, statutory charges, costs of materials used in construction, costs of hiring plant and equipment and project related travel. Costs that are not directly attributable are recorded as an expense in profit or loss.

Project costs are capitalised to assets under construction from the point that the project has been formally approved and allocated a capital budget. All preliminary, planning and feasibility expenditure incurred prior to the project being approved is expensed in the period that it is incurred.

As these assets are not ready for use, no depreciation is charged.

a. Property, plant and equipment (cont.)

Disposals
These amounts are included in the statement of comprehensive income. When revalued assets are sold, it is the Company's policy to transfer any amounts included in revaluation surplus in respect of those assets to retained earnings.

ii. Carrying amounts that would have been recognised if land, buildings and infrastructure were stated at cost

If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

	June 2024 $'000	June 2023 $'000
Land		
Cost	**142,988**	**102,729**
Buildings and infrastructure		
Cost	942,162	912,337
Accumulated depreciation	(221,631)	(181,296)
Carrying amount	**720,531**	**731,041**

iii. Non-current assets pledged as security

There are no non-current assets pledged as security by the Company.

iv. Capital expenditure commitments

At reporting date, the Company had capital expenditure commitments of $181.087 million (2023: $22.222 million).

	June 2024 $'000	June 2023 $'000
Commitments due		
Within one year	160,882	22,222
Later than one year but not later than 5 years	20,205	-
Later than 5 years	-	-
Total non-financial assets	**181,087**	**22,222**

b. Provisions

	June 2024 $'000	June 2023 $'000
Employee benefits		
Current	2,332	1,406
Non-current	289	328
	2,621	**1,734**

c. Other current liabilities

	June 2024 $'000	June 2023 $'000
Deferred income – government grants	704	704
Other liabilities	209	363
	913	**1,067**

Other liabilities comprise government grants and other sundry liabilities.

Government grants
Government grants received from federal, state, or local government are accounted for under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance.*

d. Deferred income

	June 2024 $'000	June 2023 $'000
Current		
Deferred income – OST transfer	**342**	**399**
Non-current		
Deferred income – OST transfer	**11,298**	**11,583**

During FY21, the Commonwealth transferred ownership of two outfit support towers (OSTs) to the Company (fair value of $13.014 million) for nominal consideration. This transaction was recognised in the statement of financial position as deferred income and is released to the profit or loss as other income on a systematic basis over the estimated remaining useful lives of the buildings (refer to Note 5 (b)).

e. Recognised fair value measurements

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

Land, buildings and infrastructure

i. Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- Inputs for the asset or liability that are not based on observable market data (observable inputs) (level 3).

e. Recognised fair value measurements (cont.)

The following table presents the Company's assets and liabilities measured and recognised at fair value as at 30 June 2024 and 30 June 2023.

Recurring fair value measurements

	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2023					
Non-financial assets					
Land	9(a)	-	-	144,580	144,580
Buildings and infrastructure	9(a)	-	-	1,096,521	1,096,521
Total non-financial assets		**-**	**-**	**1,241,101**	**1,241,101**
30 June 2024					
Non-financial assets					
Land	9(a)	-	-	196,984	196,984
Buildings and infrastructure	9(a)	-	-	1,198,189	1,198,189
Total non-financial assets		**-**	**-**	**1,395,173**	**1,395,173**

Disclosed fair values

The carrying amounts of trade receivables, trade payables and interest and non-interest-bearing liabilities are approximately their fair values.

ii. Valuation techniques used to determine level 2 and level 3 fair values

The Company obtains independent valuations for its land and buildings (classified as property, plant and equipment) at least triennially. At the end of each reporting period, management updates its assessment of the fair value of each property, taking into account the most recent independent valuations. Management determines a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties.

The fair value of buildings and infrastructure is based on the depreciated replacement cost approach.

The fair value of land has been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach for land is price per square metre. In the most recent independent valuation, the price per square metre (a level 3 input) has included significant adjustments by the valuer, as follows:

- *Shipyard location:*

  The inputs have been adjusted up to account for the land being associated with being a leading naval industry location.
- *Overall increase of industrial property values in the area:*

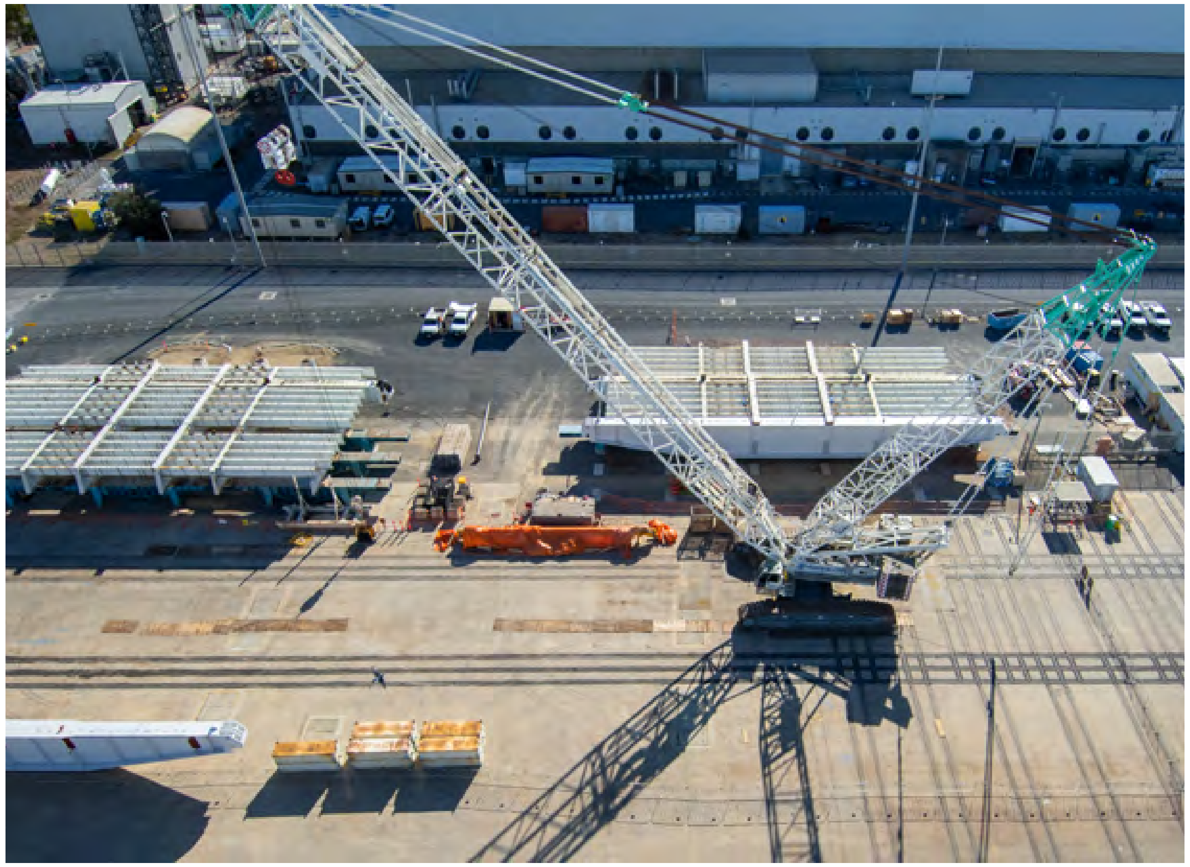
  A premium has been applied to account for the overall increase in industrial property prices in the region.

Management has determined these adjustments are based on unobservable inputs, resulting in land being fair valued using level 3 inputs for the period ended 30 June 2024.

iii. Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. Refer to Note 9(e)(ii) above for the valuation techniques adopted.

Description	Fair value at June 2024 $'000	Fair value at June 2023 $'000	Unobservable inputs	Relationship of unobservable inputs to fair value
Buildings and infrastructure	1,198,189	1,096,521	Depreciation rates	The higher the depreciation rate, the lower the fair value
			Construction cost increases	Increases to construction costs increases the fair value
Land	196,984	144,580	Shipyard location	The shipyard location at Osborne increases the fair value
			General market increase	The increase of industrial land values in the area increases the fair value



Preparing for CUF shiplift upgrades

10. Financial and capital risk management

a. Financial risk management

The Company's activities expose it to a variety of financial risks. This note presents information about the Company's exposure to financial risks, the objectives, policies and processes for measuring and managing risk, and the management of capital. At year end, as the Company had not drawn down on its debt facility, financial risk is assessed as low.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has tasked the Audit and Risk Committee to oversee how management monitors compliance with the Company's financial risk management policies and procedures. It also reviews the adequacy of the financial risk management framework of the Company.

	June 2024	June 2023
	$'000	$'000
Financial assets		
Cash and cash equivalents	78,098	69,281
Trade and other receivables	5,755	6,198
	83,853	**75,479**

	June 2024	June 2023
	$'000	$'000
Financial liabilities		
Trade and other payables	17,514	5,639
Non-interest-bearing liabilities	5	4
Lease liability	11,695	-
	29,214	**5,643**

b. Credit risk management

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

i. Trade and other receivables

The Company's credit exposures to customers, including outstanding receivables and committed transactions, are minimal. The majority of current year income is from three Commonwealth-backed customers, ASC, BAESMA and Luerssen. The Company therefore has immaterial exposure to credit risk in its operations.

ii. Cash and cash equivalents

The Company limits its exposure to credit risk by placing its cash with a counterparty that has a credit rating of "Aa2" from Moody's. Given the high credit rating, management does not expect the counterparty to fail to meet its obligations.

iii. Guarantees

The Company has not issued any financial guarantees to any party during the period.

iv. Financial securities received

The Company has received financial securities in the form of bank guarantees in relation to multiple capital projects currently in progress within the Osborne precinct.

v. Recognised financial instruments

The credit risk on financial assets of the Company which have been recognised in the statement of financial position, is the carrying amount, net of any provision for doubtful debts as summarised below.

	June 2024	June 2023
	$'000	$'000
Trade receivables		
AAA (Commonwealth of Australia)	3,343	5,487
Counterparties without an external credit rating	2,412	711
	5,755	**6,198**

	June 2024	June 2023
	$'000	$'000
Aa2 rated cash at bank		
Cash and cash equivalents	**78,098**	**69,281**

vi. Off statement of financial position financial instruments:

The Company has not entered into any off statement of financial position financial instruments during the period.

Aerial view of the ANI head office including solar panel installation

c. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groups based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years	Total	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 30 June 2023							
Non-derivatives							
Trade and other payables	5,639	-	-	-	-	5,639	5,639
Non-interest-bearing	-	-	-	-	200	200	4
Total non-derivatives	**5,639**	**-**	**-**	**-**	**200**	**5,839**	**5,643**
At 30 June 2024							
Non-derivatives							
Trade and other payables	17,514	-	-	-	-	17,514	17,514
Non-interest-bearing	-	-	-	-	200	200	5
Lease liability	274	304	670	2,608	7,839	11,695	11,695
Total non-derivatives	**17,788**	**304**	**670**	**2,608**	**8,039**	**29,409**	**29,214**

d. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

OPV NUSHIP Eyre

i. Interest rate risk

As the Company holds cash in bank and no term interest-bearing assets, its exposure to changes in market interest rates is minimal.

The exposures of the Company to interest rate risk as well as the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

The exposures of the Company to interest rate risk as well as the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

	30 June 2024 $'000	Effective interest rate	30 June 2023 $'000	Effective interest rate
Financial assets				
Cash and cash equivalents	78,098	4.45%	69,281	2.99%
Trade and other receivables	5,755	0%	6,198	0%
Total financial assets	**83,853**		**75,479**	
Financial liabilities				
Trade and other payables	17,514	0%	5,639	0%
Non-interest-bearing liabilities	5	0%	4	0%
Lease liability	11,695	4.82%	-	0%
Total financial liabilities	**29,214**		**5,643**	

ii. Sensitivity

There are no material changes or sensitivities related to market risk.

iii. Capital risk management

The objectives of the Company in managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for its Shareholder and benefits for other stakeholders and to sustain future development of the business. The Company monitors the return on capital. There were no changes in the approach adopted by the Company in capital management during the year.

11. Equity

a. Share capital

Ordinary shares are classified as equity.

i. Movements in ordinary shares

	Number of shares	$'000
Opening balance 1 July 2022	1,617,787,826	1,617,788
Equity injection from Shareholders	-	-
Balance 30 June 2023	**1,617,787,826**	**1,617,788**
Opening balance 1 July 2023	1,617,787,826	1,617,788
Equity injection from Shareholders	80,200,000	80,200
Balance 30 June 2024	**1,697,987,826**	**1,697,988**

ii. Recognition and measurement

Issued and paid-up capital is recognised at the fair value of consideration received by the Company. Transactions with the Commonwealth as owner that are designated as equity injections for the financial year are recognised directly in contributed equity and do not form part of the Company's comprehensive income in the financial year.

iii. Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

No dividends were declared or paid during the period (2023: Nil).

b. Revaluation surplus

	June 2024	June 2023
	$'000	**$'000**
Opening balance on 1 July	258,780	171,864
Revaluation - gross	122,104	124,165
Deferred tax	(36,631)	(37,249)
Other comprehensive income	85,473	86,916
Closing balance on 30 June	**344,253**	**258,780**
Revaluation surplus		
Land	43,789	33,807
Buildings and infrastructure	300,464	224,973
	344,253	**258,780**

c. Accumulated losses

Movements in accumulated losses were as follows:

	June 2024	June 2023
	$'000	**$'000**
Opening balance on 1 July	(339,269)	(350,003)
Net profit for the period	12,580	10,734
Closing balance on 30 June	**(326,689)**	**(339,269)**

12. Economic dependency

The normal trading activities of the Company depend on the access charge revenue and lease income arising from the provision of critical infrastructure assets for the maintenance of the Collins class submarines and construction of the Hunter class frigates and offshore patrol vessels.

The Company is dependent on the Commonwealth for funding of major projects.

13. Contingent liability

Demolition and dismantling costs associated with the former Attack Class Submarine Yard

Infrastructure requirements for the NPSCY are under consideration by ANI and the ASA, with outcomes expected as ANI progresses the design of the NPSCY over the next few years. As a result, it cannot be determined what infrastructure from the former Attack class submarine construction yard will remain or require demolition or dismantling. Accordingly, ANI is not able to estimate a value for dismantling or demolition, if any, and the salvage value of any items not retained. In addition to uncertainty surrounding the amount of these future cash outflows, the timing of such outflows is also uncertain.

14. Events occurring after the reporting period

Lease: Adelaide office additional floor

In June 2024, ANI entered into a lease for an additional floor at its Adelaide project office. The lease commences on 2 September 2024 at which time ANI will recognise a right-of-use asset and a lease liability of approximately $7.600 million.

15. Related party transactions

a. Key management personnel compensation

Disclosures relating to the Company's KMP are set out below:

	June 2024	June 2023
	$	**$**
Short-term employee benefits	2,933,573	2,410,547
Post-employment benefits	170,700	168,077
Other long-term benefits	75,209	52,167
	3,179,482	**2,630,791**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 33 to 36.

b. Directors

The following were directors of the Company during the financial year:

- Lucio Di Bartolomeo
- Peter Iancov
- Janice van Reyk
- Alan (Jim) Whalley
- Andrea Sutton (appointed 26 September 2023)
- Jeremy Schultz (term expired 25 September 2023)
- Andrew Seaton

c. Other related parties

i. Australian Government Ministers

There have been no transactions with any Australian Government Ministers during the financial year.

ii. Shareholders

The following transactions occurred with related parties:

	June 2024	June 2023
	$	$
Equity injections		
Equity injections from the Commonwealth	**80,200,000**	-

16. Remuneration of auditors

During the year, the following fees were paid or payable for assurance and other non-assurance related services:

	June 2024	June 2023
	$	$
Auditors of the Company - ANAO		
Audit and review of financial statements	129,000	94,000
Total services provided by ANAO	**129,000**	**94,000**
Other auditors		
Other assurance services	15,000	18,000
Total services provided by other auditors	**15,000**	**18,000**

17. Other significant accounting policies

a. Foreign currency translation

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

b. Impact of standards issued but not yet applied

Certain new accounting standards, interpretations and amendments have been published that are not mandatory for 30 June 2024 reporting periods and have not been adopted early by the Company. They are not expected to have a material impact on the Company's financial statements.

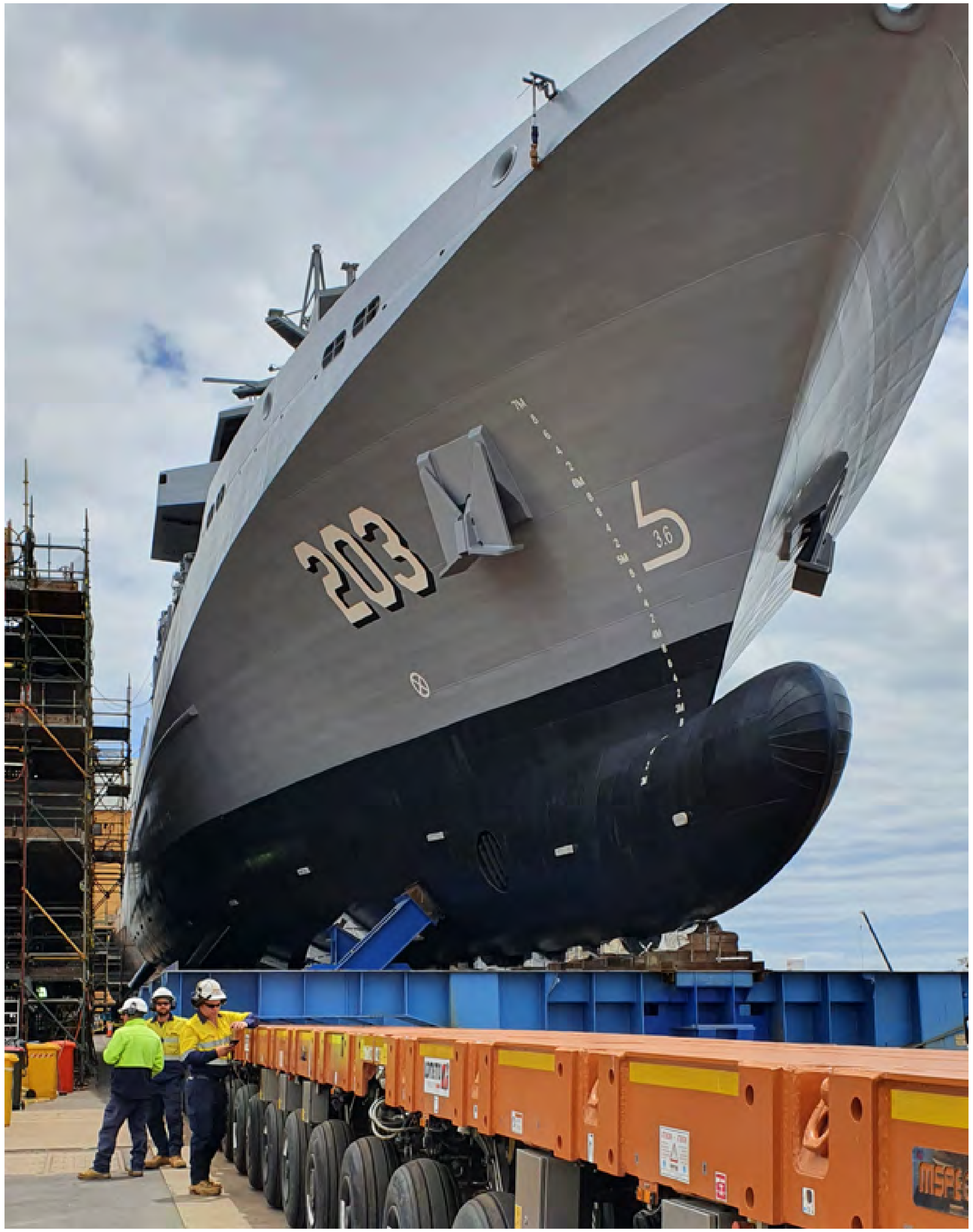
Aerial view of Lefevre Peninsula including preferred NPSCY site at ONS-N

INDEX OF REQUIREMENTS

This list of requirements has been prepared in accordance with Resource Management Guide 137, 'Annual reports for Commonwealth companies' published by the Department of Finance.

PGPA Rule Reference	Part of Report (page ref)	Description	Requirement
28E	**Contents of annual report**		
28E(a)	p 4	The purposes of the company as included in the company's corporate plan for the reporting period	Mandatory
28E(aa)	p 10 and p 35	The results of a measurement and assessment of the company's performance during the reporting period, including the results of a measurement and assessment of the company's performance against any performance measures and any targets included in the company's corporate plan for the reporting period	Mandatory
28E(b)	p 11	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	Mandatory
28E(c)	N/A	Any directions given to the entity by a Minister under the company's constitution, an Act or an instrument during the reporting period	If applicable,
28E(d)	N/A	Any government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable,
28E(e)	N/A	Particulars of non-compliance with: a. a direction given to the entity by the Minister under the company's constitution, an Act or instrument during the reporting period, or b. a government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable, mandatory
28E(f)	p 14-16	Information on each director of the company during the reporting period	Mandatory
28E(g)	p 6-7	An outline of the organisational structure of the company (including any subsidiaries of the company)	Mandatory
28E(ga)	p 7	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: a. statistics on full-time employees b. statistics on part-time employees c. statistics on gender d. statistics on staff location	Mandatory
28E(h)	p 8-9	An outline of the location (whether or not in Australia) of major activities or facilities of the company	Mandatory
28E(i)	p 11-12, 22-24	Information in relation to the main corporate governance practices used by the company during the reporting period	Mandatory
28E(j), 28E(k)	N/A	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than $10,000 (inclusive of GST): a. the decision-making process undertaken by the directors of the company for making a decision to approve the company paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company, and b. the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions	If applicable, mandatory
28E(l)	p 30-31	Any significant activities or changes that affected the operations or structure of the company during the reporting period	If applicable, mandatory
28E(m)	N/A	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the company	If applicable, mandatory
28E(n)	N/A	Particulars of any reports on the company given by: a. the Auditor-General, or b. a Parliamentary Committee, or c. the Commonwealth Ombudsman, or d. the Office of the Australian Information Commissioner, or e. the Australian Securities and Investments Commission	If applicable, mandatory
28E(o)	N/A	An explanation of information not obtained from a subsidiary of the company and the effect of not having the information on the annual report	If applicable, mandatory
28E(oa)	p 33-36	Information about executive remuneration	Mandatory

PGPA Rule Reference	Part of Report (page ref)	Description	Requirement
28E(ob)	p 12-16, 20	The following information about the audit committee for the company: a. a direct electronic address of the charter determining the functions of the audit committee b. the name of each member of the audit committee c. the qualifications, knowledge, skills or experience of each member of the audit committee d. information about each member's attendance at meetings of the audit committee e. the remuneration of each member of the audit committee	Mandatory
28F	**Disclosure requirements for government business enterprises**		
28F(1)(a)(i)	p 30-31, 46-49, 53	An assessment of significant changes in the company's overall financial structure and financial conditions	
28F(1)(a)(ii)	p 30-31, 73	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial condition	If applicable, mandatory
28F(1)(b)	p 31	Information on dividends paid or recommended	If applicable, mandatory
28F(1)(c)	p 23	Details of any community service obligations the government business enterprise has including: a. an outline of actions taken to fulfil those obligations, and b. an assessment of the cost of fulfilling those obligations	If applicable, mandatory
28F(2)	p 23	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	If applicable, mandatory



ANI's Operations Team is responsible for the transfer of blocks and vessels around the shipyard

CORPORATE DIRECTORY

Directors

- Lucio Di Bartolomeo
- Janice van Reyk
- Peter Iancov
- Alan (Jim) Whalley
- Andrea Sutton
- Andrew Seaton

Company Secretary

Sally McLennan

Auditors

ANAO

Bankers

Westpac Banking Corporation

Registered office

61 Veitch Road
Osborne SA 5017

Place of business

61 Veitch Road
Osborne SA 5017

Website

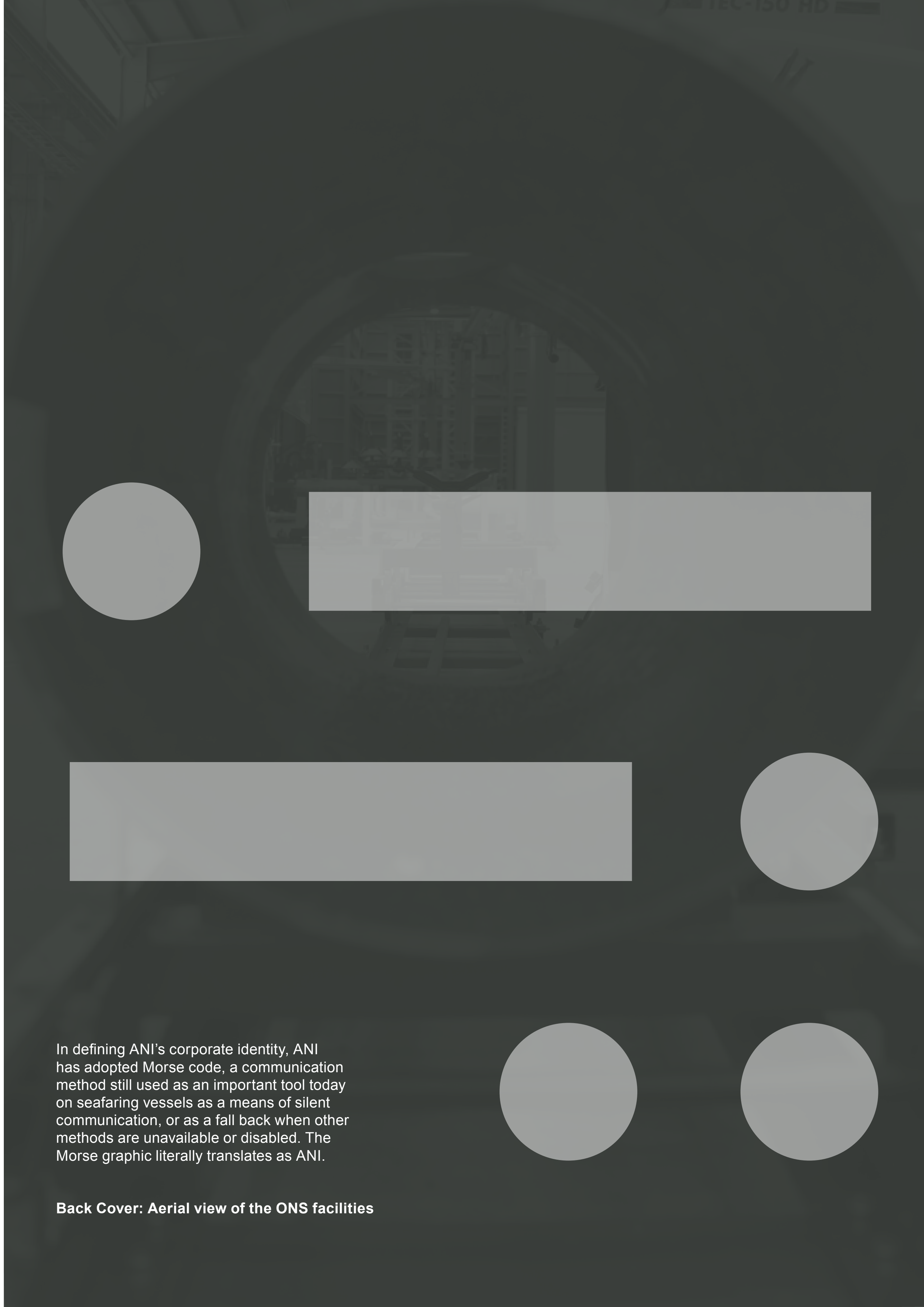
www.ani.com.au

Media enquiries

enquiries@ani.com.au

ABN 45 051 762 639

A copy of the ANI Annual Report will be on our website at www.ani.com.au and available on the Transparency Portal at www.transparency.gov.au



In defining ANI's corporate identity, ANI has adopted Morse code, a communication method still used as an important tool today on seafaring vessels as a means of silent communication, or as a fall back when other methods are unavailable or disabled. The Morse graphic literally translates as ANI.

Back Cover: Aerial view of the ONS facilities

AUSTRALIAN NAVAL INFRASTRUCTURE

61 Veitch Road
Osborne SA 5017

E enquiries@ani.com.au
T +61 8 8131 9000

ani.com.au