



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

009 436 908

**Appendix 4D – Half Year Report for six months ended 31 December 2022**

**1. Details of reporting periods:**

**Current reporting period** : Six (6) months to 31 December 2022  
**Previous corresponding period** : Six (6) months to 31 December 2021

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

	<b>Six Months 31 December 2022 \$</b>	<b>Six Months 31 December 2021 \$</b>	<b>% Change</b>
Revenues	13,674,106	13,701,496	-0.20%
Loss for the period	(1,290,379)	(2,387,240)	45.95%
Loss after tax attributable to members.	(1,290,379)	(2,387,240)	45.95%

Refer to enclosed Financial Report for the half year ended 31 December 2022 for further commentary.

<b>Dividends / distributions</b>	<b>Amount per security (cents)</b>	<b>Franked amount per security (cents)</b>	<b>Amount \$'000</b>	<b>Amount per security of foreign sourced dividends (cents)</b>	<b>Record date</b>	<b>Date paid / payable</b>
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 2022.

**4. Statement of financial position**

Refer to enclosed Financial Report for the half year ended 31 December 2022.

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 2022.

**5. Statement of cash flows**

Refer to enclosed Financial Report for the half year ended 31 December 2022.

**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 2022.

**9. Net tangible assets per security**

	<b>31 December 2022 (cents)</b>	<b>30 June 2022 (cents)</b>
Net tangible assets per ordinary security	0.0026	0.0017

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

Refer to enclosed Financial Report for the half year ended 31 December 2022.

**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 2022 has been audit reviewed and is not subject to dispute or qualification.



**Babylon Pump & Power Limited**

**ACN 009 436 908**

**and its controlled entities**

**FINANCIAL REPORT  
FOR THE HALF YEAR ENDED**

**31 DECEMBER 2022**

## Corporate Directory

### Directors

Mr James Cullen  
Non-Executive Chairman

Mr Michael Shelby  
Managing Director

Mr Patrick Maingard  
Non-Executive Director

Ms Louise Bower  
Non-Executive Director

### Company Secretary

Mr Michael Kenyon

### Registered & Principal Office

1 Port Place  
HIGH WYCOMBE WA 6057  
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

Automatic 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  
PERTH WA 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 2022



The directors present their report together with the consolidated financial report for the six months ended 31 December 2022 and the review report thereon.

### Directors

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

Mr James Cullen	Non-Executive Chairman
Mr Michael Shelby	Managing Director
Mr Patrick Maingard	Non-Executive Director ( <i>ceased to be an executive director on 31 August 2022</i> )
Mr Michael Kenyon	Company Secretary ( <i>ceased to be a non-executive director on 31 August 2022</i> )
Ms Louise Bower	Non-Executive Director

Unless otherwise disclosed, all directors held their office from 1 July 2022 until the date of this report.

### Review of Operations

Babylon made sound progress on advancing strategic initiatives focusing on expanding rental and specialty water management capabilities while rationalising lower margin maintenance services. Additionally, in late December 2022 Babylon began relocating to its new, purpose-built facility in High Wycombe W.A. The move was completed in January 2023 and the Company ended multiple leases in the Perth metropolitan area as it consolidates operations.

The Group has experienced a solid start to FY23 with growth and improvement in EBITDA and Operating Cash Flow across the Group in comparison with the corresponding previous reporting period.

Group Key Performance Indicators	Six Months 31 December 2022 \$A'000	Six Months 31 December 2021 \$A'000	% Change
Revenues	13,674	13,701	+0%
EBITDA (non-IFRS measure)	676	(401)	+269%
Operational Cash Flow	(577)	(1,285)	+55%

### Rental Segment

The first half of FY23 saw Babylon expand its water management and rental capabilities with the integration of Resource Water Group ("RWG"). Increased utilisation of rental assets with increased activity provided by RWG resulted in a 28% increase in rental segment EBITDA to \$1,335,534.

Rental Segment Key Performance Indicators	Six Months 31 December 2022 \$A'000	Six Months 31 December 2021 \$A'000	% Change
Revenues	4,123	2,595	+59%
EBITDA (non-IFRS measure)	1,336	1,044	+28%

### Maintenance Segment

Significant restructuring and rationalization of the maintenance segment resulted in segment EBITDA of \$694,088 representing a 341% improvement. Whilst the revenue has dropped in the segment, improving gross margin by 143% while holding overheads steady has driven the positive EBITDA result. Wholly owned subsidiary operating within the segment, Primepower Queensland Ltd ("PPQ"), has returned to profitability as its operating structure has been simplified and its offerings have been rationalised.

Maintenance Segment Key Performance Indicators	Six Months 31 December 2022 \$A'000	Six Months 31 December 2021 \$A'000	% Change
Revenues	9,551	11,106	-14%
EBITDA (non-IFRS measure)	694	(288)	+341%

The directors present their report together with the consolidated financial report for the six months ended 31 December 2022 and the review report thereon.

## Directors' report

For the half year ended 31 December 2022



### Events Subsequent to the Reporting Period

As announced on 2 February 2023, Babylon completed the acquisition of RBH Engineering Pty Ltd. ("RBH"). Babylon acquired all shares in the Boddington, W.A. based specialist pump rental provider effective 31 January 2023. RBH will contribute immediate earnings through ongoing high asset utilisation and minimal overheads. A \$3.0m purchase price represents a multiple of 3 times expected EBITDA contribution.

The total consideration of \$3,000,000 has been structured as follows:

- Cash paid on Completion: \$1,800,000
- Deferred cash: \$1,200,000

The deferred cash component of 12 equal monthly deferred consideration payments of \$100,000 will be financed by the vendor and funded by RBH's ongoing operations. Interest of 8.5% per annum will accrue daily and be payable no later than the final deferred consideration payment date. The RBH assets have been independently valued at over \$2.6 million.

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.

### Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars in accordance with the instrument.

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

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

**Michael Shelby**  
*Managing Director*

Dated at Perth this 20<sup>th</sup> day of February 2023.

## DECLARATION OF INDEPENDENCE BY ASHELIGH 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 2022, 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, 20 February 2023



# Consolidated statement of profit or loss and other comprehensive income



For the six months ended 31 December 2022

	Notes	31 December 2022 (\$)	31 December 2021 (\$)
Revenue from contracts with customers	6 & 7	13,674,106	13,701,496
Other income/(expense)		15,229	(1,500)
Cost of sales		(10,305,665)	(11,558,322)
Profit on disposal of property plant and equipment		50,012	114,379
Employee benefits expense	8	(1,673,391)	(1,576,646)
Administration and corporate expense	9	(1,084,028)	(1,080,212)
Depreciation and amortisation		(1,526,300)	(1,377,529)
Finance expense		(440,342)	(608,906)
<b>Loss before tax from continuing operations</b>		<b>(1,290,379)</b>	<b>(2,387,240)</b>
Income tax benefit / (expense)		-	-
<b>Loss after income tax for the period</b>		<b>(1,290,379)</b>	<b>(2,387,240)</b>
Other comprehensive Income		(1,290,379)	(2,387,240)
<b>Total comprehensive loss for the period attributable to the members of Babylon Pump &amp; Power Limited</b>		<b>-</b>	<b>-</b>
<b>Loss attributable to:</b>		<b>(1,290,379)</b>	<b>(2,387,240)</b>
Equity holders of the company		(1,290,379)	(2,387,240)
<b>Loss for the period</b>		<b>(1,290,379)</b>	<b>(2,387,240)</b>
<b>Loss per share for loss attributable to the members of Babylon Pump &amp; Power Limited:</b>		<b>(1,290,379)</b>	<b>(2,387,240)</b>
Basic loss per share (cents)		(0.11)	(0.21)

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 2022

	Notes	31 December 2022 (\$)	30 June 2022 (\$)
<b>Current Assets</b>			
Cash and cash equivalents		2,126,837	2,241,422
Trade receivables	10	5,220,578	4,360,351
Inventories	11	7,769,283	7,654,963
Current tax assets		-	78,814
Prepayments and other assets		510,439	163,754
<b>Total Current Assets</b>		<b>15,627,137</b>	<b>14,499,304</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	12	11,854,076	10,708,673
Deposits		20,500	55,917
Goodwill	13	3,960,572	2,982,572
Right-of-use assets	14	3,529,562	774,866
<b>Total Non-Current assets</b>		<b>19,364,710</b>	<b>14,522,028</b>
<b>Total Assets</b>		<b>34,991,847</b>	<b>29,021,332</b>
<b>Current Liabilities</b>			
Trade and other payables		5,817,142	6,029,664
Employee liabilities		365,964	391,079
Borrowings	15	8,257,657	12,196,619
Deferred consideration	16	3,152,932	1,152,932
Lease liabilities		465,208	570,422
<b>Total Current Liabilities</b>		<b>18,058,903</b>	<b>20,340,716</b>
<b>Non-Current Liabilities</b>			
Borrowings	15	3,426,416	3,364,093
Employee liabilities		83,548	85,304
Lease liabilities		3,150,216	243,792
<b>Total Non-Current Liabilities</b>		<b>6,660,180</b>	<b>3,693,189</b>
<b>Total Liabilities</b>		<b>24,719,083</b>	<b>24,033,905</b>
<b>Net Assets</b>		<b>10,272,764</b>	<b>4,987,427</b>
<b>Equity</b>			
Share capital	17	50,412,357	44,004,297
Reserves		598,130	430,474
Accumulated losses		(40,737,723)	(39,447,344)
<b>Total Equity</b>		<b>10,272,764</b>	<b>4,987,427</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 2022

Attributable to equity holders of the Group

<i>Consolidated Statement of Changes in Equity</i>	<i>Share Capital</i> (\$)	<i>Share Based Payment Reserve</i> (\$)	<i>Options Reserve</i> (\$)	<i>Accumulated Losses</i> (\$)	<i>Total Equity</i> (\$)
<b>Balance as at 1 July 2022</b>	<b>44,004,297</b>	<b>430,474</b>	-	<b>(39,447,344)</b>	<b>4,987,427</b>
Adjustments	-	-	-	-	-
<b>Total comprehensive income for the period</b>					
Loss for the period	-	-	-	(1,290,379)	(1,290,379)
Other Comprehensive Income	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	-	(1,290,379)	(1,290,379)
Issue of ordinary shares	6,855,052	-	-	-	6,855,052
Transaction costs	(446,992)	-	-	-	(446,992)
Vesting Performance Rights	-	167,656	-	-	167,656
<b>Total transactions with owners</b>	<b>6,408,060</b>	<b>167,656</b>	-	-	<b>6,575,717</b>
<b>Balance as at 31 December 2022</b>	<b>50,412,357</b>	<b>598,130</b>	-	<b>(40,737,723)</b>	<b>10,272,764</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 2021

Attributable to equity holders of the Group

<i>Consolidated Statement of Changes in Equity</i>	<i>Share Capital</i> (\$)	<i>Share Based Payment Reserve</i> (\$)	<i>Options Reserve</i> (\$)	<i>Accumulated Losses</i> (\$)	<i>Total Equity</i> (\$)
<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 cash flows



For the six months ended 31 December 2022

Notes	31 December 2022 (\$)	31 December 2021 (\$)
<b>Cash flows from operating activities</b>		
Receipts from customers	14,248,907	14,177,484
Payments to suppliers and employees	(14,305,560)	(14,985,974)
Interest and other costs of finance paid	(440,342)	(474,656)
Other Income/(expense)	(79,828)	(1,364)
<b>Net cash used in operating activities</b>	<b>(576,824)</b>	<b>(1,284,510)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,154,229)	(1,257,799)
Proceeds on disposal of property, plant and equipment	400,229	198,182
Payment of deferred consideration	-	(152,638)
Business acquisition (net of cash acquired)	(500,000)	(322,062)
<b>Net cash used in investing activities</b>	<b>(1,254,000)</b>	<b>(1,534,317)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	7,656,530	4,719,113
Repayment of borrowings	(7,045,359)	(1,126,063)
Repayment of lease liabilities	(327,992)	(279,319)
Proceeds from issue of shares	5,004,001	-
Repayment of convertible loans	(3,123,949)	-
Transaction costs for ordinary shares and convertible loans	(446,991)	-
<b>Net cash provided by financing activities</b>	<b>1,716,240</b>	<b>3,313,731</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(114,585)</b>	<b>494,904</b>
Cash and cash equivalents at the beginning of the period	2,241,422	1,031,903
<b>Cash and cash equivalents at the end of the period</b>	<b>2,126,837</b>	<b>1,526,807</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 2022

### 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 2022 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 2022.

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 2022.

## Notes to the consolidated financial statements

### For the period ended 31 December 2022

#### 5. Going Concern

The financial statements for the half year ended 31 December 2022 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 \$1,290,379 (2021: loss of \$2,387,240) and had net cash outflows from operating activities of \$576,824 (2021: cash outflow \$1,284,510). The net working capital position as at 31 December 2022 is a deficit of \$2,431,786 (30 June 2022 deficit \$5,841,412).

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.

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.

## Notes to the consolidated financial statements

For the period ended 31 December 2022

### 6. Revenue

The Group derives revenue from maintenance and rental disaggregated as follows;

	31 December 2022 (\$)	31 December 2021 (\$)
<b>Revenue From External Customers</b>		
Maintenance (at a point in time)	9,550,974	11,106,266
Rental (over time)	4,123,132	2,595,230
	<b>13,674,106</b>	<b>13,701,496</b>

- *Maintenance*

Revenue from providing maintenance 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. 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.

- *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.

### 7. Operating Segments

Previously Babylon had reported its segments at an entity level within the consolidated group. Due to the business now focusing solely on the maintenance and rental aspects of the business, Babylon has now made these two business units its reporting segments. The Maintenance segment primarily focuses on 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. The Rental segment provides rental services of specialty diesel driven pumping and power generation equipment. These are the Group's strategic business units and the Group's Executive Chairman reviews internal management reports for these business units monthly.

Due to the restructuring of the business segments, the 31 December 2021 results have been re-presented to align with the changes made.

	31 December 2022 (\$)	31 December 2021 (\$)
<b>(a) Segmented External Revenues</b>		
Maintenance	9,550,974	11,106,266
Rental	4,123,132	2,595,230
	<b>13,674,106</b>	<b>13,701,496</b>
<b>(b) Earnings / (loss) before interest, tax, depreciation and amortisation</b>		
Maintenance	694,087	(288,407)
Rental	1,335,534	1,043,753
<b>Total</b>	<b>2,029,621</b>	<b>755,346</b>
Depreciation and amortisation	(1,526,300)	(1,377,530)
Finance expense	(440,342)	(608,906)
Unallocated corporate overheads	(1,353,538)	(1,133,114)
<b>Net Profit/(Loss)</b>	<b>(1,290,379)</b>	<b>(2,364,204)</b>



## Notes to the consolidated financial statements

For the period ended 31 December 2022

### 8. Employee Benefits Expense

	31 December 2022 (\$)	31 December 2021 (\$)
<b>Employee Benefits Expense</b>		
Wages and salaries	1,312,421	1,315,851
Employment related taxes	184,453	204,204
Share-based payment expense	167,656	23,037
Other employment related expenses	8,861	33,554
	<b>1,673,391</b>	<b>1,576,646</b>

### 9. Administration and Corporate Expense

	31 December 2022 (\$)	31 December 2021 (\$)
<b>Administration and Corporate Expense</b>		
Office expenses	329,488	273,299
Corporate costs and compliance	526,090	524,921
Other expenses	21,259	7,447
Consumables and operational costs	186,687	267,045
Business acquisition expense	20,503	7,500
	<b>1,084,027</b>	<b>1,080,212</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 2022 or 30 June 2022 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 2022 and 30 June 2022 was determined as follows for trade receivables:

30 June 2022	Current	30 Days	60 Days	90 Days	>90 Days	Total (\$)
Expected loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	2,539,350	1,337,474	356,431	99,338	27,759	4,360,351
<b>Net carrying amount</b>	<b>2,539,350</b>	<b>1,337,474</b>	<b>356,431</b>	<b>99,338</b>	<b>27,759</b>	<b>4,360,351</b>

31 December 2022	Current	30 Days	60 Days	90 Days	>90 Days	Total (\$)
Expected loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	3,297,825	1,650,204	57,037	184,722	30,790	5,220,578
<b>Net carrying amount</b>	<b>3,297,825</b>	<b>1,650,204</b>	<b>57,037</b>	<b>184,722</b>	<b>30,790</b>	<b>5,220,578</b>

## Notes to the consolidated financial statements

For the period ended 31 December 2022

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 2022 was \$nil (30 June 2022 was \$nil) relates to receivables arising from contracts with customers.

### 11. Inventories

<i>Inventories</i>	<i>31 December 2022</i> (\$)	<i>30 June 2022</i> (\$)
Consumables and spare parts	2,115,189	2,029,141
Engine trading stock	2,415,287	2,430,231
Work in progress	3,238,807	3,195,591
	<b>7,769,283</b>	<b>7,654,963</b>

### 12. Property Plant and Equipment

<i>Property, Plant and Equipment</i>	<i>Leasehold Improvements</i> (\$)	<i>Plant &amp; Equipment</i> (\$)	<i>Office Equipment</i> (\$)	<i>IT Equipment</i> (\$)	<i>Motor Vehicles</i> (\$)	<i>Capital Work in Progress</i> (\$)	<i>Total</i> (\$)
<b>Carrying amount at 30 June 2022</b>	<b>56,134</b>	<b>8,898,727</b>	<b>13,307</b>	<b>30,333</b>	<b>1,693,422</b>	<b>16,750</b>	<b>10,708,673</b>
Additions	-	188,692	3,033	670	122,670	279,374	594,439
Business acquisition	-	1,083,000	-	-	939,000	-	2,022,000
Disposals	-	(34,096)	-	-	(256,877)	(16,750)	(307,723)
Depreciation expense	(2,182)	(915,100)	(1,526)	(7,508)	(236,997)	-	(1,163,313)
<b>Balance at 31 December 2022</b>	<b>53,952</b>	<b>9,221,223</b>	<b>14,814</b>	<b>23,495</b>	<b>2,261,218</b>	<b>279,374</b>	<b>11,854,076</b>

## Notes to the consolidated financial statements

For the period ended 31 December 2022

<i>Property, Plant and Equipment</i>	<i>Leasehold Improvements</i> (\$)	<i>Plant &amp; Equipment</i> (\$)	<i>Office Equipment</i> (\$)	<i>IT Equipment</i> (\$)	<i>Motor Vehicles</i> (\$)	<i>Capital Work in Progress</i> (\$)	<i>Total</i> (\$)
<b>Carrying amount at 30 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	698,022	-	13,190	258,681	285,371	1,255,482
Disposals	-	(39,001)	2,181	-	(44,802)	-	(81,622)
Depreciation expense	(1,916)	(883,467)	(3,874)	(6,271)	(199,678)	-	(1,095,205)
<b>Balance at 31 December 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 2022.

<i>Goodwill</i>	<i>31 December 2022</i> (\$)	<i>30 June 2022</i> (\$)
Opening balance	2,982,572	2,982,572
Business acquisition (note 16)	978,000	-
<b>Closing balance</b>	<b>3,960,572</b>	<b>2,982,572</b>

### 14. Right-of-use assets

In late December 2022 Babylon took up tenancy at purpose-built facility in High Wycombe W.A. with a seven year lease valued at \$3,123,666

<i>Right-of-use assets</i>	<i>31 December 2022</i> (\$)	<i>30 June 2022</i> (\$)
Rental property – Babylon Operations Pty Ltd	3,123,666	183,158
Rental property – Primepower Queensland Pty Ltd	177,290	265,126
Rental property – Pilbara Trucks Pty Ltd	228,606	326,582
	<b>3,529,562</b>	<b>774,866</b>

## Notes to the consolidated financial statements

For the period ended 31 December 2022

### 15. Borrowings

<i>Borrowings</i>	<i>31 December 2022 (\$)</i>	<i>30 June 2022 (\$)</i>
<b>Current Liability</b>		
Invoice finance facility	3,672,604	3,093,745
Trade finance facility	2,704,810	2,987,660
Insurance premium funding	355,323	123,525
Asset finance facilities	1,524,920	1,516,689
Convertible loans (1)	-	4,475,000
	8,257,657	12,196,619
<b>Non-Current Liability</b>		
Asset finance facilities	3,426,416	3,364,093
	3,426,416	3,364,093

- (1) On 7th July 2022 \$3,123,949 was paid to convertible note holders with \$1,351,051 converted into ordinary shares

### 16. Business combination

The first half of FY23 saw Babylon expand its water management and rental capabilities with the integration of Resource Water Group ("RWG"). Payment for this asset included a \$2,000,000 deferred consideration amount due to be paid to the seller by 31 May 2023.

<i>Acquisition consideration</i>	<i>31 December 2022 (\$)</i>
Cash	500,000
Share capital	500,000
Deferred consideration	2,000,000
	<b>3,000,000</b>

At the time the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition. In particular, the fair values of the assets and liabilities disclosed below have only been determined provisionally as the independent valuations have not been finalised. The provisionally accounted for assets and liabilities recognised as a result of the acquisition are as follows:

	<i>31 December 2022 (\$)</i>
Property, plant and equipment	2,022,000
Total net identifiable assets acquired	2,022,000
<b>Goodwill (note 13)</b>	<b>978,000</b>

The goodwill is attributable to the high profitability of the acquired business and synergies expected to arise after the company's acquisition of the new subsidiary. It will not be deductible for tax purposes.

## Notes to the consolidated financial statements

### For the period ended 31 December 2022

#### 17. Share Capital

The movement in share capital was the result of non-renounceable pro-rata offer to existing shareholders on the basis of 4 shares for every 5 held at 17<sup>th</sup> June 2022

<b>Ordinary Shares</b>	<b>31 December 2022 No.</b>	<b>31 December 2022 (\$)</b>
At the beginning of the reporting period	1,323,969,154	44,004,297
Issue of shares under non-renounceable pro-rata offer	834,000,156	5,004,021
Issue of shares to convertible loan holders	225,175,167	1,351,031
Issued under Business combination	74,626,866	500,000
Transaction costs	-	(446,992)
	<b>2,457,771,343</b>	<b>50,412,357</b>

#### 18. 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 2022.

#### 19. Commitments

BPP has entered into an agreement to purchase a New MHD – 100HV Diesel Hydraulic Highwall Pump for \$816,617 plus GST on 30 April 2023. As at 31 December 2022 a 30% deposit of \$244,985 plus GST has been paid to the supplier.

#### 20. Subsequent Events

As announced on 2 February 2023, Babylon completed the acquisition of RBH Engineering Pty Ltd. ("RBH"). Babylon acquired all shares in the Boddington, W.A. based specialist pump rental provider effective 31 January 2023. RBH will contribute immediate earnings through ongoing high asset utilisation and minimal overheads. A\$3.0m purchase price represents a multiple of 3 times expected EBITDA contribution.

The total consideration of \$3,000,000 has been structured as follows:

- Cash paid on Completion: \$1,800,000
- Deferred cash: \$1,200,000

The deferred cash component of 12 equal monthly deferred consideration payments of \$100,000 will be financed by the vendor and funded by RBH's ongoing operations. Interest of 8.5% per annum will accrue daily and be payable no later than the final deferred consideration payment date. The RBH assets have been independently valued at over \$2.6 million.

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.

## Notes to the consolidated financial statements

### For the period ended 31 December 2022

#### 21. Related Party Transactions

On 30 November 2022 the following performance rights were issued to directors:

- 2,000,000 Class A, 1,000,000 Class B and 1,000,000 Class C Performance Rights to Director Louise Bower or her nominee under the Incentive Awards Plan
- 1,163,768 Class A, 581,884 Class B and 581,884 Class C Performance Rights to Director Patrick Maingard or his nominee under the Incentive Awards Plan
- 130,000,000 Class D Performance Rights to Director James Cullen or his nominee under the Incentive Awards Plan, which are contingent on Mr Cullen remaining in service to BPP through to the end of the five year term

#### Class A Performance Rights

The percentage of Class A Performance Rights that vest (rounded to the nearest whole percentage) will be determined by the Board on or about 30 September 2023 based on the performance of the Company (on a consolidated basis using audited accounts) against the following targets, in each case averaged over the three financial years:

	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
<b>Revenue (\$)</b>	\$24 million	\$30 million	\$40 million
<b>Return on Capital Employed (ROCE)</b>	11%	12%	14%
<b>EBITDA</b>	8%	10%	12%

The performance against these vesting conditions for the first two financial years is set out below.

	<b>FY21</b>	<b>FY22</b>
<b>Revenue (\$) - target</b>	<b>\$24 million</b>	<b>\$30 million</b>
Revenue (\$) – actual	\$21,331,973	\$27,517,238
Achievement %	89%	92%
<b>ROCE – target</b>	<b>11%</b>	<b>12%</b>
ROCE – actual	0%	0%
Achievement %	0%	0%
<b>EBITDA – target</b>	<b>8%</b>	<b>10%</b>
EBITDA – actual	-13%	-4%
Achievement %	0%	0%

The Class A Performance Rights will expire on 15 December 2025.

#### Class B Performance Rights

The percentage of Class B Performance Rights that vest (rounded to the nearest whole percentage) will be determined by the Board on or about 30 September 2023 based on the performance of the Company (on a consolidated basis) against the following targets over the three years, with one third of the Class B Performance Rights vesting where the targets for a category below are met over the three years. For example, if there are no Medical Treatment Injuries or Significant Environmental Incidents in any of the three financial years, but the Board accepts a customer warranty claim in FY22, two thirds of the Class B Performance Rights held by a Participant will vest and the remaining one third will not. There is no pro rata vesting for partial performance:

## Notes to the consolidated financial statements

For the period ended 31 December 2022

	FY21	FY22	FY23
Medical Treatment Injury	0	0	0
Significant Environment Incident (>\$50,000 cost as assessed by (Board)	0	0	0
Customer warranty claim accepted by Board	0	0	0

The performance against these vesting conditions for the first two financial years is set out below:

	FY21	FY22
Medical Treatment Injury	1	0
Significant Environment Incident (>\$50,000 cost as assessed by (Board)	0	0
Customer warranty claim accepted by Board	0	0

The Class B Performance Rights will expire on 15 December 2025.

### Class C Performance Rights

The percentage of Class C Performance Rights that vest (rounded to the nearest whole percentage) will be determined by the Board on or about 30 September 2023 based on the performance of the Eligible Participant who was invited to apply for the Class C Performance Rights against personal KPIs agreed by the Board in the categories below, with the percentage (as specified below) of the Class C Performance Rights held by a Participant vesting if there is at least 75% achievement in FY21, FY22 and FY23 (in the case of Mr Maingard) and in FY22 and FY23 (in the case of Ms Bower) against all the personal KPIs for a relevant category below. For example, if Mr Maingard achieves at least 75% against all KPIs under Culture and Process for FY21, FY22 and FY23, but does not achieve at least 75% for one or more KPIs under Resources for FY22, 75% of his Class C Performance Rights will vest.

KPI Category	% that vest
Culture	50%
Process	25%
Resources	25%

The Class C Performance Rights will expire on 15 December 2025.

### Class D Performance Rights

40,000,000 Class D Performance Rights will vest on the Company's 20 day VWAP share price being at least \$0.02.

30,000,000 Class D Performance Rights will vest on the Company's 20 day VWAP share price being at least \$0.025.

30,000,000 Class D Performance Rights will vest on the Company's 20 day VWAP share price being at least \$0.03.

30,000,000 Class D Performance Rights will vest on the Company's 20 day VWAP share price being at least \$0.035.

The Class D Performance Rights will expire 5 years from grant.

## **Director's Declaration**

**For the period ended 31 December 2022**

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 18, 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 2022 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 20<sup>th</sup> day of February 2023.

Signed in accordance with a resolution of the directors:



**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 2022, 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 2022 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 2022 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, 20 February 2023