



## Babylon Pump & Power Limited (BPP)

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

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

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

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

Comments

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

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

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

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

**3. Statement of comprehensive income**

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

**4. Statement of financial position**

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

**5. Statement of cash flows**

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

**6. Statement of changes in equity**

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

**7. Dividend distributions and payments**

Not applicable.

**8. Dividend reinvestment plans**

Not applicable.

**9. Net tangible assets per security**

|   | <i>30 June 2021<br/>(cents)</i> | <i>30 June 2020<br/>(cents)</i> |
|---|---------------------------------|---------------------------------|
| Net tangible assets per ordinary security | 0.0049                          | 0.0071                          |

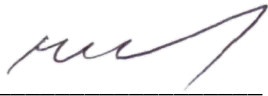
**10. Gain or loss of control over entities**

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

**11. Associates and joint ventures**

Not applicable.

- 12. Other significant information**  
Refer to attached preliminary financial report for the year ended 30 June 2021.
- 13. Foreign entities**  
Not applicable.
- 14. Commentary on results for the period**  
Refer to enclosed preliminary financial report for the year ended 30 June 2021.
- 15. Status of audit**  
The attached preliminary financial report is in the process of being audited. It is anticipated that the final financial report in respect of the year ended 30 June 2021 along with the audit report thereon will be completed on or before the 30 September 2021.
- 16. Anticipated audit opinion**  
The directors do not anticipate the audit report in respect of the year ended 30 June 2021 will be subject to a modified opinion, emphasis of matter or other matter paragraph.



**Signed:** Michael Shelby

**Date:** 31<sup>st</sup> August 2021

*Executive Chairman*

*Babylon Pump and Power Limited*

## Commentary on results

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

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

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

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

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

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

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

## Review of Operations

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

## New and Ongoing Works

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

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

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

## Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

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

## Consolidated statement of financial position

As at 30 June 2021

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

## Consolidated statement of changes in equity

For the year ended 30 June 2021

Attributable to equity holders of the Group

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

## Consolidated statement of cash flows

For the year ended 30 June 2021

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



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

**1. Revenue**

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

**2. Employee benefits expense**

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

**3. Administration and corporate expense**

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

**4. Finance expense**

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

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

**5. Earnings per share**

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

**6. Cash and cash equivalents**

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

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

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

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

**7. Trade and other receivables**

| <i>Trade and Other Receivables</i> | 2021<br>(\$)     | 2020<br>(\$)     |
|------------------------------------|------------------|------------------|
| Trade debtors                      | 3,998,596        | 2,837,227        |
|                                    | <b>3,998,596</b> | <b>2,837,227</b> |

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

*Impairment and risk exposure*

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

**8. Inventories**

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

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

**9. Property plant and equipment**

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

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

| <i>Property, Plant and Equipment</i>   | <i>Leasehold Improvements</i><br>(\$) | <i>Plant &amp; Equipment</i><br>(\$) | <i>Office Equipment</i><br>(\$) | <i>IT Equipment</i><br>(\$) | <i>Motor Vehicles</i><br>(\$) | <i>Capital Work in Progress</i><br>(\$) | <i>Total</i><br>(\$) |
|--|---------------------------------------|--------------------------------------|---------------------------------|-----------------------------|-------------------------------|---|----------------------|
| <b>Consolidated Group</b>              |                                       |                                      |                                 |                             |                               |   |                      |
| <b>Carrying amount at 30 June 2020</b> | <b>29,854</b>                         | <b>6,917,113</b>                     | <b>571</b>                      | <b>10,137</b>               | <b>218,624</b>                | <b>146,297</b>                          | <b>7,322,596</b>     |
| Disposal                               | -                                     | (593,188)                            | -                               | (1,976)                     | (1,989)                       | -                                       | (597,153)            |
| Additions                              | 6,221                                 | 1,830,281                            | 9,060                           | 19,551                      | 63,807                        | 154,422                                 | 2,083,341            |
| Business acquisition                   | 19,577                                | 2,474,142                            | 7,736                           | -                           | 1,751,859                     | -                                       | 4,253,313            |
| Depreciation expense                   | (2,000)                               | (1,711,297)                          | (1,582)                         | (9,246)                     | (170,800)                     | -                                       | (1,894,925)          |
| <b>Balance 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>    |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 June 2021****10. Goodwill**

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

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

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

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

**11. Right of use asset**

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

**12. Borrowings**

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

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

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

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

*Borrowings continued*

**a) Insurance Premium**

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

**b) Invoice finance facility**

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

**c) Asset finance facilities**

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

**d) Trade finance facility**

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

**e) Convertible Loans**

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

**i) Terms**

The key terms of the Convertible Loans are as follows:

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

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

*Borrowings continued*

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

**ii) Measurement**

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

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

**13. Deferred consideration**

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

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

**14. Trade and other payables**

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

**15. Employee liabilities**

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

**16. Accruals**

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

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

**17. Lease liabilities**

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

**18. Share capital**

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

All issued Babylon shares are fully paid.

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



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

**19. Reserves**

**a. Options**

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

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

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

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

**b. Share Based Payment Reserve**

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

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

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

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

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

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

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

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

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

**20. Performance rights**

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

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

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

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

**i) Terms of Performance Rights**

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

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

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

*Performance rights continued*

| <i>Share Based Payment Expense</i> | 2021<br>(\$)  | 2020<br>(\$)  |
|------------------------------------|---------------|---------------|
| Share based payments               | 20,000        | 49,695        |
|                                    | <b>20,000</b> | <b>49,695</b> |

**21. Business combinations**

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

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

***Acquisition of Pilbara Trucks Pty Ltd (trading as Ausblast)***

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

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

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

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

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

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

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

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

**22. Subsequent events**

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

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

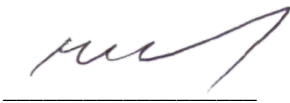
## Compliance statement

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

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

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

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



**Signed:** Michael Shelby

*Executive Chairman*

*Babylon Pump and Power Limited*

**Date:** 31<sup>st</sup> August 2021