



Babylon Pump & Power Limited (BPP)

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Appendix 4E – Preliminary final report for the year ended 30 June 2021

1. **Details of reporting periods:**
 - Current reporting period : 12 months ended 30 June 2021
 - Previous corresponding period : 12 months ended 30 June 2020
2. **Results for announcement to the market**

	<i>12 Months ended 30 June 2021 \$</i>	<i>12 Months ended 30 June 2020 \$</i>	<i>% Change</i>
Revenues	21,331,973	17,199,633	+24%
Total comprehensive loss for the year attributable to the members of Babylon Pump and Power Limited	(6,481,342)	(1,777,623)	-265%
Loss per share attributable to members of Babylon Pump and Power Limited	(0.0069)	(0.0025)	-181%

<i>Dividend / distributions</i>	<i>Amount per security (cents)</i>	<i>Franked amount per security (cents)</i>	<i>Amount \$'000</i>	<i>Amount per security of foreign sourced dividend (cents)</i>	<i>Record date</i>	<i>Date paid / payable</i>
Final dividend – current year	Nil	Nil	Nil	Nil	Nil	Nil
Final dividend – previous year	Nil	Nil	Nil	Nil	Nil	Nil

Comments

2.1) Refer to attached preliminary financial report for the year ended 30 June 2021 for further commentary.

2.2) ASX and ASIC relief – ASX issued a class waiver “Extended Reporting and Lodgement Deadlines” under listing rule 18.1 to give effect under the listing rules to the relief granted by ASIC in ASIC Corporations (Extended Reporting and Lodgement Deadlines – Listed Entities) Instrument 2020/451 dated 15 May 2020 (“ASIC Relief”) as extended by ASIC Corporations (Amendment) Instrument 2020/1080 dated 25 November 2020 and ASIC Corporations (Amendment) Instrument 2021/315 dated 26 April 2021 (the “Amended ASIC Relief”).

ASX’s class waiver imposes two conditions that listed entities must satisfy to get the benefit of the extension to the lodgement date for their audited or reviewed accounts under listing rules 4.2B and 4.5.1:

- The first is a requirement that the entity provide to the market unaudited accounts and the information required by Appendix 4E by the usual lodgement deadlines. *Babylon Pump and Power Limited is complying with this requirement in this release.*
- The second is a requirement that, at the same time that it lodges its unaudited / unreviewed accounts with ASX, it announces to the market not only that it is relying the ASIC Relief to extend the lodgement date for its audited / reviewed accounts, but also to state that it will immediately make a further announcement to the market if there is a material difference between its unaudited / unreviewed accounts and its audited / reviewed accounts. *Babylon Pump and Power Limited hereby states that it is relying on the ASIC Relief to extend the lodgement date for its audited accounts and will immediately make a further announcement to the market if there is a material difference between its unaudited accounts and its audited accounts.*

3. Statement of comprehensive income

Refer to attached preliminary financial report for the year ended 30 June 2021.

4. Statement of financial position

Refer to attached preliminary financial report for the year ended 30 June 2021.

5. Statement of cash flows

Refer to attached preliminary financial report for the year ended 30 June 2021.

6. Statement of changes in equity

Refer to attached preliminary financial report for the year ended 30 June 2021.

7. Dividend distributions and payments

Not applicable.

8. Dividend reinvestment plans

Not applicable.

9. Net tangible assets per security

	30 June 2021 (cents)	30 June 2020 (cents)
Net tangible assets per ordinary security	0.0049	0.0071

10. Gain or loss of control over entities

Refer attached financial report for the year ended 30 June 2021.

11. Associates and joint ventures

Not applicable.

12. Other significant information

Refer to attached preliminary financial report for the year ended 30 June 2021.

13. Foreign entities

Not applicable.

14. Commentary on results for the period

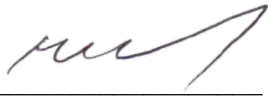
Refer to enclosed preliminary financial report for the year ended 30 June 2021.

15. Status of audit

The attached preliminary financial report is in the process of being audited. It is anticipated that the final financial report in respect of the year ended 30 June 2021 along with the audit report thereon will be completed on or before the 30 September 2021.

16. Anticipated audit opinion

The directors do not anticipate the audit report in respect of the year ended 30 June 2021 will be subject to a modified opinion, emphasis of matter or other matter paragraph.



Signed: Michael Shelby

Date: 31st August 2021

Executive Chairman

Babylon Pump and Power Limited

Commentary on results

The Board is pleased to have overseen rapid growth by Babylon Pump & Power Limited ("Babylon" or "Company") since reinstatement on the ASX on 10 January 2018. This year has seen Babylon continue to grow its offerings to market and its customer base of mineral producers and top tier resource service providers throughout Western Australia and Queensland. The local and global response to the COVID-19 has presented challenges to the business during FY21, so it is a significant achievement by staff and management to report annual revenue of \$21.3M for FY21 representing an increase of 24% over the previous year.

The Company has made investments in assets, people and facilities during the year. It has also completed a major acquisition during FY21 to position itself for future growth.

The Company reported a loss before interest, taxation, depreciation and amortisation (EBITDA) of -\$2.6 million (FY20 earnings +\$1.1 million) and a net loss after tax of \$6.5 million (FY20 net loss \$1.8 million).

Summary of group results for FY21 and change from previous year are as follows:

- Revenue \$21.3 million (+24% improvement)
- EBITDA -\$2.6 million (-348% change)
- NPAT (loss) \$6.5 million (-265% change)

The table below provides a comparison of the key results for the year ended 30 June 2021 to the preceding year ended 30 June 2021:

<i>Statement of Profit or Loss</i>	<i>% Change</i>	2021 (\$)	2020 (\$)
Revenue from operations	24%	21,331,973	17,199,633
EBITDA	-348%	(2,628,676)	1,059,070
Reported loss after tax attributable to members	(265%)	(6,481,342)	(1,777,623)

Review of Operations

The Company's trading entities include Babylon Operations, Primepower Queensland and Pilbara Trucks (Ausblast) which was acquired during the year.

New and Ongoing Works

Babylon has established a strong operational foundation in key geographical hubs for the resource industry from which to grow organically. The time since reinstatement on the ASX has shown that there is clear market demand for specialized rental and heavy diesel maintenance services. The Company will continue to invest in rental assets and key personnel to drive organic growth whilst continuing to evaluate opportunities to grow through acquisition.

During the year, material project works for Babylon included the following:

- Secured an extension of power generation rental contract with BHP Iron Ore Pty Ltd.
- Continued pump rental and repair and maintenance of portable diesel power generation assets for Pilbara Iron.
- Continued power generation and dewatering rental contract with BHP Nickel West Pty Ltd.
- Continued Cummins engine rebuild works for Chichester Metals Pty Ltd.
- Secured contract for service and supply of exchange engines for Alcoa of Australia Limited.
- Secured rental and dewatering services for Koolan Iron ore Pty Ltd.
- Secured site industrial services project work for Pilbara Minerals, Fortescue and Veolia Environmental Services
- Continued rental and maintenance of power generation equipment for Vestas Yandin Wind Farm Project.
- Multiple large diesel engine and heavy component rebuild rebuilds for clients in the iron ore, coal, and gold sectors.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Notes	30 June 2021 (\$)	30 June 2020 (\$)
Revenue from contracts with customers	1	21,331,973	17,199,633
Cost of sales		(17,362,970)	(13,835,625)
Gross Profit		3,969,003	3,364,008
Other income		235,980	246,369
Profit / (loss) on disposal of property plant and equipment		94,996	(24,985)
Employee benefits expense	2	(3,033,316)	(1,474,886)
Administration and corporate expense	3	(2,846,106)	(1,051,436)
Impairment loss on goodwill	10	(1,049,233)	-
Earnings before interest, tax, depreciation and amortisation		(2,628,676)	1,059,070
Depreciation and amortisation	9	(2,330,862)	(1,746,192)
Results from operating activities		(4,959,538)	(687,122)
Finance income		360	104
Finance expense	4	(1,522,164)	(1,090,605)
Net financing expense		(1,521,804)	(1,090,501)
Loss before tax		(6,481,342)	(1,777,623)
Income tax benefit / (expense)		-	-
Loss after income tax for the year		(6,481,342)	(1,777,623)
Other comprehensive Income		-	-
Total comprehensive loss for the year attributable to the members of Babylon Pump & Power Limited		(6,481,342)	(1,777,623)
Loss attributable to:			
Equity holders of the company		(6,481,342)	(1,777,623)
Loss for the year		(6,481,342)	(1,777,623)
Loss per share for loss attributable to the members of Babylon Pump & Power Limited:			
Basic loss per share (cents)	5	(0.0069)	(0.0025)

Consolidated statement of financial position

As at 30 June 2021

	Notes	30 June 2021 (\$)	30 June 2020 (\$)
Current Assets			
Cash and cash equivalents	6	1,031,903	3,563,601
Trade receivables	7	3,998,596	2,837,227
Inventories	8	9,080,252	6,308,536
Prepayments and other assets		181,104	106,414
Total Current Assets		14,291,855	12,815,778
Non-Current Assets			
Property, plant and equipment	9	11,167,172	7,322,596
Deposits		218,023	125,309
Goodwill	10	2,982,572	1,867,118
Right-of-use assets	11	1,095,739	842,084
Total Non-Current assets		15,463,506	10,157,107
Total Assets		29,755,361	22,972,885
Current Liabilities			
Borrowings	12	9,170,715	7,881,225
Deferred consideration	13	627,632	1,040,957
Trade and other payables	14	3,645,879	3,161,043
Employee liabilities	15	573,134	416,523
Accruals	16	212,780	63,685
Provisions		45,000	-
Lease liabilities	17	512,901	332,660
Total Current Liabilities		14,788,041	12,896,093
Non-Current Liabilities			
Borrowings	12	4,618,829	1,429,887
Deferred consideration	13	1,000,000	229,104
Employee liabilities	15	53,820	48,311
Lease liabilities	17	618,427	531,499
Total Non-Current Liabilities		6,291,076	2,238,801
Total Liabilities		21,079,117	15,134,894
Net Assets		8,676,244	7,837,991
Equity			
Share capital	18	43,037,272	35,577,677
Reserves	19	-	140,000
Accumulated losses		(34,361,028)	(27,879,686)
Total Equity		8,676,244	7,837,991

Consolidated statement of changes in equity

For the year ended 30 June 2021

Attributable to equity holders of the Group

	Share Capital (\$)	Share based Payment Reserve (\$)	Options Reserve (\$)	Accumulated Losses (\$)	Total Equity (\$)
Balance at 1 July 2019	27,983,251	370,305	407,645	(26,509,708)	2,251,493
Transactions with owners, in their capacity as owners:					
Adjustments	-	-	-	-	-
Loss for the period	-	-	-	(1,777,623)	(1,777,623)
Issue of ordinary shares	7,592,220	-	-	-	7,592,220
Vesting of performance rights	280,000	(280,000)	-	-	-
Costs of share issue	(277,794)	-	-	-	(277,794)
Transfer to accumulated losses on expiry of options	-	-	(407,645)	407,645	-
Share based payments	-	49,695	-	-	49,695
Balance at 30 June 2020	35,577,677	140,000	-	(27,879,686)	7,837,991
Balance at 1 July 2020	35,577,677	140,000	-	(27,879,686)	7,837,991
Total comprehensive income for the period					
Loss for the period	-	-	-	(6,481,342)	(6,481,342)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(6,481,342)	(6,481,342)
Transactions with owners, in their capacity as owners:					
Issue of ordinary shares	7,650,800	-	-	-	7,650,800
Vesting of performance rights	140,000	(140,000)	-	-	-
Costs of share issue	(351,205)	-	-	-	(351,205)
Share based payments	20,000	-	-	-	20,000
Total transactions with owners	7,459,595	(140,000)	-	-	7,319,595
Balance at 30 June 2021	43,037,272	-	-	(34,361,028)	8,676,244

Consolidated statement of cash flows

For the year ended 30 June 2021

	Notes	30 June 2021 (\$)	30 June 2020 (\$)
Cash flows from operating activities			
Receipts from customers		20,528,449	18,873,813
Payments to suppliers and employees		(25,190,217)	(17,257,838)
Interest received		360	104
Interest and other costs of finance paid		(1,522,164)	(482,269)
Other income		38,480	96,370
Government grants and tax incentives		197,500	150,000
GST refunded / (paid)		106,130	(473,702)
Net cash inflow from / (used in) operating activities	6	(5,841,462)	906,478
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,083,341)	(2,258,233)
Proceeds on disposal of property plant and equipment		692,149	59,159
Business acquisition (net of cash acquired)		(5,188,174)	(2,522,632)
Net cash used in investing activities		(6,579,366)	(4,721,706)
Cash flows from financing activities			
Proceeds from borrowings		4,562,695	2,372,015
Repayment of borrowings		(1,127,713)	(2,133,134)
Repayment of lease liabilities		(484,646)	(238,013)
Proceeds from issue of shares		7,290,000	2,750,765
Proceeds from issue of convertible loans		-	4,675,000
Transaction costs for ordinary shares and convertible loans		(351,205)	(552,294)
Net cash provided by financing activities		9,889,130	6,874,339
Net increase / (decrease) in cash and cash equivalents		(2,531,698)	3,059,111
Cash and cash equivalents at the beginning of the year		3,563,601	504,490
Cash and cash equivalents at the end of the year	6	1,031,903	3,563,601

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

1. Revenue

Revenue From External Customers	Service and Repair		Sale of Goods		Equipment Rental		Labour Hire		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Segment revenue	7,807,202	5,178,918	9,581,310	8,179,522	3,099,898	3,841,192	843,563	-	21,331,973	17,199,633
Timing of revenue recognition										
At a point in time	7,807,202	5,178,918	9,581,310	8,179,522	-	-	-	-	17,388,512	13,358,441
Over time	-	-	-	-	3,099,898	3,841,192	843,563	-	3,943,461	3,841,192

2. Employee benefits expense

Employee Benefits Expense	2021 (\$)	2020 (\$)
Wages and salaries	2,568,770	1,297,001
Employment related taxes	314,625	78,361
Share-based payment expense	20,000	49,695
Other employment related expenses	129,921	49,829
	3,033,316	1,474,886

3. Administration and corporate expense

Administration and Corporate Expense	2021 (\$)	2020 (\$)
Office expenses	417,611	197,217
Corporate costs and compliance	755,856	476,950
Other expenses	51,807	8,964
Consumables and operational costs	1,050,272	280,776
Business acquisition expense	218,709	87,529
Bad debt	24,360	-
Warranty	327,491	-
	2,846,106	1,051,436

4. Finance expense

Finance Expense	2021 (\$)	2020 (\$)
Bank and other finance charges	144,681	97,925
Convertible loan interest expense	553,634	254,710
Convertible loan conversion to equity	1,330	608,336
Convertible loan fees	278,659	-
Foreign exchange loss	(31,378)	(132,508)
Interest expense	435,238	262,142
Loan establishment fee	140,000	-
	1,522,164	1,090,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

5. Earnings per share

<i>Earnings per share</i>	30 June 2021	30 June 2020
Basic loss per share - cents	(0.0069)	(0.0025)
Loss for the year used in to calculate basic loss per share - \$'s	(6,481,342)	(1,777,623)
Weighted average number of ordinary shares in issue	934,710,494	720,365,109

6. Cash and cash equivalents

<i>Cash and Cash Equivalents</i>	2021 (\$)	2020 (\$)
Current		
Bank balances	1,031,903	3,563,601
	1,031,903	3,563,601

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

<i>Reconciliation of Cash Flows from Operations with Profit / (Loss) after Income Tax</i>	2021 (\$)	2020 (\$)
Loss after income tax	(6,481,342)	(1,777,623)
Cash flows excluded from profit / (loss) from continuing activities attributable to operating activities		
Finance costs	-	608,336
Impairment loss on goodwill	1,049,233	-
Non-cash flows in result from continuing activities		
Share based payments (benefit) / expense	20,000	49,695
Depreciation and amortisation	2,330,862	1,746,192
(Profit) / Loss on disposal of property plant and equipment	(94,996)	24,985
(Increase) / decrease in inventories	(2,771,716)	(2,249,356)
(Increase) / decrease in trade receivables	(697,395)	1,200,479
Increase / (decrease) in employee entitlements	162,121	144,356
Increase / (decrease) trade payables	(309,137)	423,837
Increase / (decrease) in borrowings	924,216	1,335,416
Increase / (decrease) in other assets and liabilities	26,692	(599,839)
Net cash inflow from / (used in) operating activities	(5,841,462)	906,478

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

7. Trade and other receivables

Trade and Other Receivables	2021	2020
	(\$)	(\$)
Trade debtors	3,998,596	2,837,227
	3,998,596	2,837,227

Current trade and other receivables are non-interest bearing and generally on 30-day end of month terms.

Impairment and risk exposure

Trade and other receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or other receivable is impaired. An impairment provision of \$24,360 was recorded at 30 June 2021 (2020: Nil) based on management's assessment.

8. Inventories

Inventories	2021	2020
	(\$)	(\$)
Consumables and spare parts	4,311,438	4,217,454
Engine trading stock	2,006,835	305,280
Work in progress	2,761,979	1,785,802
	9,080,252	6,308,536

Inventory is stated at the lower of cost or net realisable value.

9. Property plant and equipment

Property, Plant and Equipment Summary	2021	2020
	(\$)	(\$)
Cost	15,682,062	8,808,700
Accumulated depreciation	(4,514,890)	(1,486,104)
	11,167,172	7,322,596

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

Property, Plant and Equipment	Leasehold Improvements	Plant & Equipment	Office Equipment	IT Equipment	Motor Vehicles	Capital Work in Progress	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Consolidated Group							
Carrying amount at 30 June 2020	29,854	6,917,113	571	10,137	218,624	146,297	7,322,596
Disposal	-	(593,188)	-	(1,976)	(1,989)	-	(597,153)
Additions	6,221	1,830,281	9,060	19,551	63,807	154,422	2,083,341
Business acquisition	19,577	2,474,142	7,736	-	1,751,859	-	4,253,313
Depreciation expense	(2,000)	(1,711,297)	(1,582)	(9,246)	(170,800)	-	(1,894,925)
Balance at 30 June 2021	53,652	8,917,051	15,785	18,466	1,861,500	300,719	11,167,172

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

10. Goodwill

Impairment of intangible assets is recognised in impairment expense on the statement of profit or loss. An impairment charge of \$1,049,233 has been recognised for the impairment of the goodwill of Primepower Queensland Pty Ltd.

For the purposes of impairment testing, goodwill is not amortised. The aggregate carrying amounts of goodwill is as follows:

<i>Intangible Assets</i>	2021 (\$)	2020 (\$)
Goodwill	2,982,572	1,867,118
	2,982,572	1,867,118

The recoverable amount of goodwill was based on its fair value less cost to sell. The recoverable amount of goodwill was determined to be higher than its carrying value and as such no impairment loss was recognised other than has been noted above.

11. Right of use asset

<i>Right of use asset</i>	2021 (\$)	2020 (\$)
Harrison Road Lease - Babylon Operations	65,193	142,969
Walters Way Lease - Babylon Operations	110,103	100,125
Len Shield Street Lease - Primepower Queensland (main premises)	329,704	453,340
Len Shield Street Lease - Primepower Queensland (storage)	97,100	145,650
Paxton Way Lease - Pilbara Trucks	58,075	-
Shovelanna Street Lease - Pilbara Trucks	435,564	-
	1,095,739	842,084

12. Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. Loans and borrowings relate to asset financing, trade finance, insurance premium funding and convertible loans.

<i>Loans and Borrowings</i>	2021 (\$)	2020 (\$)
Current		
Invoice finance facility	909,496	641,239
Trade finance facility	2,264,071	1,662,084
Insurance premium funding	103,699	49,727
Asset finance facilities	1,418,449	860,794
Convertible loans (1)	4,475,000	4,667,381
<i>Sub-total</i>	9,170,715	7,881,225
Non-current		
Asset finance facilities	4,307,215	1,429,887
Deferred tax liability acquired	311,614	-
<i>Sub-total</i>	4,618,829	1,429,887
Total	13,789,544	9,311,112

- (1) 4,675,000 comprise Loans received by the Company on 30 June 2020 which were approved as Convertible Loans by Shareholders on 1st September 2020. \$200,000 of the loans were converted to equity on 13 January 2021. The terms of the June 2020 Convertible Loans are set out in note e) below.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021**

Borrowings continued

a) Insurance Premium

The insurance premium funding bears interest at prevailing market rates and is repayable over 10 months.

b) Invoice finance facility

The invoice finance facility bears interest at prevailing market rates and on a rolling loan term. The invoice finance facility is secured via a registered General Security Agreement ("GSA") over all of the present and future rights, property and undertaking of Babylon Operations, Prime Power Queensland and Pilbara Trucks and is used to assist with working capital requirements.

c) Asset finance facilities

The asset finance facilities bear fixed interest at prevailing market rates (ranging from 4.54% to 7.95%) and are primarily repayable over 1 to 5 years (ranging from 1 to 5 years). The asset finance facilities are secured via a registered GSA over all of the present and future rights, property and undertaking of Babylon Operations and Pilbara Trucks and have been used by those entities to purchase new and used capital equipment.

d) Trade finance facility

The trade finance facility bears interest at prevailing market rates and is secured via a registered General Security Agreement ("GSA") over all of the present and future rights, property and undertaking of Babylon Pump and Power, Primepower Queensland and Babylon Operations and is used to fund inventory.

e) Convertible Loans

On 26 June 2020, The Company announced it had successfully raised \$4.6 million via a placement of Convertible Loans which were approved by Shareholders on 1 September 2020 to strategically support further growth ("Convertible Loans") on terms as follows;

i) Terms

The key terms of the Convertible Loans are as follows:

- (a) The Loans entered into on or about 26 June 2020 are subject to Shareholder Approval for the issue of Convertible Loans whereupon they will rollover to become the Face Value of the Convertible Loans. Shareholder Approval was secured at a General Meeting of Shareholder on 1 September 2020.
- (b) Face Value: The total Face Value of all the Convertible Loans issued by The Company in June 2020 is \$4.6 million.
- (c) Interest: 12% per annum on the Face Value. Interest will be payable quarterly in arrears calculated on the basis of a 360-day year consisting of twelve thirty-day months. Interest will be payable on the Face Value from 30 June 2021.
- (d) Unsecured: The Convertible Loans are unsecured.
- (e) Effective Date: The Convertible Loans were entered into with each Holder on or about 26 June 2020 ("Effective Date").
- (f) Maturity Date: Any outstanding Face Value and accrued interest in respect thereof will mature and become payable in full to the Holder on 30 June 2022 (Maturity Date).
- (h) Conversion Period: The period commencing on 1 January 2021 and ending on the Maturity Date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

Borrowings continued

- (i) Conversion Price: The lower of:
- (i) \$0.0225 per fully paid registered and freely tradable ordinary share of the Company (Share); and
 - (ii) the price of any equity capital raising by the Company that occurred in the two-month period prior to the date The Company receives the Conversion Notice, subject to a minimum price of \$0.01 per Share,
- (j) Conversion election: The Convertible Loans will be convertible at the election of the Holder or any subsequent Holder, in whole or in part (if in part, subject to a minimum Face Value of \$50,000), at any time during the Conversion Period into Conversion Shares at the Conversion Price.
- (k) Conversion Notice: A Holder or any subsequent Holder must make a conversion election by giving written notice to The Company specifying the Face Value amount of the Convertible Loans being converted.
- (l) Early Redemption at the Option of The Company. The Company may redeem all of the Convertible Loans at any time during the period commencing on 1 January 2021 by repaying the Face Value plus any accrued and unpaid interest in respect thereof plus the Early Redemption Premium following The Company giving the Holder 30 days' notice of such early redemption. The Holder will have the right to convert its Convertible Loan during this early redemption notice period.
- (m) Early Redemption Premium an additional 5% of the Face Value of each Convertible Loan payable by The Company to the Holder in the event of early redemption.

ii) Measurement

The fair value of the Convertible Loans on 30 June 2021 is \$4,475,000. On 13 January 2021 \$200,000 in Convertible Loans were converted to equity at the election of the Holder.

As outlined above, the fair value of the Convertible Loans is recognised as a current liability in the consolidated statement of financial position.

13. Deferred consideration

<i>Deferred consideration</i>	2021 (\$)	2020 (\$)
Current		
Payable on acquisition of Primepower Queensland Pty Ltd Deferred consideration	305,570	1,040,957
Payable on acquisition of Pilbara Trucks Pty Ltd Deferred consideration	322,062	-
<i>Sub-total</i>	627,632	1,040,957
Non-current		
Payable on acquisition of Primepower Queensland Pty Ltd Deferred consideration	-	229,104
Payable on acquisition of Pilbara Trucks Pty Ltd Contingent consideration where contingent requirement has not been met	1,000,000	-
<i>Sub-total</i>	1,000,000	229,104
Total	1,627,632	1,270,061

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021**

14. Trade and other payables

<i>Trade and other payables</i>	2021 (\$)	2020 (\$)
Trade payables	3,218,730	2,559,460
GST liability	61,019	(9,323)
PAYG Withholdings Payable	212,969	211,336
Superannuation liability	143,078	147,440
Other payables	10,082	252,130
	3,645,879	3,161,043

15. Employee liabilities

<i>Employee Benefits</i>	2021 (\$)	2020 (\$)
Current		
Liability for annual leave	508,183	416,523
Liability for long service leave	64,951	-
<i>Sub-total</i>	573,134	416,523
Non-current		
Liability for long service leave	53,820	48,311
<i>Sub-total</i>	53,820	48,311
Total	626,954	464,834

16. Accruals

<i>Accruals</i>	2021 (\$)	2020 (\$)
Payroll Tax liability	106,213	8,757
Audit and Tax Services	51,160	25,000
Employee wages	27,846	12,000
Payroll Oncosts	6,442	-
Consultant Fees	15,200	-
Other	5,919	-
Interest accrual	-	17,928
	212,780	63,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

17. Lease liabilities

<i>Lease liability</i>	2021 (\$)	2020 (\$)
Current Liability		
Harrison Road Lease - Babylon Operations	69,564	75,656
Walters Way Lease - Babylon Operations	110,720	102,367
Len Shield Street Lease - Primepower Queensland (main premises)	115,258	109,332
Len Shield Street Lease - Primepower Queensland (storage)	47,438	45,305
Paxton Way Lease - Pilbara Trucks	19,992	-
Shovelanna Street Lease - Pilbara Trucks	149,929	-
<i>Sub-total</i>	512,901	332,660
Non-current		
Harrison Road Lease - Babylon Operations	-	72,423
Walters Way Lease - Babylon Operations	-	-
Len Shield Street Lease - Primepower Queensland (main premises)	236,362	358,731
Len Shield Street Lease - Primepower Queensland (storage)	52,907	100,345
Paxton Way Lease - Pilbara Trucks	38,724	-
Shovelanna Street Lease - Pilbara Trucks	290,434	-
<i>Sub-total</i>	618,427	531,499
Total	1,131,328	864,159

18. Share capital

During the twelve-month period ended 30 June 2021, the Group issued 313,900,634 Babylon shares (30 June 2020: 464,657,288).

All issued Babylon shares are fully paid.

<i>Ordinary Shares</i>	2021 No.	2021 \$	2020 No.	2020 \$
At the beginning of the reporting period	837,376,920	35,577,677	372,719,632	27,983,251
Issue of shares	78,000,000	1,950,000	195,886,953	2,969,645
Issued for business acquisition	212,000,000	5,300,000	29,556,651	600,000.00
Vesting performance rights	7,000,000	140,000	14,000,000	280,000.00
Issue of shares to convertible loan holders	8,924,445	200,800	225,213,684	4,022,575.00
Issued to acquire assets	7,142,856	200,000	-	-
Issued to an employee as remuneration	833,333	20,000	-	-
Transaction costs	-	(351,205)	-	(277,794)
	1,151,277,554	43,037,272	837,376,920	35,577,677

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

19. Reserves

a. Options

The Company did not issue any Babylon options during the year.

All previously issued options expired on 31 March 2019 with no options exercised.

The full amount of the reserve associated with expired options was transferred to accumulated losses on 30 June 2020.

Options	2021 No.	2021 \$	2020 No.	2020 \$
At the beginning of the reporting period	-	-	-	407,645
Options lapsed	-	-	-	-
Transfer to accumulated losses	-	-	-	(407,645)
	-	-	-	0

b. Share Based Payment Reserve

On 18 December 2017 the Group issued 40,000,000 Performance Rights to senior management of the Group, exercisable to shares on a 1 for 1 basis on the satisfaction of certain performance conditions relating to the performance of the Group by specified periods.

During the year ended 30 June 2021, the Company issued 7,000,000 ordinary shares in relation to performance rights which had vested (class B). All remaining performance rights relating to 18 December 2017 lapsed during the year.

On 22 April 2021 the Group issued 115,995,224 Performance Rights to senior management of the Group, exercisable to shares on a 1 for 1 basis on the satisfaction of certain performance conditions relating to the performance of the Group by specified periods.

Share Based Payment Reserve	2021 No.	2021 \$	2020 No.	2020 \$
At the beginning of the period	26,000,000	140,000	40,000,000	370,305
Performance rights issued as ordinary shares	(7,000,000)	(140,000)	(14,000,000)	(280,000)
Issued to an employee as remuneration	(833,333)	(20,000)	-	-
Share based payments	833,333	20,000	-	49,695
Performance rights lapsed	(19,000,000)	-	-	-
	-	-	26,000,000	140,000

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

The grant date fair value of equity instruments granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the equity instrument. The amount recognised as an expense is adjusted to reflect the number of equity instruments for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of equity instruments that do not meet the related service and non-market performance conditions at the vesting date. For equity instruments with non-vesting conditions, the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 30 June 2021***Reserves continued*

grant date fair value of the equity instruments is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

When the Group grants equity instruments to employees of subsidiaries, the fair value at grant date is recognised as a receivable from subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

20. Performance rights

As set out in note 19 (b) the Company issued 7,000,000 ordinary shares during the year for performance rights which had vested (Class B).

On 22 April 2021 the Group issued 115,995,224 Performance Rights to senior management of the Group, exercisable to shares on a 1 for 1 basis on the satisfaction of certain performance conditions relating to the performance of the Group by specified periods.

At 30 June 2021, the unissued ordinary shares of the Group under performance rights are as follows:

Class	Grant Date	Vesting Period	Number Under Performance Rights	Value at Grant Date (\$)	Date of Vesting	Management Probability Assessment 22-Apr-21	Management Probability Assessment 30-Jun-21	Fair Value (\$)
A1	22-Apr-21	30-Sep-23	57,997,614	-	30-Sep-23	0%	0%	-
B1	22-Apr-21	30-Sep-23	28,998,805	-	30-Sep-23	0%	0%	-
C1	22-Apr-21	30-Sep-23	28,998,805	-	30-Sep-23	0%	0%	-
			115,995,224	-				-

i) Terms of Performance Rights

The terms of the Class A1, B1 and C1 performance rights issued as performance rights during the year are set out below.

Class	Number	Performance Condition	Vesting Period
Class A1	57,997,614	The Group achieving certain revenue, return on capital employed and EBITDA targets for the FY21, FY22 and FY23 years.	30-Sep-23
Class B1	28,998,805	The Group achieving certain outcomes in relation to medically treated injury, environmental incidents and customer warranty claims for the FY21, FY22 and FY23 years.	30-Sep-23
Class C1	28,998,805	The individual achieving certain outcomes in relation to personal KPI's agreed by the Board in the categories of culture (50%), process (25%) and resources (25%) for the FY21, FY22 and FY23 years.	30-Sep-23

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2021

Performance rights continued

Share Based Payment Expense	2021 (\$)	2020 (\$)
Share based payments	20,000	49,695
	20,000	49,695

21. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest, in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination the excess is recognised immediately in the statement of profit and loss and comprehensive income. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Acquisition of Pilbara Trucks Pty Ltd (trading as Ausblast)

On 5 March 2021, Babylon Pump & Power Limited acquired 100% of the share capital of Pilbara Trucks Pty Ltd (trading as "Ausblast"). A summary of the acquisition details with respect to the acquisition of Ausblast as included in our report is set out below. The acquisition accounting has been determined under AASB 3: Business Combinations. At the time the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of Primepower. The fair values of the assets and liabilities disclosed below have only been determined provisionally due to the timing of the acquisition.

Details of the purchase consideration and the provisionally determined fair value of the net assets acquired are as follows:

Description	Fair value
Net identifiable assets acquired	4,576,185
Cash consideration	4,418,000
Deferred consideration - shares or cash at Babylon's discretion	1,000,000
Issue of ordinary Babylon Pump and Power shares	1,000,000
Deferred consideration for working capital acquired	322,872
Less: Total of Pilbara Trucks net assets acquired	(4,576,185)
Amount recognised as goodwill upon acquisition	2,164,687

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED 30 June 2021***Business combinations continued*

- Cash was paid on 5 March 2021 and comprised settlement of the vendor's bank debt on various assets acquired with the remaining balance paid to the vendor's nominated beneficiary.
- Shares in the Group to the value of \$1,000,000 (40,000,000 ordinary shares) have been issued on 5 March 2021.
- Deferred consideration of \$1000,000 is dependent on the achievement by Ausblast of \$1,000,000 EBITDA for the year ended 30 June 2023 and is measured post completion of the audited for that financial year. Subject to achievement of the milestone, settlement will be by the issue of Babylon Pump and Power Ltd shares to the value of \$1,000,000 or payment in cash at the election of Babylon

The assets and liabilities recognised as a result of the acquisition are as follows:

Description	Fair value
Cash	652,871
Trade and other receivables	398,815
Revenue accrual	65,160
Other receivables	44,274
Trade and other payables	(107,316)
Other payables	(117,317)
Deferred tax	(311,614)
Dividend payable	(302,000)
Property plant and equipment	4,253,313
Net identifiable assets acquired	4,576,185

- Acquisition related legal and other costs have been included as an expense in the statement of profit and loss. A total of \$215,509 has been incurred to 30 June 2021.
- Goodwill represents the excess of the purchase consideration over the fair value of the identifiable net assets at the time of acquisition. The fair value will be finalised within twelve months of the acquisition date in accordance with AASB3 Business Combinations.

22. Subsequent events

On 31 January 2020, the COVID-19 pandemic announced by the World Health Organisation is having a negative impact on world stock markets, currencies and general business activity. The Group has developed a policy and is evolving procedures to address the health and wellbeing of employees, consultants and contractors in relation to COVID-19. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on activities and potentially impact the ability for the entity to raise capital in the current prevailing market conditions

No matters or circumstance have arisen since the end of the financial year that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future years.

Compliance statement

This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to the ASX.

This report and accounts upon which the report is based (if separate), use the same accounting policies.

This report does give a true and fair view of the matters disclosed.

This report is based on accounts that are in the process of being audited.



Signed: Michael Shelby

Date: 31st August 2021

Executive Chairman

Babylon Pump and Power Limited