



**Babylon Pump & Power  
Limited (BPP)**

009 436 908

**Appendix 4D – Half Year Report for six months ended 31 December 2021**

**1. Details of reporting periods:**

**Current reporting period** : Six (6) months to 31 December 2021  
**Previous corresponding period** : Six (6) months to 31 December 2020

**2. Results for announcement to the market:**

|   | Six Months<br>31 December 2021<br>\$ | Six Months<br>31 December 2020<br>\$ | % Change |
|---|--------------------------------------|--------------------------------------|----------|
| Revenues                                | 13,701,496                           | 10,291,297                           | +33.13%  |
| Loss for the period                     | (2,387,240)                          | (2,388,218)                          | 0.04%    |
| Loss after tax attributable to members. | (2,387,240)                          | (2,388,218)                          | 0.04%    |

Refer to enclosed Financial Report for the half year ended 31 December 2021 for further commentary.

| Dividends / distributions          | Amount per security (cents) | Franked amount per security (cents) | Amount \$'000 | Amount per security of foreign sourced dividends (cents) | Record date | Date paid / payable |
|------------------------------------|-----------------------------|-------------------------------------|---------------|--|-------------|---------------------|
| Interim dividend – current period  | Nil                         | Nil                                 | Nil           | Nil  | N/A         | N/A                 |
| Interim dividend – previous period | Nil                         | Nil                                 | Nil           | Nil  | N/A         | N/A                 |

**3. Statement of comprehensive income**

Refer to enclosed Financial Report for the half year ended 31 December 2021.

**4. Statement of financial position**

Refer to enclosed Financial Report for the half year ended 31 December 2021.

This Appendix 4D Half Year Report is provided to the ASX under Listing Rule 4.3B and should be read in conjunction with the accompanying Interim Financial Report for the half year ended 31 December 2021.

**5. Statement of cash flows**

Refer to enclosed Financial Report for the half year ended 31 December 2021.

**6. Dividend payments**

Not applicable.

**7. Dividend reinvestment plans**

Not applicable.

**8. Statement of changes in equity**

Refer to enclosed Financial Report for the half year ended 31 December 2021.

**9. Net tangible assets per security**

|   | <b>31 December 2021<br/>(cents)</b> | <b>30 June 2021<br/>(cents)</b> |
|---|-------------------------------------|---------------------------------|
| Net tangible assets per ordinary security | 0.0029                              | 0.0049                          |

**10. Gain or loss of control over entities**

Refer to enclosed Financial Report for the half year ended 31 December 2021.

**11. Associates and joint ventures**

Not applicable.

**12. Other significant information**

Not applicable.

**13. Foreign entities**

Not applicable.

**14. Status of audit**

The Financial Report for the half year ended 31 December 2021 has been audit reviewed and is not subject to dispute or qualification.

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This Appendix 4D Half Year Report is provided to the ASX under Listing Rule 4.3B and should be read in conjunction with the accompanying Interim Financial Report for the half year ended 31 December 2021.



**Babylon Pump & Power Limited**

**ACN 009 436 908**

**and its controlled entities**

**FINANCIAL REPORT  
FOR THE HALF YEAR ENDED**

**31 DECEMBER 2021**

## Corporate Directory

### Directors

Mr Michael Shelby  
Executive Chairman

Mr Patrick Maingard  
Executive Director

Mr Michael Kenyon  
Non-Executive Director

Ms Louise Bower  
Non-Executive Director

### Company Secretary

Mr Michael Kenyon

### Registered & Principal Office

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FORRESTFIELD WA 6309  
AUSTRALIA

Telephone: +61 8 9454 6309

Email: [admin@babylonpumpandpower.com](mailto:admin@babylonpumpandpower.com)

Website: [www.babylonpumpandpower.com](http://www.babylonpumpandpower.com)

### Postal Address

PO Box 31  
COMO WA 6952  
AUSTRALIA

### Share Registry

Automic Registry Services  
Level 3, 50 Holt Street  
SURRY HILLS NSW 2010  
AUSTRALIA

Telephone: 1300 288 664

Fax: (02) 8583 3040

### Auditor

BDO Audit (WA) Pty Ltd  
Level 9, Mia Yellagonga Tower 2  
5 Spring Street  
PERTHWA 6000  
AUSTRALIA

### Bankers

National Australia Bank Limited  
100 St Georges Terrace  
PERTH WA 6000  
AUSTRALIA

### Solicitor

Gilbert + Tobin  
Brookfield Place Tower 2  
123 St Georges Terrace  
PERTH WA 6000  
AUSTRALIA

### Stock Exchange Listing

Australian Securities Exchange  
ASX Code: BPP

### Corporate Governance Statement

A copy of the Corporate Governance  
Statement is located on the website.



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# Directors' report

## For the half year ended 31 December 2021



The directors present their report together with the consolidated financial report for the six months ended 31 December 2021 and the review report thereon.

### Directors

The directors of Babylon Pump & Power Limited ("Babylon" or "the Company") at any time during or since the end of the interim period are:

|                     |  |
|---------------------|--|
| Mr Michael Shelby   | Executive Chairman                                 |
| Mr Patrick Maingard | Executive Director                                 |
| Mr Michael Kenyon   | Non-Executive Director and Company Secretary       |
| Ms Louise Bower     | Non-Executive Director (Appointed 1 November 2021) |

Unless otherwise disclosed, all directors held their office from 1 July 2021 until the date of this report.

### Review of Operations

Babylon Pump & Power Ltd (Babylon) continues to pursue its business model which is focused on three complementary and high demand segments in the resources sector:

- Specialty rental solutions;
- Maintenance and asset management; and
- Speciality industrial and environmental services

The Group has experienced a solid start to FY22 with growth and improvement in key performance indicators across the Group in comparison with the two previous reporting periods.

| Group Key Performance Indicators | Six Months 31 December 2021<br>\$A'000 | Six Months 30 June 2021<br>\$A'000 | % Change | Six Months 31 December 2020<br>\$A'000 | % Change |
|----------------------------------|--|------------------------------------|----------|--|----------|
| Revenues                         | 13,701                                 | 11,041                             | +24%     | 10,291                                 | +33%     |
| EBITDA                           | (401)                                  | (2,153)                            | +81%     | (664)                                  | +40%     |
| Operational Cash Flow            | (1,285)                                | (2,761)                            | +53%     | (3,081)                                | +58%     |
| Work in progress (WIP)           | 3,648                                  | 2,762                              | +32%     | 1,462                                  | +150%    |

Increased turnover and WIP have led to a net reduction of Group inventory levels of \$271K at end of the reporting period. Supply chain delays and disruptions have necessitated operational decisions to invest and hold key stock, but these holdings have been offset by overall reduction in inventory. Profitability has improved as Babylon has begun to consolidate finance and administration services with more improvements and savings to occur in the second half of the year.

### Babylon Operations (BOP)

As previously announced, Babylon secured multi-year contracts for maintenance services during the reporting period:

- Alcoa of Australia Limited - three-year contract extension
- Rio Tinto Services Limited – three-year contract with two-year extension period
- Premier Coal Limited – three-year contract with one-year extension option

These customer commitments show demand for the Company's services and provide a pipeline of expected future work to underpin the new Perth workshop, currently under development and slated to be in operation in 2022. The new workshop will provide extra capacity and capability for future rental and maintenance projects to support continued company growth.

BOP delivered 62% increase in revenue and 68% increase in EBITDA over the corresponding period in FY21. A sharp rise in diesel maintenance revenue has been complimented by a smaller increase in rental revenue where the company is transitioning from cross hired assets to higher utilization of company owned assets improving profitability.

### Primepower Queensland (PPQ)

Worldwide delays in logistics and availability of parts from OEMs have pushed several projects into the next reporting period for PPQ. Whilst revenue is down, EBITDA loss has improved 46% over the corresponding period FY21 and 76% over the second half of FY21. Improvements to date in business systems, processes and structure have contributed to the improved performance. Further improvements are planned for the second half of the year and PPQ is expected to return to a profitable run rate.

## Directors' report

For the half year ended 31 December 2021



### Ausblast (AUB)

During the period Ausblast has overcome cancelled projects due to site COVID restrictions and delayed work due to availability of site labour, yet AUB has returned a 215% increase in EBITDA over the reporting period. There is further uncertainty in future site works in the specialty services segment. Potential for delays and cancellations of works exist if COVID-19 outbreaks cause clients to limit or cancel site access to contractors. Management is focused on equipment utilisation and opportunities less dependant on site labour in the immediate term until availability of labour and travel restrictions ease.

During the period AUB has lowered its fleet age by disposing of an aging asset for a gain and taking delivery of a new asset which was immediately mobilised in the Pilbara. Additionally, an order was placed for a long lead time high pressure water blasting unit. At 1000HP the new water blasting unit will provide Ausblast with increased capabilities allowing management to confidently engage new clients and expand into new mineral sectors outside of our traditional iron ore base requiring higher horsepower pumps. During the reporting period works were completed in the lithium and iron ore sectors.

Further business development initiatives coupled with improvements in business systems and consolidation of finance and administration with the Group will further improve profitability in future periods.  
Effects of COVID-19

Delays in supply chain during the quarter have resulted in project delays pushing forecast revenue into later reporting periods. The Company is continually evaluating short to medium term risks and working with clients to manage timelines as well as increasing stock and inventory of strategic items. These disruptions and delays in supply chain are wide ranging in the resource service sector and not believed to be unique to Babylon's operations.

### Events Subsequent to the Reporting Period

In January 2022, Mr Gary Credaro was appointed to the position of Chief Financial Officer (CFO).

Mr Credaro initially joined Babylon in March 2021 in a contract role and was appointed as Group Financial Controller in July 2021. He has more than 30 years of experience in the mining services and related industries with expertise in financial and management accounting, statutory reporting, systems development and implementation and corporate services. He has previously held senior positions in a number of public and private companies, including E&A Ltd, Tasman Power, Mineral Resources, Ausdrill and Brandrill.

In the opinion of the directors, other than as outlined above and in this report, there were no other significant changes to the state of affairs of the Group that occurred during the half year.

A handwritten signature in blue ink, appearing to read 'Michael Shelby'.

**Michael Shelby**  
*Executive Chairman*


Dated at Perth this 25<sup>th</sup> day of February 2022.

## DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF BABYLON PUMP & POWER LIMITED

As lead auditor for the review of Babylon Pump & Power Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Babylon Pump & Power Limited and the entities it controlled during the period.



**Ashleigh Woodley**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 25 February 2022



# Consolidated statement of profit or loss and other comprehensive income



For the six months ended 31 December 2021

|  | Notes | 31 December<br>2021<br>(\$) | 31 December<br>2020<br>(\$) |
|--|-------|-----------------------------|-----------------------------|
| Revenue from contracts with customers  | 6 & 7 | 13,701,496                  | 10,291,297                  |
| Cost of sales  |       | (11,558,322)                | (9,233,904)                 |
| <b>Gross Profit</b>  |       | <b>2,143,174</b>            | <b>1,057,393</b>            |
| Other income/(expense)   |       | (1,500)                     | 158,948                     |
| Profit on disposal of property plant and equipment   |       | 114,379                     | 13,752                      |
| Employee benefits expense  | 8     | (1,576,646)                 | (1,111,374)                 |
| Administration and corporate expense   | 9     | (1,080,212)                 | (782,651)                   |
| <b>Earnings before interest, tax, depreciation and amortisation</b>  |       | <b>(400,805)</b>            | <b>(663,932)</b>            |
| Depreciation and amortisation  |       | (1,377,529)                 | (982,626)                   |
| <b>Results from operating activities</b>   |       | <b>(1,778,334)</b>          | <b>(1,646,558)</b>          |
| Finance expense  |       | (608,906)                   | (741,660)                   |
| <b>Net financing expense</b>   |       | <b>(608,906)</b>            | <b>(741,660)</b>            |
| <b>Loss before tax</b>   |       | <b>(2,387,240)</b>          | <b>(2,388,218)</b>          |
| Income tax benefit / (expense)   |       | -                           | -                           |
| <b>Loss after income tax for the period</b>  |       | <b>(2,387,240)</b>          | <b>(2,388,218)</b>          |
| Other comprehensive Income   |       | -                           | -                           |
| <b>Total comprehensive loss for the year attributable to the members of Babylon Pump &amp; Power Limited</b> |       | <b>(2,387,240)</b>          | <b>(2,388,218)</b>          |
| <b>Loss attributable to:</b>   |       |                             |                             |
| Equity holders of the company  |       | (2,387,240)                 | (2,388,218)                 |
| <b>Loss for the period</b>   |       | <b>(2,387,240)</b>          | <b>(2,388,218)</b>          |
| <b>Loss per share for loss attributable to the members of Babylon Pump &amp; Power Limited:</b>              |       |                             |                             |
| Basic loss per share (cents)   |       | (0.21)                      | (0.28)                      |

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

# Consolidated statement of financial position



As at 31 December 2021

|                                      | Notes | 31 December<br>2021<br>(\$) | 30 June<br>2021<br>(\$) |
|--------------------------------------|-------|-----------------------------|-------------------------|
| <b>Current Assets</b>                |       |                             |                         |
| Cash and cash equivalents            |       | 1,526,807                   | 1,031,903               |
| Trade receivables                    | 10    | 4,897,596                   | 3,998,596               |
| Inventories                          | 11    | 8,809,875                   | 9,080,252               |
| Current tax assets                   |       | 78,814                      | 74,669                  |
| Prepayments and other assets         |       | 337,042                     | 181,104                 |
| <b>Total Current Assets</b>          |       | <b>15,650,134</b>           | <b>14,366,524</b>       |
| <b>Non-Current Assets</b>            |       |                             |                         |
| Property, plant and equipment        | 12    | 11,245,827                  | 11,167,172              |
| Deposits                             |       | 55,917                      | 218,023                 |
| Goodwill                             | 13    | 2,982,572                   | 2,982,572               |
| Right-of-use assets                  |       | 813,415                     | 1,095,739               |
| <b>Total Non-Current assets</b>      |       | <b>15,097,731</b>           | <b>15,463,506</b>       |
| <b>Total Assets</b>                  |       | <b>30,747,865</b>           | <b>29,830,030</b>       |
| <b>Current Liabilities</b>           |       |                             |                         |
| Trade and other payables             |       | 4,406,790                   | 3,933,329               |
| Employee liabilities                 |       | 344,999                     | 573,134                 |
| Provisions                           |       | -                           | 45,000                  |
| Borrowings                           | 14    | 13,230,777                  | 9,170,715               |
| Deferred consideration               |       | 152,932                     | 627,632                 |
| Lease liabilities                    |       | 368,643                     | 512,901                 |
| <b>Total Current Liabilities</b>     |       | <b>18,504,141</b>           | <b>14,862,710</b>       |
| <b>Non-Current Liabilities</b>       |       |                             |                         |
| Borrowings                           | 14    | 4,054,153                   | 4,307,215               |
| Deferred consideration               |       | 1,000,000                   | 1,000,000               |
| Employee liabilities                 |       | 82,276                      | 53,820                  |
| Lease liabilities                    |       | 483,641                     | 618,427                 |
| Deferred tax liability               |       | 311,614                     | 311,614                 |
| <b>Total Non-Current Liabilities</b> |       | <b>5,931,684</b>            | <b>6,291,076</b>        |
| <b>Total Liabilities</b>             |       | <b>24,435,825</b>           | <b>21,153,786</b>       |
| <b>Net Assets</b>                    |       | <b>6,312,040</b>            | <b>8,676,244</b>        |
| <b>Equity</b>                        |       |                             |                         |
| Share capital                        |       | 43,037,272                  | 43,037,272              |
| Reserves                             |       | 211,085                     | 188,049                 |
| Accumulated losses                   |       | (36,936,317)                | (34,549,077)            |
| <b>Total Equity</b>                  |       | <b>6,312,040</b>            | <b>8,676,244</b>        |

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

# Consolidated statement of changes in equity



For the six months ended 31 December 2021

Attributable to equity holders of the Group

| <i>Consolidated Statement of Changes in Equity</i> | <i>Share Capital</i><br>(\$) | <i>Share Based Payment Reserve</i><br>(\$) | <i>Options Reserve</i><br>(\$) | <i>Accumulated Losses</i><br>(\$) | <i>Total Equity</i><br>(\$) |
|--|------------------------------|--|--------------------------------|-----------------------------------|-----------------------------|
| <b>Balance as at 1 July 2021</b>                   | <b>43,037,272</b>            | <b>188,049</b>                             | -                              | <b>(34,549,077)</b>               | <b>8,676,244</b>            |
| Adjustments  | -                            | -  | -                              | -                                 | -                           |
| <b>Total comprehensive income for the period</b>   |                              |  |                                |                                   |                             |
| Loss for the period                                | -                            | -  | -                              | (2,387,240)                       | (2,387,240)                 |
| Other Comprehensive Income                         | -                            | -  | -                              | -                                 | -                           |
| <b>Total comprehensive loss for the period</b>     | -                            | -  | -                              | (2,387,240)                       | (2,387,240)                 |
| Share Based Payment Expense                        | -                            | 23,036                                     | -                              | -                                 | 23,036                      |
| <b>Total transactions with owners</b>              | -                            | 23,036                                     | -                              | -                                 | 23,036                      |
| <b>Balance as at 31 December 2021</b>              | <b>43,037,272</b>            | <b>211,085</b>                             | -                              | <b>(36,936,317)</b>               | <b>6,312,040</b>            |

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

# Consolidated statement of changes in equity



For the six months ended 31 December 2020

Attributable to equity holders of the Group

| <i>Consolidated Statement of Changes in Equity</i> | <i>Share Capital</i><br>(\$) | <i>Share Based Payment Reserve</i><br>(\$) | <i>Options Reserve</i><br>(\$) | <i>Accumulated Losses</i><br>(\$) | <i>Total Equity</i><br>(\$) |
|--|------------------------------|--|--------------------------------|-----------------------------------|-----------------------------|
| <b>Balance as at 1 July 2020</b>                   | <b>35,577,677</b>            | <b>140,000</b>                             | -                              | <b>(27,879,686)</b>               | <b>7,837,991</b>            |
| Adjustments  | -                            | -  | -                              | -                                 | -                           |
| <b>Total comprehensive income for the period</b>   |                              |  |                                |                                   |                             |
| Loss for the period                                | -                            | -  | -                              | (2,388,218)                       | (2,388,218)                 |
| Other Comprehensive Income                         | -                            | -  | -                              | -                                 | -                           |
| <b>Total comprehensive loss for the period</b>     | -                            | -  | -                              | (2,388,218)                       | (2,388,218)                 |
| Issue of ordinary shares                           | 200,000                      | -  | -                              | -                                 | 200,000                     |
| Transaction costs                                  | (3,547)                      | -  | -                              | -                                 | (3,547)                     |
| Vesting Performance Rights                         | 140,000                      | (140,000)                                  | -                              | -                                 | -                           |
| <b>Total transactions with owners</b>              | <b>336,453</b>               | <b>(140,000)</b>                           | -                              | -                                 | <b>196,453</b>              |
| <b>Balance as at 31 December 2020</b>              | <b>35,914,130</b>            | -  | -                              | <b>(30,267,904)</b>               | <b>5,646,226</b>            |

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

# Consolidated statement of cash flows



For the six months ended 31 December 2021

|   | Notes | 31 December<br>2021<br>(\$) | 31 December<br>2020<br>(\$) |
|---|-------|-----------------------------|-----------------------------|
| <b>Cash flows from operating activities</b>                 |       |                             |                             |
| Receipts from customers                                     |       | 14,177,484                  | 9,640,412                   |
| Payments to suppliers and employees                         |       | (14,985,974)                | (12,528,016)                |
| Interest and other costs of finance paid                    |       | (474,656)                   | (467,160)                   |
| Other Income/(expense)                                      |       | (1,364)                     | 8,948                       |
| Government grants and tax incentives                        |       | -                           | 150,000                     |
| GST refunded  |       | -                           | 114,346                     |
| <b>Net cash inflow from/ (used in) operating activities</b> |       | <b>(1,284,510)</b>          | <b>(3,081,470)</b>          |
| <b>Cash flows from investing activities</b>                 |       |                             |                             |
| Purchase of property, plant and equipment                   |       | (1,257,799)                 | (1,807,144)                 |
| Proceeds on disposal of property, plant and equipment       |       | 198,182                     | 33,260                      |
| Payment of deferred consideration                           |       | (152,638)                   | -                           |
| Business acquisition (net of cash acquired)                 |       | (322,062)                   | (803,994)                   |
| <b>Net cash used in investing activities</b>                |       | <b>(1,534,317)</b>          | <b>(2,577,878)</b>          |
| <b>Cash flows from financing activities</b>                 |       |                             |                             |
| Proceeds from borrowings                                    |       | 4,719,113                   | 3,084,788                   |
| Repayment of borrowings                                     |       | (1,126,063)                 | (464,707)                   |
| Repayment of lease liabilities                              |       | (279,319)                   | (178,935)                   |
| Proceeds from issue of shares                               |       | -                           | 200,000                     |
| Repayment of convertible loans                              |       | -                           | (250,000)                   |
| Transaction costs for ordinary shares and convertible loans |       | -                           | (3,547)                     |
| <b>Net cash provided by financing activities</b>            |       | <b>3,313,731</b>            | <b>2,387,599</b>            |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       | <b>494,904</b>              | <b>(3,271,749)</b>          |
| Cash and cash equivalents at the beginning of the period    |       | 1,031,903                   | 3,563,601                   |
| <b>Cash and cash equivalents at the end of the period</b>   |       | <b>1,526,807</b>            | <b>291,852</b>              |

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

# Notes to the consolidated financial statements

## For the period ended 31 December 2021



### 1. Reporting entity

Babylon Pump & Power Limited ("the Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the "Group").

### 2. Statement of Compliance

The half year financial report has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

### 3. Significant Accounting Policies

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realization of assets and then settlement of liabilities in the normal course of business.

#### a) Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted.

#### b) Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's financial report for the year ended 30 June 2021.

The Group has adopted all the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amended Accounting Standards and Interpretations that are not mandatory have not been early adopted

### 4. Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2021.

### 5. Going Concern

The financial statements for the half year ended 31 December 2021 have been prepared on the basis that the Group is a going concern which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

During the half year the Group recorded a loss of \$2,387,240 (2020: loss of \$2,388,218) and had net cash outflows from operating activities of \$1,284,510 (2020: cash outflow \$3,081,470). The net working capital position as at 31 December 2021 is a deficit of \$2,854,007 (30 June 2021 deficit of \$496,186).

# Notes to the consolidated financial statements

## For the period ended 31 December 2021



Based on the Group's future cashflow forecast, the Group will require additional funding in the next twelve months to enable it to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due.

The group's ability to continue as a going concern and pay its debts as and when they fall due is dependent on the following:

- Maintaining or improving underlying levels of business activity.
- Maintaining or improving operational throughput and efficiency across operations.
- Maintaining or improving levels of utilisation for rental assets.
- The conversion of or extended settlement of the convertible notes or otherwise obtaining additional funding to settle the convertible note facilities.

These conditions indicate a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors believe that the Group has the capacity to raise additional funding and therefore are satisfied that the going concern basis for preparing the financial statements is appropriate. In arriving at this position, the Directors expect that the Group will:

- Raise additional finance from debt or equity as and when required to contribute to the Group's working capital position in the near term
- Continue to benefit from ongoing demand for the Group's products and services.
- Continue to yield a high conversion rate from its tender and pricing pipeline.
- Benefit from the ongoing support of investors throughout the business' current growth stage.

Should the entity not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

## 6. Revenue

AASB 15 requires an entity to recognise revenue in a manner that represents the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled. This means that revenue will be recognised when control of goods and/or services is transferred, rather than on transfer of risks and rewards.

The Group derives revenue from the service and repair, sale of goods and equipment rental and labour hire disaggregated as follows;

| <i>Revenue From External Customers</i>  | <i>Segment Revenue</i> |                   |
|---|------------------------|-------------------|
|   | <i>31 Dec 21</i>       | <i>31 Dec 20</i>  |
| Service and repair (at a point in time) | 10,942,837             | 8,494,800         |
| Sale of goods (at a point in time)      | 7,202                  | 292,929           |
| Equipment rental (over time)            | 1,651,273              | 1,503,568         |
| Labour hire (over time)                 | 1,100,184              | -                 |
|   | <b>13,701,496</b>      | <b>10,291,297</b> |

# Notes to the consolidated financial statements

## For the period ended 31 December 2021



- *Service and Repair*

Revenue from providing services is recognised in the accounting period in which the services are rendered and at the point in time in which the performance obligation is complete. Revenue is recognised when the product being serviced is delivered back to the customer. Delivery occurs when the product has left the Group's warehouse where the risks of obsolescence and loss have been transferred to the customer. Warranties on service and repairs are within commercial terms with no option of extension, therefore are accounted for under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. Management have determined the warranties to be immaterial.

- *Sale of Goods*

Revenue is recognised when control of the product has transferred, being when the products are delivered to the customer. Delivery occurs when the product has left the Group's warehouse where the risks of obsolescence and loss have been transferred to the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Revenue from these sales is recognised based on the price specified in the contract. Warranties on goods sold are within commercial terms with no option of extension, therefore are accounted for under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. Management have determined the warranties to be immaterial.

- *Equipment Rental*

Revenue from equipment rental comprises short-term hire arrangements and is included in the statement of profit or loss due to its operating nature. Installation revenue is deemed to be not material.

- *Labour Hire*

Revenue from providing labour hire is recognised in the accounting period in which the labour services are rendered.

The disaggregation of Group revenue by Australian state or territory is as follows;

| <i>Revenue by state</i> | <i>31 December<br/>2021</i><br>\$ | <i>31 December<br/>2020</i><br>\$ |
|-------------------------|-----------------------------------|-----------------------------------|
| Western Australia       | 9,504,384                         | 5,093,968                         |
| Queensland              | 4,197,112                         | 5,197,329                         |
|                         | <b>13,701,496</b>                 | <b>10,291,297</b>                 |



# Notes to the consolidated financial statements

## For the period ended 31 December 2021



### 7. Operating Segments

Babylon has four reportable segments, being Babylon Pump and Power Ltd (BPP), Babylon Operations Pty Ltd (BOP), Primepower Queensland Pty Ltd (PPQ) and Pilbara Trucks Pty Ltd (AUB). The Group primarily focuses on three areas being rental of specialty diesel driven pumping and power generation equipment, rebuild and maintenance services for large diesel driven equipment including field service work and high-pressure water blasting and ancillary services to the resources sector. Babylon Pump and Power Ltd is not a revenue generating unit and incurs the Group administration and management overheads as well as the cost of providing finance to the Group. These are the Group's strategic business units and the Group's Executive Chairman reviews internal management reports for these business units monthly.

|  | 31 December 2021   | 31 December 2020   |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| <b>(a) Segmented External Revenues</b>   |                    |                    |
| BOP - Service and Repair   | 6,607,903          | 3,297,471          |
| BOP - Sale of Goods  | 1,165              | 292,929            |
| BOP - Equipment Rental   | 1,651,273          | 1,503,568          |
| PPQ - Service and Repair   | 4,190,724          | 5,197,329          |
| PPQ - Sale of Goods  | 6,037              | -                  |
| PPQ - Labour Hire  | 350                | -                  |
| AUB - Service and Repair   | 144,210            | -                  |
| AUB - Labour Hire  | 1,099,834          | -                  |
|  | <b>13,701,496</b>  | <b>10,291,297</b>  |
| <b>(b) Earnings / (loss) before interest, tax, depreciation and amortisation</b> |                    |                    |
| BPP  | (1,156,152)        | (789,797)          |
| BOP  | 870,303            | 517,542            |
| PPQ  | (212,081)          | (391,677)          |
| AUB  | 97,125             | -                  |
| <b>Total</b>   | <b>(400,805)</b>   | <b>(663,932)</b>   |
| Depreciation and Amortisation  | (1,377,529)        | (982,626)          |
| Finance Expense  | (608,906)          | (741,660)          |
| <b>Net Profit/(Loss)</b>   | <b>(2,387,240)</b> | <b>(2,388,218)</b> |

|   | 31 December 2021  | 30 June 2021      |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>(C) Segment assets and liabilities</b> |                   |                   |
| <b>Assets</b>                             |                   |                   |
| BPP                                       | 3,352,867         | 3,424,100         |
| BOP                                       | 15,309,285        | 12,152,197        |
| PPQ                                       | 7,205,719         | 9,237,149         |
| AUB                                       | 4,879,994         | 4,941,915         |
| <b>Total</b>                              | <b>30,747,865</b> | <b>29,755,361</b> |
| <b>Liabilities</b>                        |                   |                   |
| BPP                                       | 6,443,684         | 6,609,265         |
| BOP                                       | 10,146,741        | 4,843,606         |
| PPQ                                       | 4,152,505         | 5,760,711         |
| AUB                                       | 3,692,895         | 3,865,535         |
| <b>Total</b>                              | <b>24,435,825</b> | <b>21,079,117</b> |
| <b>Net Assets</b>                         | <b>6,312,040</b>  | <b>8,676,244</b>  |

# Notes to the consolidated financial statements

## For the period ended 31 December 2021



### 8. Employee Benefits Expense

|                                   | 31 December<br>2021<br>(\$) | 31 December<br>2020<br>(\$) |
|-----------------------------------|-----------------------------|-----------------------------|
| <b>Employee Benefits Expense</b>  |                             |                             |
| Wages and salaries                | 1,315,851                   | 884,604                     |
| Employment related taxes          | 204,204                     | 157,814                     |
| Share-based payment expense       | 23,037                      | -                           |
| Other employment related expenses | 33,554                      | 68,956                      |
|                                   | <b>1,576,646</b>            | <b>1,111,374</b>            |

### 9. Administration and Corporate Expense

|   | 31 December<br>2021<br>(\$) | 31 December<br>2020<br>(\$) |
|---|-----------------------------|-----------------------------|
| <b>Administration and Corporate Expense</b> |                             |                             |
| Office expenses                             | 273,299                     | 145,918                     |
| Corporate costs and compliance              | 524,921                     | 265,621                     |
| Other expenses                              | 7,447                       | 26,938                      |
| Consumables and operational costs           | 267,045                     | 201,273                     |
| Business acquisition expense                | 7,500                       | 142,901                     |
|   | <b>1,080,212</b>            | <b>782,651</b>              |

### 10. Trade Receivables

The group applies the AASB 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected credit losses have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 18 months before 31 December 2021 or 30 June 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward- looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2021 and 30 June 2021 was determined as follows for trade receivables:

#### Trade Receivables

| 30-Jun-21                  | Current          | 30 Days          | 60 Days       | 90 Days        | >90 Days      | Total<br>(\$)    |
|----------------------------|------------------|------------------|---------------|----------------|---------------|------------------|
| Expected loss rate         | 0%               | 0%               | 0%            | 0%             | 0%            |                  |
| Gross carrying amount      | 2,138,978        | 1,402,319        | 22,718        | 409,006        | 49,935        | 4,022,956        |
| Loss allowance             | -                | -                | -             | -              | (24,360)      | (24,360)         |
| <b>Net carrying amount</b> | <b>2,138,978</b> | <b>1,402,319</b> | <b>22,718</b> | <b>409,006</b> | <b>25,575</b> | <b>3,998,596</b> |

| 31-Dec-21                  | Current          | 30 Days          | 60 Days        | 90 Days        | >90 Days       | Total<br>(\$)    |
|----------------------------|------------------|------------------|----------------|----------------|----------------|------------------|
| Expected loss rate         | 0%               | 0%               | 0%             | 0%             | 0%             |                  |
| Gross carrying amount      | 2,170,388        | 1,740,610        | 380,528        | 497,783        | 132,648        | 4,921,956        |
| Loss allowance             | -                | -                | -              | -              | (24,360)       | (24,360)         |
| <b>Net carrying amount</b> | <b>2,170,388</b> | <b>1,740,610</b> | <b>380,528</b> | <b>497,783</b> | <b>108,288</b> | <b>4,897,596</b> |

# Notes to the consolidated financial statements

## For the period ended 31 December 2021



Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group and failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. Impairment losses recognised in the statement of profit or loss as at 31 December 2021 was \$nil (30 June 2021 \$24,360) relates to receivables arising from contracts with customers.

### 11. Inventories

|                             | 31 December<br>2021<br>(\$) | 30 June<br>2021<br>(\$) |
|-----------------------------|-----------------------------|-------------------------|
| <b>Inventories</b>          |                             |                         |
| Consumables and spare parts | 1,959,465                   | 4,311,438               |
| Engine trading stock        | 3,202,742                   | 2,006,835               |
| Work in progress            | 3,647,668                   | 2,761,979               |
|                             | <b>8,809,875</b>            | <b>9,080,252</b>        |

### 12. Property Plant and Equipment

| <i>Property,<br/>Plant and<br/>Equipment</i>   | <i>Leasehold<br/>Improvements<br/>(\$)</i> | <i>Plant &amp;<br/>Equipment<br/>(\$)</i> | <i>Office<br/>Equipment<br/>(\$)</i> | <i>IT<br/>Equipment<br/>(\$)</i> | <i>Motor Vehicles<br/>(\$)</i> | <i>Capital<br/>Work in<br/>Progress<br/>(\$)</i> | <i>Total<br/>(\$)</i> |
|--|--|---|--------------------------------------|----------------------------------|--------------------------------|--|-----------------------|
| <b>Carrying<br/>amount at 30<br/>June 2021</b> | <b>53,652</b>                              | <b>8,917,051</b>                          | <b>15,785</b>                        | <b>18,466</b>                    | <b>1,861,500</b>               | <b>300,719</b>                                   | <b>11,167,172</b>     |
| Additions                                      | 238  | 698,002                                   | -                                    | 13,190                           | 258,681                        | 285,371  | 1,255,482             |
| Disposals                                      | -  | (39,001)                                  | 2,181                                | -                                | (44,802)                       | -  | (81,622)              |
| Depreciation<br>expense                        | (1,916)                                    | (883,467)                                 | (3,874)                              | (6,271)                          | (199,678)                      | -  | (1,095,205)           |
| <b>Balance at 31<br/>December<br/>2021</b>     | <b>51,974</b>                              | <b>8,692,585</b>                          | <b>14,092</b>                        | <b>25,385</b>                    | <b>1,875,701</b>               | <b>586,090</b>                                   | <b>11,245,827</b>     |

### 13. Goodwill

*Significant judgement*

#### Goodwill- impairment testing

Goodwill is tested for impairment annually. No impairment indicators were identified during the half year period therefore no impairment has been recognised in respect of goodwill as at 31 December 2021.

# Notes to the consolidated financial statements

## For the period ended 31 December 2021



### 14. Borrowings

| <b>Borrowings</b>            | <b>31 December<br/>2021<br/>(\$)</b> | <b>30 June<br/>2021<br/>(\$)</b> |
|------------------------------|--------------------------------------|----------------------------------|
| <b>Current Liability</b>     |                                      |                                  |
| Invoice finance facility     | 3,857,168                            | 909,496                          |
| Trade finance facility       | 2,858,767                            | 2,264,071                        |
| Insurance premium funding    | 306,342                              | 103,699                          |
| Asset finance facilities     | 1,733,500                            | 1,418,448                        |
| Convertible loans (e)        | 4,475,000                            | 4,475,000                        |
|                              | <b>13,230,777</b>                    | <b>9,170,715</b>                 |
| <b>Non-Current Liability</b> |                                      |                                  |
| Asset finance facilities     | 4,054,153                            | 4,307,215                        |
|                              | <b>4,054,153</b>                     | <b>4,307,215</b>                 |

#### a) Insurance Premium Funding

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.

# Notes to the consolidated financial statements

## For the period ended 31 December 2021



- (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 2020.
- (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.
- (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 is calculated based on the present value of estimated cashflows taking into account credit risk profile of the company, market interest rates and share price of the company. The fair value of the Convertible Loans on 31 December 2021 is \$4,475,000, no movement from \$4,475,000 on 30 June 2021.

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

## 15. Dividends

No amounts have been paid, declared or recommended by the Company by way of dividend since the commencement of the financial period to 31 December 2021.

## 16. Commitments

BPP has entered an agreement to lease new premises which are currently being built with an estimated commencement date of 1 August 2022 for an initial lease term of 8 years.

# Notes to the consolidated financial statements

## For the period ended 31 December 2021



### 17. Subsequent Events

In January 2022, Mr Gary Credaro was appointed to the position of Chief Financial Officer (CFO). Mr Credaro initially joined Babylon in March 2021 in a contract role and was appointed as Group Financial Controller in July 2021. He has more than 30 years of experience in the mining services and related industries with expertise in financial and management accounting, statutory reporting, systems development and implementation and corporate services. He has previously held senior positions in a number of public and private companies, including E&A Ltd, Tasman Power, Mineral Resources, Ausdrill and Brandrill.

No other matters or circumstance have arisen since the end of the financial year that have 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.

### 18. Related Party Transactions

During the half year ended 31 December 2021, no options and or shares were issued to the Directors. Transactions are consistent to 30 June 2021 year end.

On 1 July 2021 the Group issued 25,826,085 Performance Rights to Other Key Management Personnel 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. The terms of these are consistent with the performance rights issued in the prior year.

Ms Louise Bower has been appointed to the Company's board as a Non-Executive Director effective 1 November 2021.

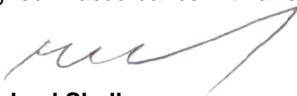
## Directors' Declaration

In the opinion of the directors of Babylon Pump & Power Limited (the "Company"):

1. the financial statements and notes set out on pages 4 to 17, are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the six-month period ended that date; and
  - (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 25<sup>th</sup> day of February 2022.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Michael Shelby', written over a light blue horizontal line.

**Michael Shelby**  
Executive Chairman

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Babylon Pump & Power Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Babylon Pump & Power Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Material uncertainty relating to going concern

We draw attention to Note 5 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



### **Responsibility of the directors for the financial report**

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

### **Auditor's responsibility for the review of the financial report**

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

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

**BDO Audit (WA) Pty Ltd**



**Ashleigh Woodley**

Director

Perth, 25 February 2022