Babylon Pump & Power Limited (BPP)

47 009 436 908

Appendix 4E – Preliminary final report for the year ended 30 June 2023

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1. Details of reporting periods:

Current reporting period : 12 months ended 30 June 2023

Previous corresponding period : 12 months ended 30 June 2022

2. Results for announcement to the market

	12 Months ended 30 June 2023 $	*12 Months ended 30 June 2022 $*	*% Change*
Revenues	32,500,899	27,517,238	+18%
Total comprehensive loss for the year attributable to the members of Babylon Pump and Power Limited	(1,487,804)	(5,209,881)	+71%
Loss per share attributable to members of Babylon Pump and Power Limited	(0.0006)	(0.0045)	+87%

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

3. **Statement of comprehensive income**
Refer to attached financial report for the year ended 30 June 2023.

4. **Statement of financial position**
Refer to attached financial report for the year ended 30 June 2023.

5. **Statement of cash flows**
Refer to attached financial report for the year ended 30 June 2023.

6. **Statement of changes in equity**
Refer to attached financial report for the year ended 30 June 2023.

7. **Dividend distributions and payments**
Not applicable.

8. **Dividend reinvestment plans**
Not applicable.

9. **Net tangible assets per security**

	30 June 2023 (cents)	*30 June 2022 (cents)*
Net tangible assets per ordinary security	0.0027	0.0015

10. **Gain or loss of control over entities**
Refer attached financial report for the year ended 30 June 2023.

11. **Associates and joint ventures**
Refer attached financial report for the year ended 30 June 2023.

12. **Other significant information**
Refer attached financial report for the year ended 30 June 2023.

13. **Foreign entities**
Not applicable.

14. **Commentary on results for the period**
Refer to attached financial report for the year ended 30 June 2023.

15. **Status of audit**
The financial report for the year ended 30 June 2023 has been audited and is not subject to dispute or qualification. Refer to the Independent Audit Report within the enclosed financial report.

This announcement has been authorised for release to the ASX by the Board of Babylon Pump and Power Limited.

Signed: Michael Shelby

Managing Director

Babylon Pump and Power Limited

Date: 22nd August 2023

Babylon Pump & Power Limited

ACN 009 436 908

and its controlled entities

2023 Annual Report

Year ended 30 June 2023

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

Mr Chris Radin
Non-Executive Director

Company Secretary
Mr Matthew Goldfinch

Registered & Principal Office
1 Port Place
HIGH WYCOMBE WA 6057
AUSTRALIA

Telephone: +61 8 9454 6309
Email: admin@babylonpumpandpower.com
Website: www.babylonpumpandpower.com

Postal Address
PO Box 31
COMO WA 6952
AUSTRALIA

Share Registry
Automic Registry Services
Level 2, 267 St Georges Terrace
PERTH WA 6000
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

Stock Exchange Listing
Australian Securities Exchange
ASX Code: BPP

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

Contents

The directors present their report on the consolidated entity comprising Babylon Pump & Power Limited and its controlled entities ("Babylon" or "the Group" or "The Company") for the year ended 30 June 2023 and the auditor's report thereon.

1. Directors and Officers

The names and details of the Group's directors in office during the financial year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Mr James Cullen
Non-Executive Chairman

Mr Cullen is a highly experienced executive who has served as CEO of three successful ASX listed mining service companies over the past 27 years. He is currently the Chief Executive Officer of Pacific Energy Ltd, a large Australian power station and renewable energy developer, owner and operator. Mr Cullen is also a Board member of Guide Dogs WA and Ear Science Institute Australia.

Prior to joining Pacific Energy Ltd in 2015 Mr Cullen served as Chief Executive Officer of Resource Equipment Ltd (2008-2014) and PCH Group Ltd (1995-2007). All three companies commenced as ASX-listed micro-cap mining service companies before growing significantly and ultimately being acquired under takeover offers.

In addition to his board-level experience, Mr Cullen is a qualified Chartered Accountant with strong financial and governance background and formal qualifications.

Mr Cullen was appointed Non-Executive Chairman on 18th May 2022.

Mr Michael Shelby
Managing Director

Mr Shelby has over two decades of experience in oil & gas, mining and specialty rental markets spanning commercial, technical and project management roles. He obtained a Bachelor of Science in Chemical Engineering from Louisiana State University and began work for major oil service companies in his native United States.

In 2007 he moved his family to Perth where he has spent the last decade in various management positions at international oil service and specialty rental companies. Mr Shelby has an extensive network across Australian, Asian and Middle Eastern markets.

Whilst General Manager Oil & Gas at Resource Equipment Ltd (ASX:RQL) he had management responsibility for growing the oil & gas service business of RQL from inception until RQL was acquired by Pump Services LLC by way of cash on market takeover offer completed in 2015, recruited key personnel and launched an overseas branch to complement Australian business activities. Mr Shelby has 15 years of experience in Australia leading multifunction teams across mining and oil & gas during most recent market cycles.

Mr Shelby has completed the Senior Executive MBA program at Melbourne Business School, and the AICD Company Directors Course.

During the three years prior to the end of the year, Mr Shelby has not held any directorships in any other listed companies.

Mr Shelby was appointed Managing Director and Executive Chairman on 18 December 2017 and resigned from his position as Executive Chairman on the appointment of James Cullen as Non-Executive Chairman.

Mr Patrick Maingard
Non-Executive Director

A graduate member of the Australian Institute of Company Directors (GAICD), Mr Maingard has 30 years plus of management experience with a strong SME background with Director and Managing Director portfolios.

Mr Maingard was a Director/co-owner of plastics manufacturing business Omni Manufacturing Pty Ltd, (acquired April 1999). Key milestones included increasing profitability via organic growth and acquisitions, overhaul of manufacturing plant and equipment, achieving ISO certification and Australian Standards accreditation and assisting in establishing and managing relationships with Bunnings, Reece Plumbing, Masters, Australian Defence Force, Constellation Wines, Matrix Asia Pacific and other clients. The business was sold to a European multinational, with Mr Maingard retained on contract as Managing Director until December 2015.

Mr Maingard holds a MSc Management from Oxford University.

During the three years prior to the end of the year, Mr Maingard has not held any directorships in any other listed companies.

Mr Maingard was appointed Executive Director on 18 December 2017 and transitioned to Non-Executive Director on the 1st September 2022.

Ms Louise Bower
Non-Executive Director

Ms Bower has accumulated over 30 years' experience in senior executive roles across varied industry sectors and jurisdictions including Australia, South Africa and the United Kingdom.

Ms Bower is currently Non-Executive Director at Perth based DUG Technology Ltd (ASX:DUG) – a global technology company providing high-performance computing with a strong foundation in applied physics. In August 2022, Ms Bower was appointed to the board of Lycopodium Limited (ASX:LYL) – an international integrated engineering, construction and asset management specialist operating across the resources, infrastructure and industrial processes sectors. Prior to this, Ms Bower held the positions of Executive Director and Chief Financial Officer at DUG where she was responsible for global commercial operations including financial planning, management and financial risks and governance.

Ms Bower holds an Honours Degree in Accounting Science from the University of South Africa and is a Chartered Accountant.

Ms Bower was appointed Non-Executive Director on 1 November 2021.

Mr Chris Radin
Non-Executive Director

Mr Radin has accumulated 30 plus years' experience across equipment rental, capital equipment, industrial and retail markets, holding Senior Executive and Managing Director roles over the past 20 years.

Mr Radin's most recent position was Managing Director of Goodyear & Dunlop Tyres ANZ, where he was responsible for wholesale distribution and over 500 retail locations across Australia and New Zealand including the company owned Beaurepaires network. Goodyear is an iconic Fortune 500 company with a 125-year history of providing mobility solutions to the automotive, mining, aviation and construction industry.

Prior to this Mr Radin held the positions of Managing Director, STIHL Australia and General Manager, Sales & Marketing at Coates Hire. As a member of the Coates Executive Team, Mr Radin's tenure included the rapid expansion and revenue growth of Coates towards $1.5B in revenue. This growth was driven by multiple acquisitions and the merger and integration of Coates and National Hire.

Mr Radin was appointed Non-Executive Director on 1 March 2023.

Mr Michael Kenyon
Company Secretary

Mr Kenyon has extensive experience in senior finance executive roles in Australian listed companies, holding Chief Financial Officer and Company Secretarial roles at private and public companies over the past 20 years.

Mr Kenyon holds a Bachelor of Business degree from the Edith Cowan University, is a Chartered Accountant, graduate member of the Australian Institute of Company Directors, and a certificated member of the Governance Institute.

He has had significant exposure to manufacturing, engineering and contracting sectors through roles in ASX listed corporations. Mr Kenyon was Chief Financial Officer & Company Secretary of Resource Equipment Ltd (ASX:RQL) for almost 2 years prior to its takeover.

Mr Kenyon was appointed as a Non-Executive Director and Company Secretary on 18 December 2017. On the 31st August 2022 Mr Kenyon ceased to be a Non-Executive Director but continued in his role as Company Secretary up to his resignation from this role on the 1st August 2023.

Mr Matthew Goldfinch
Company Secretary

Mr Goldfinch has over 15 years' financial experience in the mining services and equipment rental sectors. Having previously worked at Byrnecut, Mineral Resources and Mader Group, Mr Goldfinch has a strong background in mining and mechanical services, and in the rental and fleet management market from time spent at Western Plant Hire.

Mr Goldfinch is a member of CA ANZ as well as a Graduate Member of the Australian Institute of Company Directors. He also holds Bachelor of Commerce and Bachelor of Arts degrees from the University of Western Australia.

Mr Goldfinch was appointed Company Secretary and Chief Financial Officer on the 1st August 2023.

1. Interests in Performance Rights, Convertible Notes and Shares in the Company and related bodies corporate

As at the date of this report, the direct and indirect interests of the directors and their related parties in the shares and options of Babylon Pump & Power Limited were:

Director	30 June 2023 Performance Rights	30 June 2023 Ordinary Shares	As at Report Date Ordinary Shares
James Cullen	130,000,000	61,354,000	61,354,000
Michael Shelby	22,995,000	15,963,493	15,963,493
Patrick Maingard	15,710,868	10,456,112	10,456,112
Michael Kenyon	3,345,813	2,393,668	2,393,668
Louise Bower	4,000,000	-	-
Chris Radin	-	-	-
	176,051,681	**90,167,273**	**90,167,273**

Directors' meetings

The number of directors' meetings (including committee meetings) and the number of meetings attended by each of the directors of the Group during the financial year are:

	Board Meetings		Audit and Risk Meetings	
Director	Held	Attended	Held	Attended
James Cullen	11	10	4	4
Michael Shelby	11	11	4	4
Patrick Maingard	11	11	4	4
Michael Kenyon	11	11	4	3
Louise Bower	11	11	4	4
Chris Radin (1)	4	4	0	0

(1) Chris Radin appointed as a director on 1 March 2023 and as a member of the Audit and Risk committee on 27 April 2023

The Audit and Risk Committee comprises Ms Bower as Chairperson, Mr Cullen, Mr Maingard and Mr Radin with Mr Shelby, Mr Kenyon and Mr Goldfinch being standard invitees.

2. Principal activities

The Group is primarily focused on two areas, being equipment rental supporting water management and industrial services and asset maintenance services to the resource industry.

3. Dividends

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

4. Industry and Geographic Exposures

The Group is exposed to the Australian mining and oil and gas industries. On a geographic basis, the Group is predominantly exposed to Western Australia and Queensland.

5. Significant changes in the state of affairs

The following significant events took place during the financial year.

On completion of the capital raise on the 6th July 2022, Non-Renounceable shares of 1,059,175,323 were issued raising $5,004,000 in cash, before costs and converting $1,351,051 in convertible notes.

On the 7th July 2022, convertible notes amounting to $4,475,000 were settled using cash of $3,123,949 and through the issue of 225,175,211 shares.

On the 4 August 2022, the Company announced that it had acquired the operational assets of Resource Water Group ("RWG") for $3.0 million through a combination of cash and shares issued to the seller on completion and deferred cash to be paid to the seller over an extended period of time.

On the 2 February 2023, the Company announced that it had acquired 100% of the shares of RBH Engineering Pty Ltd ("RBH") for $3.0 million through a combination of cash on completion and deferred cash to be paid to the seller over an extended period of time.

6. Matters subsequent to the end of the financial year

The Company announced the Mr Kenyon resigned as Company Secretary and that Mr Goldfinch had been appointed as Company Secretary and Chief Financial Officer effective 1st August 2023.

There are no other significant matters subsequent to the end of the financial year.

7. Likely developments and expected results of operations

The Group's strategy is to continue to grow the rental segment of the business through the acquisition of additional rental equipment while at the same time continuing to maintain a consistent asset utilisation level. It is believed that this strategy, combined with the strategy to keep the maintenance segment performing at a consistent level should contribute to FY24 targets being achieved.

8. Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth, State or Territory law.

9. Operating and financial review

Review of financial results

This year has seen Babylon Pump & Power Limited ("Babylon" or "the Group") make significant progress advancing strategic initiatives focusing on growing our position in the specialty rental market while rationalising and improving profitability in the maintenance segment and completing two key acquisitions. The Group has delivered solid improvement in EBITDA and Operating Cash Flow while driving Revenue growth. The Company has made investments in assets, people and facilities during the year, while restructuring the business, so it is a significant achievement by staff and management to report an increase of 18% in annual revenue to $32.5 million and improving EBITDA by 439% to $3.8 million.

On completion of the capital raise in July 2022 in which 1,059,175,323 shares were issued, the Company settled all convertible notes. The remainder of the funds raised was used to grow the specialist equipment rental fleet and rental capabilities of the Company.

The table below provides a comparison of results for the year ended 30 June 2023 to the preceding year ended 30 June 2022:

Group Key Performance Indicators	30 June 2023 $A'000	30 June 2022 $A'000	% Change
Revenues	32,500	27,517	+18%
EBITDA (non-IFRS measure)	3,807	(1,124)	+439%
Normalised EBITDA (non-IFRS measure) (1)	2,807	(1,124)	+350%
Reported loss after tax attributable to members	(1,488)	(5,210)	+71%
Operating Cash Flow	2,280	268	750%

(1) EBITDA result after $1m other income from write-back of Pilbara Trucks deferred consideration has been removed

9. Operating and financial review (continued)

As can be seen in the following table the result for the year ended 30 June 2023 was driven from a strong second half, reflecting the turnaround in performance that resulted from the strategic initiatives implemented during the year:

Group Key Performance Indicators	H1 FY 2023 $A'000	H2 FY 2022 $A'000	% Change
Revenues	13,674	18,826	+38%
EBITDA (non-IFRS measure)	676	3,131	+363%

Review of operations

In late December 2022 Babylon began relocating to its head office and workshop to a 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 consolidated operations.

Rental Segment

Babylon successfully integrated two acquisitions during the year to grow the specialist rental fleet and water management capabilities of the Company. Acquisitions of Resource Water Group ("RWG") and RBH Engineering ("RBH") have been key drivers of the improvement in rental segment revenues and EBITDA. The Company has seen steady high demand for specialty rental assets through the year which is expected to continue and drive continued growth.

Rental Segment Key Performance Indicators	30 June 2023 $A'000	30 June 2022 $A'000	% Change
Revenues	10,058	5,075	+98%
EBITDA (non-IFRS measure)	3,186	1,552	+105%

Maintenance Segment

Restructuring and rationalization of the maintenance segment resulted steady revenue and significant improvement in segment EBITDA of 604%. Simplification of offerings in the segment and reduction of overheads were instrumental in driving the improvement. High levels of customer engagement have provided visibility and improved confidence in the segment.

Maintenance Segment Key Performance Indicators	30 June 2023 $A'000	30 June 2022 $A'000	% Change
Revenues	22,443	22,483	0%
EBITDA (non-IFRS measure)	2,173	(431)	+604%

10. Sustainability

The Group is strongly committed to its people, systems, environment and communities within which it operates, all of which play an integral part in creating and delivering sustainable value to our stakeholders.

Safety is a wholistic concept and is everyone's responsibility. Our leaders are focussed on creating and maintaining a positive safety culture through reporting, regular review, updating of policies and practice as required, communicating changes and on-going training and development. Our goal is to have an accident and injury free heathy workplace with minimum exposure to physical hazards and risk to health or well-being of our people, clients, contractors and communities in which we operate.

The group elects to follow international standards of design and maintenance and has the following accreditations : ISO 45001:2018, ISO 9001 and ISO 14001:2015.

In order to understand, measure and monitor the environmental impact of our operations, in May 2022, with the assistance of Carbon Neutral, the Company calculated its carbon footprint for FY21/22 consistent with the international standard for carbon accounting: the Greenhouse Gas Protocol Corporate Standard.

10. Sustainability (continued)

This process allowed us to identify the source of our emissions and to quantify the amount of carbon offsets that would need to be purchased for the business to be "Carbon Neutral". This independent report provides the initial benchmark against which to compare future activities.

We will continue to seek opportunities to further reduce our environment footprint and work with our clients to support sustainable practices and deliver service offerings that enable our clients to achieve their environmental objectives.

The diversity of skills on the Board was strengthened by the appointment of Mr Chris Radin as Non-Executive Director on 1st March 2023. All of the Group's corporate governance and internal policies have been subject to an external review and updated where required. These policies are in the process of being communicated to staff, contractors and suppliers where appropriate. We commit to continue to identify and implement governance approaches and processes that support our sustainability.

11. Risk Management

The Board and Management recognise that risk is inherent in the business and that the effective management of risk is vital to deliver the strategic objectives.

We are committed to the responsible management of the business and will seek to maintain policies and practices that are consistent with identifying and managing the current risk environment and risks that the business may face in future, based on sound recognised risk management principles.

The risk management programme comprises a series of processes, structures and guidelines which assist the Company to identify, assess, monitor, manage and report its business risk, including any material changes to its risk profile.

Key areas of risk identified will be measured and rated so that the risk profile of each can be determined. Once this has been achieved the various risk mitigation strategies will be implemented to either eliminate or reduce risks to an acceptable level in light of current standards.

Outlined below is an overview on the material risks facing the business. These risks are not set out in any particular order and do not comprise every risk that the Group could encounter.

- Health Safety and wellbeing of all stakeholders
- Commercial, financial and reputational risks
- Environmental impact reduction
- Culture and behaviours at all levels
- Ongoing future viability and relevance of the business

The board will oversee the risk management programme while conferring responsibility on the Audit and Risk Committee to provide the framework and guidance for management to design, implement and maintain its risk management plans.

The board is committed to manage and review risks on an ongoing basis so as to ensure the sustained growth of the company.

12. Indemnification and insurance of directors, officers and auditors

The Group has indemnified the directors and executive officers of the Group for costs incurred, in their capacity as a director or executive officer, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the directors and executive officers of the Group against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor. During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

13. Non-audit services

During the financial year BDO Audit (WA) Pty Ltd continued as the Group's auditor and no non-assurance services were provided (30th June 2022 – Nil).

14. Proceedings on behalf of The Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

15. Remuneration report - audited

The information provided in this Remuneration Report has been audited as required by section 308(c) of the *Corporations Act 2001.*

This report outlines the remuneration arrangements in place for directors and other key management personnel (KMP) of the Group. Remuneration is referred to as compensation throughout this report.

15.1 Key management personnel included in this report

Name of KMP	*Position held*	*Term as KMP to 30 June 2023*
James Cullen	Non-Executive Chairman	Full Financial Year
Michael Shelby	Managing Director	Full Financial Year
Patrick Maingard	Executive Director	Full Financial Year
Michael Kenyon	Company Secretary	Full Financial Year
Louise Bower	Non-Executive Director	Full Financial Year
Chris Radin	Non-Executive Director	Appointed 1 March 2023
Lawrence Phillips	Chief Operating Officer	Appointed 1 November 2022
Craig Batterham	National General Manager	Ceased as at 30 March 2023
Gary Credaro	Chief Financial Officer	Ceased as at 30 November 2022
Barry Kingsley	General Manager - Ausblast	Ceased as at 24 February 2023
Alan Ings	Chief Financial Officer	Ceased as at 31 December 2021

15.2 Principles of compensation

Non-Executive Director remuneration policy

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities, having regard to the level of fees paid to non-executive directors by other companies of similar size in the industry.

Total compensation for all non-executive directors are set within the maximum aggregate amount approved by shareholders at the 2004 AGM, being $250,000 per annum. Directors' fees cover all main Board activities.

For the year ended 30 June 2023, exclusive of superannuation guarantee, the annual cash remuneration for non-executives was $153,922 (30 June 2022 $91,419). The total remuneration paid to the Group's non-executive directors during the year is set out in this report.

In addition to these fees, non-executive directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred attending meetings of the Board, committees or shareholders, or while engaged on the Group's business. Non-executive directors are not entitled to compensation or retirement benefits on termination of their directorships.

Executive remuneration policy

Compensation levels for executives of the Group are competitively set to attract and retain appropriately qualified and experienced executives. The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders.

15. Remuneration report – audited (continued)

Board fees are not paid to either the Executive Chairman or the Executive Director, as the time spent on Board work and the responsibilities of Board membership are included when determining the remuneration package provided as part of their normal employment responsibilities.

The compensation structures take into account:

- The capability and experience of the executive;
- The executive's ability to control the relevant segment's performance; and
- The Group's performance including:
  - The Group's earnings; and
  - The growth in share price and delivering constant returns on shareholder wealth.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any Fringe Benefits Tax charges related to employee benefits) and employer contributions to superannuation funds. Compensation levels are reviewed annually by the Board through a process that considers individual, segment and overall performance of the Group.

Performance linked compensation

Performance linked compensation includes both short-term and long-term incentives, and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is a discretionary 'at risk' bonus provided in the form of cash or shares that is paid upon the achievement of pre-determined key performance indicators set by the Board. No STI objectives were set or paid during the year-ended 30 June 2023 (Nil – 30th June 2022). The long-term incentive (LTI) is provided as performance rights over ordinary shares of the Group as outlined below. The objective of this form of reward is to align the behaviour of executives to maximise shareholder value. Performance evaluations of senior executives have taken place during the reporting period in accordance with the process disclosed above.

Key performance indicators of the Group over the last 5 years

Consolidated	*2023 $*	*2022 $*	*2021 $*	*2020 $*	*2019 $*
Revenue	32,500,899	27,517,238	21,331,973	17,199,633	11,509,158
Net Loss before tax	(1,487,804)	(5,209,881)	(6,357,777)	(1,777,623)	(2,209,222)
Net loss after tax	(1,487,804)	(5,209,881)	(6,357,777)	(1,777,623)	(2,209,222)
Share price at start of year	0.005	0.017	0.018	0.017	0.016
Share price at end of year	0.006	0.005	0.017	0.018	0.017
Interim and final dividend	-	-	-	-	-
Basic loss per share	(0.0006)	(0.0045)	(0.0068)	(0.0025)	(0.0059)

Employment contracts of executive key management personnel

Executive key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. A summary of the agreements are set out below:

Michael Shelby, *Managing Director*

(a) Term of agreement – commencing 1 March 2017 with indefinite duration and review of terms dated 28 September 2020;
(b) Base salary of $270,000 per annum exclusive of superannuation;
(c) Eligible for annual cash bonus payment upon the achievement of key performance criteria to be agreed with the Board;
(d) Is capable of termination by individual with three months notice;
(e) Is capable of termination by the Group with twelve months notice;
(f) The agreement may be terminated for serious misconduct, in which case the Group is not required to pay any compensation.
(g) Implied performance condition performance rights will be granted at discretion of the board upon termination.

15. Remuneration report – audited (continued)

Lawrence Phillips, *Chief Operating Officer*

(a) Term of agreement – commencing 1 November 2022 with indefinite duration.
(b) Base salary of $220,000 per annum exclusive of superannuation;
(c) Provided with motor vehicle allowance of $20,000 per annum;
(d) Eligible for annual cash bonus payment upon the achievement of key performance criteria to be agreed with the Board;
(e) Is capable of termination by both parties on four weeks notice;
(f) The agreement may be terminated for serious misconduct, in which case the Group is not required to pay any compensation;
(g) Implied performance condition performance rights will be granted at discretion of the board upon termination.

15. Remuneration report – audited (continued)

15.3 Directors' remuneration

Details of the nature and amount of each major element of remuneration of each director of the Group and key management personnel for the year ended 30 June 2023 are as follows:

	Year	Salary & fees $	Salary non-cash $	Employee Performance / Bonus $	Employee allowances $	Post-employment superannuation $	Share-based payments (shares) $	Performance rights expense $	Notes	Total $	Performance Related % of remuneration
Directors											
James Cullen	2023	-	-	-	-	-	-	82,200	1	82,200	100%
	2022	-	-	-	-	-	-	-		-	0%
Michael Shelby	2023	270,000	-	-	-	28,350	-	214,214	1	512,564	35%
	2022	270,000	-	-	-	27,000	-	123,425	1	420,425	29%
Patrick Maingard	2023	90,331	-	-	-	2,625	-	141,796	1, 2	234,752	45%
	2022	150,000	-	-	-	15,000	-	81,056	1	246,056	45%
Michael Kenyon	2023	34,425	-	-	-	-	-	35,045	1	69,470	38%
	2022	54,750	-	-	-	-	-	14,243	1	68,993	21%
Louise Bower	2023	55,250	-	-	-	-	-	2,773	1	58,023	5%
	2022	36,667	-	-	-	-	-	-		36,667	0%
Chris Radin	2023	18,417	-	-	-	-	-	-	1, 3	18,417	0%
Other key management personnel											
Alan Ings	2023	-	-	-	-	-	-	-	4	-	0%
	2022	126,051	-	-	360	10,500	-	(10,545)	1	126,366	(8)%
Gary Credaro	2023	102,570	-	-	-	8,750	-	-	1, 5	111,320	0%
	2022	100,000	-	-	-	10,000	-	-		110,000	0%
Craig Batterham	2023	207,207	-	-	-	21,496	-	(58,055)	1, 6	170,648	(34)%
	2022	249,308	33,782	52,628	960	30,076	-	58,055	1, 10	424,809	14%
Barry Kingsley	2023	118,229	-	-	-	12,437	-	-	1, 7	130,666	0%
	2022	73,590	-	-	8,333	8,192	-	-		90,115	0%
Lawrence Phillips	2023	229,584	-	-	-	24,150	-	61,484	1, 8	315,218	20%
	2022	-	-	-	-	-	-	-		-	0%
Mark Lagemann	2023	-	-	-	-	-	-	-		-	0%
	2022	62,580	-	-	-	-	-	-	9	62,580	0%
	2023	**1,126,013**	**-**	**-**	**-**	**97,808**	**-**	**479,457**		**1,703,278**	
	2022	**1,122,946**	**33,782**	**52,628**	**9,653**	**100,768**	**-**	**266,234**		**1,586,011**	

Note 1: Expense relates to performance rights issued. Refer to notes 12.4(b) and 14 in the Remuneration Report.
Note 2: Mr. Maingard ceased as Executive Director on 31 August 2022 and commenced as Non-Executive Director on 1 September 2022.
Note 3: Mr. Radin commenced as Non-Executive Director on 1 March 2023.
Note 4: Mr. Ings ceased as CFO on 31 December 2021.
Note 5: Mr. Credaro ceased as CFO on 30 November 2022.
Note 6: Mr Batterham ceased as National General Manager on 30 March 2023.
Note 7: Mr Kingsley ceased as General Manager of Pilbara Trucks Pty Ltd on 24 February 2023.
Note 8: Mr Phillips commenced as Chief Operating Officer on 1 November 2022.
Note 9: Mr Lagemann ceased as Chief Operating Officer on 25 June 2021
Note 10: Commission / bonus paid for sales achievements.

15. Remuneration report – audited (continued)

15.4 Equity instruments

During the year no options over ordinary shares have been granted to key management personnel as remuneration. Further, during the year, there were no shares issued on the exercise of options previously granted as compensation.

Since the end of the financial year no options over ordinary shares have been granted to key management personnel.

(a) Movements in shares

The movement during the reporting period in the number of ordinary shares held in the Company either directly, indirectly or beneficially, by each key management personnel, including their related parties, is as follows:

Key Management Personnel (KMP)	*Opening balance 1 July 2022*	*Acquired*	*Received on vesting of performance rights*	*Received as a component of remuneration*	*Sales*	*Becoming/ (ceasing) to be a KMP*	*Closing balance 30 June 2023*
James Cullen	25,000,000	36,354,000	-	-	-	-	61,354,000
Michael Shelby	14,296,827	1,666,666	-	-	-	-	15,963,493
Patrick Maingard	6,289,446	4,166,666	-	-	-	-	10,456,112
Michael Kenyon	1,329,816	1,063,852	-	-	-	-	2,393,668
Louise Bower	-	-	-	-	-	-	-
Chris Radin (1)	-	-	-	-	-	-	-
Lawrence Phillips (2)	-	2,268,358	-	-	-	2,220,011	4,488,369
Craig Batterham (3)	498,515	-	-	-	-	(498,515)	-
	47,414,604	**45,519,542**	**-**	**-**	**-**	**1,721,496**	**94,655,742**

(1) Mr Radin was appointed 1 March 2023
(2) Mr Phillips was appointed on 1 November 2022
(3) Mr Batterham ceased on 30 March 2023

Purchases of shares reflects the uptake of the non-renounceable pro-rata offer of New Shares to Eligible Shareholders on the basis of four (4) New Shares for every five (5) Share held at an issue price of $0.006 on the 6th July 2022 and the conversion of convertible notes.

(b) Movements in performance rights

The movement during the reporting period in the number of performance rights in the Company held, directly, indirectly or beneficially, by each key management personnel, including their related parties, is as follows:

Key Management Personnel (KMP)	*Opening balance*	*Granted as compen-sation*	*Leaver*	*Becoming a KMP*	*Closing balance*	*Vested and exercise-able at the end of the year*	*Maximum value yet to vest ($)*
James Cullen	-	130,000,000	-	-	130,000,000	-	-
Michael Shelby	22,995,000	-	-	-	22,995,000		
Patrick Maingard	13,383,332	2,327,536	-	-	15,710,868	-	-
Michael Kenyon	3,345,813	-	-	-	3,345,813	-	-
Louise Bower	-	4,000,000	-	-	4,000,000	-	-
Lawrence Phillips	-	-	-	11,621,737	11,621,737	-	-
Craig Batterham	14,204,345	-	(14,204,345)	-	-	-	
	53,928,490	**136,327,536**	**(14,204,345)**	**11,621,737**	**187,673,418**	**-**	**-**

BABYLON

15. Remuneration report – audited (continued)

Performance Rights

At 30 June 2023, the unissued ordinary shares of the Group under performance rights are as follows:

Class	Grant Date	Number Under Performance Rights	Value at Grant Date $	Vesting Date	Management Probability Assessment on grant date	Management Probability Assessment 30 June 2023
A1	28 Jan 2021	11,497,500	344,925	30 Sep 2023	100%	35%
A1	1 Feb 2021	8,364,573	225,843	30 Sep 2023	100%	35%
A1	1 Jul 2021	5,810,869	110,407	30 Sep 2023	100%	35%
A1	6 Jul 2022	3,163,768	22,146	30 Sep 2023	100%	35%
B1	28 Jan 2021	5,748,750	172,463	30 Sep 2023	0%	78%
B1	1 Feb 2021	4,182,286	112,922	30 Sep 2023	0%	78%
B1	1 Jul 2021	2,905,434	55,203	30 Sep 2023	0%	78%
B1	6 Jul 2022	1,581,884	11,073	30 Sep 2023	0%	100%
C1	28 Jan 2021	5,748,750	172,463	30 Sep 2023	0%	100%
C1	1 Feb 2021	4,182,286	112,922	30 Sep 2023	0%	100%
C1	1 Jul 2021	2,905,434	55,203	30 Sep 2023	0%	100%
C1	6 Jul 2022	1,581,884	11,703	30 Sep 2023	0%	100%
D	30 Nov 2022	130,000,000	411,000	30 Nov 2027	0%	N/A
		187,673,418	**1,817,643**			

i) Terms and issue 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. There is an implied service condition, therefore the number of performance rights expected to vest are vesting over the life of the rights. On achievement of vesting conditions, the Performance Rights convert to ordinary shares on a 1 for 1 basis.

Class	Performance Condition	Vesting Date
Class A1	The Group achieving certain targets on a sliding scale: FY21 FY22 FY23 Revenue $24m $30m $40m Return on capital 11% 12% 14% EBITDA 8% 10% 12%	30-Sep-23
Class B1	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	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

On 30th November 2022 the following performance rights were issued:

2,000,000 Class A, 1,000,000 Class B and 1,000,000 Class C performance rights to Ms Bower or her nominee.

1,163,768 Class A, 581,884Class b and 581,884 Class C performance rights to Mr Maingard or his nominee.

15. Remuneration report – audited (continued)

130,000,000 Class D Performance Rights to Mr Cullen or his nominee under the Incentive Awards Plan, which are contingent on Mr Cullen remaining in service with the Company through to the end of the five year term with the following vesting conditions:

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.

16. Voting of shareholders at last year's annual general meeting

The Company received 88.43% of "yes" votes on its remuneration report for the 2022 financial year (2021: 86.63%). The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

17. Use of remuneration consultants

There were no remuneration consultants used by the Group during the year ended 30 June 2023.

This is the end of the audited remuneration report.

Directors Report (continued)

18. Lead auditor's independence declaration

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after the Director's report and forms part of the Directors' report for the financial year ended 30 June 2023.

19. Non-Executive Chairman and Managing Director Report

Babylon is focused on the following core business revenue streams:

- Equipment rental supporting water management and industrial services
- Asset maintenance services

The Group continues to execute its strategy while at the same time investing in people and facilities and acquiring assets and businesses for sustained profitable growth. As a result, the financial year ended 30 June 2023 has seen a significant improvement in profitability, which is a testament to our staff and management.

Babylon has a strong operational foundation in key geographical hubs in Western Australia and Queensland. The Company has strengthened the Board during the year, welcoming new Directors including a new Board Chairman to support growth in the rental segment while continuing to improve the maintenance segment profitability.

The Company's Directors are excited and optimistic about the Company's outlook, providing critical services and equipment to companies operating in the buoyant Australian natural resources market. With strong growth prospects in the new financial year the Directors look forward to reporting further progress.

Signed in accordance with a resolution of the directors.

James Cullen
Non-Executive Chairman

Dated at Perth this 22nd day of August 2023

Michael Shelby
Managing Director

Dated at Perth this 22nd day of August 2023

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

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

As lead auditor of Babylon Pump & Power Limited for the year ended 30 June 2023, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

22 August 2023

Consolidated statement for profit or loss and other comprehensive income

For the year ended 30 June 2023

	Notes	30 June 2023 $	30 June 2022 $
Revenue from contracts with customers	*4*	32,500,899	27,517,238
Other income	*9*	1,187,539	170,437
Changes in inventories of finished goods and work in progress		(165,337)	(1,425,290)
Raw materials and consumables used		(19,254,869)	(18,480,380)
Employee benefits expense	*5*	(8,343,932)	(6,839,673)
Administration and corporate expense	*6*	(2,078,160)	(2,019,825)
Depreciation and amortisation	*11&13*	(3,932,940)	(2,784,596)
Other expense	*10*	(39,028)	(46,429)
Finance income		16,225	109
Finance expense	*8*	(1,378,202)	(1,301,472)
Loss before tax from continuing operations		**(1,487,804)**	**(5,209,881)**
Income tax benefit / (expense)	*7*	-	-
Loss after income tax for the year		**(1,487,804)**	**(5,209,881)**
Other comprehensive Income		-	-
Total comprehensive loss for the year attributable to the members of Babylon Pump & Power Limited		**(1,487,804)**	**(5,209,881)**
Loss attributable to:			
Equity holders of the company		(1,487,804)	(5,209,881)
Loss for the year		**(1,487,804)**	**(5,209,881)**
Loss per share for loss attributable to the members of Babylon Pump & Power Limited:			
Basic loss per share	*21*	(0.0006)	(0.0045)

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 30 June 2023

	Notes	30 June 2023 $	30 June 2022 $
Current Assets			
Cash and cash equivalents	*16*	1,564,523	2,241,422
Trade receivables	*15*	5,758,326	4,360,351
Inventories	*14*	7,489,626	7,654,963
Current tax assets		-	78,814
Prepayments and other assets		231,692	163,754
Total Current Assets		**15,044,167**	**14,499,304**
Non-Current Assets			
Property, plant and equipment	*11*	14,073,104	10,708,673
Deposits		10,693	55,917
Goodwill	*12*	3,765,301	2,982,572
Right-of-use assets	*13*	3,132,913	774,866
Total Non-Current assets		**20,982,011**	**14,522,028**
Total Assets		**36,026,178**	**29,021,332**
Current Liabilities			
Trade and other payables	*25*	7,665,050	6,029,664
Employee liabilities	*24*	373,894	391,079
Borrowings	*22*	8,532,456	12,196,619
Deferred consideration	*23*	2,452,932	1,152,932
Lease liabilities	*13*	457,647	570,422
Total Current Liabilities		**19,481,979**	**20,340,716**
Non-Current Liabilities			
Payables		1,000	-
Borrowings	*22*	3,199,597	3,364,093
Employee liabilities	*24*	85,333	85,304
Lease liabilities	*13*	2,925,274	243,792
Total Non-Current Liabilities		**6,211,204**	**3,693,189**
Total Liabilities		**25,693,183**	**24,033,905**
Net Assets		**10,332,995**	**4,987,427**
Equity			
Share capital	*18*	50,412,357	44,004,297
Reserves	*19*	855,786	430,474
Accumulated losses		(40,935,148)	(39,447,344)
Total Equity		**10,332,995**	**4,987,427**

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

Consolidated statement of changes in equity

For the year ended 30 June 2023

Attributable to equity holders of the Group

Consolidated Statement of Changes in Equity	*Notes*	*Share Capital*	*Share Based Payment Reserve*	*Accumulated Losses*	*Total Equity*
		$	$	$	$
Balance as at 1 July 2021		**43,037,272**	**188,049**	**(34,237,463)**	**8,987,858**
Total comprehensive loss for the year					
Loss for the year		-	-	(5,209,881)	(5,209,881)
Other comprehensive loss		-	-	-	-
Total comprehensive loss for the year		-	-	(5,209,881)	(5,209,881)
Issue of ordinary shares		1,036,150	-	-	1,036,150
Transaction costs		(69,125)	-	-	(69,125)
Share based payments		-	242,425	-	242,425
Total transactions with owners		**967,025**	**242,425**	**-**	**1,209,450**
Balance as at 30 June 2022		**44,004,297**	**430,474**	**(39,447,344)**	**4,987,427**
Balance as at 1 July 2022		**44,004,297**	**430,474**	**(39,447,344)**	**4,987,427**
Total comprehensive loss for the year					
Loss for the year		-	-	(1,487,804)	(1,487,804)
Other comprehensive loss		-	-	-	-
Total comprehensive loss for the year		-	-	(1,487,804)	(1,487,804)
Issue of ordinary shares		6,855,051	-	-	6,855,051
Transaction costs		(446,991)	-	-	(446,991)
Share based payments		-	425,312	-	425,312
Total transactions with owners		6,408,060	425,312		6,833,372
Balance as at 30 June 2023		**50,412,357**	**855,786**	**(40,935,148)**	**10,332,995**

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

Consolidated statement of cashflows

For the year ended 30 June 2023

	Notes	30 June 2023 $	30 June 2022 $
Cash flows from operating activities			
Receipts from customers		34,882,978	29,956,404
Payments to suppliers and employees		(31,222,590)	(28,671,431)
Cash generated from operations		**3,660,388**	**1,284,973**
Other Income		(6,914)	4,520
Other Expense		(11,772)	(21,408)
Interest received		16,225	109
Interest and other costs of finance paid		(1,378,202)	(1,000,124)
Net cash provided by operating activities	*17*	**2,279,725**	**268,070**
Cash flows from investing activities			
Payments for plant and equipment		(2,335,284)	(1,285,426)
Purchase of business		(2,752,340)	(474,700)
Proceeds from the sale of fixed assets		400,229	256,753
Net cash used in investing activities		**(4,687,395)**	**(1,503,373)**
Cash flows from financing activities			
Convertible Note Repayment		(3,123,949)	-
Proceeds from share issue		5,004,001	1,036,150
Costs associated with issue of shares		(446,991)	(69,125)
Payment of lease liabilities		(581,690)	(583,017)
Borrowings - New		16,822,634	14,733,540
Borrowings - Repayments		(15,943,233)	(12,672,726)
Net cash provided by financing activities		**1,730,772**	**2,444,822**
Net increase/(decrease) in cash held		**(676,898)**	**1,209,519**
Cash at the beginning of the financial year		2,241,422	1,031,903
Effects of exchange rate changes on balance of cash held in foreign currency		-	-
Cash at the end of the financial year	*16*	**1,564,523**	**2,241,422**

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

1. Reporting entity

Babylon Pump & Power Limited ("The Company") is a company domiciled in Australia. The Company is a for-profit entity and the address of The Company's registered office is 1 Port Place, High Wycombe, WA 6057. The consolidated financial statements of The Company as at and for the twelve months ended 30 June 2023 comprise The Company and its subsidiaries (together referred to as the "Group"). The Group is primarily focused on two areas being equipment rental supporting water management and industrial services and asset maintenance services.

The separate financial statements of the parent entity, Babylon Pump & Power Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001.*

The financial statements were authorised for issue on 22nd August 2023 by the Directors of the Group.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial report of the Group complies with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The Group is a for-profit entity for financial reporting purposes under AASB. The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

(d) Going Concern

During the year the Group recorded a net loss after tax of $1,487,804 (2022: loss of $5,209,881) and had net cash inflows from operating activities of $2,279,725 (2022: cash inflow $268,070). At 30th June 2023 the Group had a working capital deficit of $4,437,812 (2022: deficiency $5,841,412). $2,300,000 of the deficit relates to deferred consideration on RBH Engineering Pty Ltd and Resource Water Group Pty Ltd acquisition which will be settled within the year.

Accordingly, the consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

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.

2. Basis of preparation (continued)

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.

(e) Use of critical accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Recognition of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future forecast taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the relevant tax legislation associated with their recoupment.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Inventories

Net realisable value is determined using the estimated selling price in ordinary course of business less estimated costs to complete less estimated costs to sell which requires a degree of estimation and judgement. The quality of inventory is also taken into account in the assessment of net realisable value.

Certain inventory items are obtained as part of a non-cash revenue transaction. Determination of the fair value of the non-cash consideration and therefore the 'cost' amount for the inventory requires significant judgement.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

2. Basis of preparation (continued)

Fair value of assets acquired and liabilities assumed in a business combination

Estimates and judgements were made in determining the fair value of assets acquired and liabilities assumed in a business combination. Business combinations are accounted for on a provisional basis and when finalised may have a retrospective impact.

Assets: Revenue Accrual and Property Plant and Equipment.

Expected credit losses of financial asset at amortised cost

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Recoverability of intangibles

In accordance with AASB 136 Impairment of Assets, intangible assets with an indefinite useful life and goodwill are required to be tested for impairment annually. In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them (where applicable). Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (if applicable). Details of the key assumptions and inputs are disclosed in note 13.

Comparatives

The classification of comparative figures has been changed where the change improves the understandability of the financial information.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or other events. The depreciation charge will increase where the useful lives are less than previously estimated, or technically obsolete or non-strategic assets have been abandoned or sold will be written off or written down.

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to the number of performance rights expected to vest taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Contingent Consideration

Included in the consideration for the acquisition of Pilbara Trucks in 2021, was an amount of contingent consideration. In the event that certain pre-determined EBITDA levels were achieved by the subsidiary prior to 30 June 2023, additional consideration of $1,000,000 was payable to the venders.

As at 30 June 2023, the contingent consideration has been derecognised, as the actual EBITDA achieved by the subsidiary was below $1,000,000. A gain of $1,000,000 was included in other income.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

3. Significant accounting policies (continued)

(a) Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies have been changed where necessary to align them with the policies adopted by the Group.

The acquisition method of accounting is used to account for business combinations by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed of.

(b) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income / (expense) in the statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. Significant accounting policies (continued)

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Rental equipment assets

In the opinion of the Directors, rental equipment assets comprise a separate class of assets.

The rental equipment assets have been componentised in the following category and are being depreciated over their estimated useful lives as follows:

- Plant & Equipment: 5 – 30 years

Rental equipment assets of the Group require ongoing maintenance and minor / major overhaul works over time. This is managed as part of an ongoing major cyclical maintenance program. The cost of this maintenance is charged as an expense as incurred, except where the cost relates to the replacement of a component of an asset, in which case costs are capitalised and depreciated in accordance with the component classifications above. Other routine maintenance, repair costs and minor renewals are also charged as expenses as incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful lives of other classes of assets for current and comparative periods are as follows:

- Office and computer equipment: 2 - 5 years
- Motor Vehicles 5 - 8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. Negative goodwill arising on an acquisition is recognised directly in the income statement.

(f) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is required to dismantle, remove or restore the leased asset.

3. Significant accounting policies (continued)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate (being the interest rate implicit in the lease for the remainder of the lease term or, if that cannot be readily determined, the Group's incremental borrowing rate at the re-assessment date). An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised or there is a revision to the estimate of amounts payable under a residual value guarantee. In both cases an unchanged discount rate is used. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items such as IT-equipment and small items of office furniture.

(g) Inventories

Consumables and spare parts and engine trading stock are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchases of inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such impairment exists, then the

asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit" ("CGU")). For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the acquisition synergies.

3. Significant accounting policies (continued)

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are those benefits expected to be settled within 12 months of the reporting date. They are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits are those not expected to be settled within 12 months of the reporting date and are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds on year from reporting date. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(k) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(l) Revenue recognition

The accounting policies for the Group's revenue recognition from customers are explained in note 4.

(m) Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. This includes Cash boost income received due to COVID-19 during the year which has been presented as other income.

3. Significant accounting policies (continued)

(n) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

The Group and its wholly owned Australian resident entity are part of a tax-consolidated group. As a consequence all members of the tax-consolidated group are taxed as a single entity from that date. The head entity within the tax-consolidated group is Babylon Pump & Power Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the “separate taxpayer within group” approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Group as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Group as an equity contribution or distribution.

The Group recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(o) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

3. **Significant accounting policies (continued)**

(p) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to directors, employees and shareholders.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

(r) Financial instruments

Classification and measurement

Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement of the Group's financial assets are, as follows:

- Debt instruments at amortised cost, for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the 'SPPI criterion'. This category includes the Group's trade and other receivables.

Impairment

The group assesses on a forward-looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payment are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

(s) Convertible loans

No convertible loans were issued by the Group during the year. Convertible notes issued in the prior year include embedded derivatives (option to convert the security to variable number of shares in the Group). The convertible loans were initially recognised as financial liabilities at fair value. On initial recognition, the fair value of the convertible loans equates to the proceeds received and subsequently, the convertible loans are measured at fair value. The movements are recognised on the statement of profit or loss as finance costs except to the extent the movement is attributable to changes in the Group's own credit status, in which case the movement is recognised in other comprehensive income.

(t) Adoption of new and amended accounting standards

No new or amended accounting standards have been adopted by the Group during the annual reporting period ended 30 June 2023.

3. Significant accounting policies (continued)

(u) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4. Reporting Segment

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 Non-Executive Chairman reviews internal management reports for these business units monthly.

	30 June 2023 $	30 June 2022 $
(a) External Revenues		
Maintenance (at a point in time)	22,442,685	22,483,185
Rental (over time)	10,058,214	5,034,053
	32,500,899	27,517,238
Revenue by segment		
BOP	22,301,636	16,359,947
PPQ	7,238,549	8,796,201
AUB	2,960,714	2,361,090
	32,500,899	27,517,238
(b) Earnings / (loss) before interest, tax, depreciation and amortisation		
BOP	2,708,304	1,515,364
PPQ	1,707,163	(245,240)
AUB	944,163	40,215
	5,359,630	1,310,339
Depreciation and amortisation	(3,931,913)	(2,784,593)
Net finance expense	(1,361,978)	(1,301,366)
Unallocated corporate overheads	(1,563,543)	(2,434,261)
Net Loss for the year	**(1,487,804)**	**(5,209,881)**

BOP segment includes maintenance revenue of $14,725,087 and rental revenue of $7,576,549. PPQ revenue all relates to maintenance and AUB revenue all relates to rental.

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.

5. Employee Benefits Expense

Employee Benefits Expense	30 June 2023 $	30 June 2022 $
Wages and salaries	7,255,949	5,846,201
Employment related taxes	644,949	664,556
Share-based payment expense	425,312	242,425
Other employment related expenses	17,722	86,491
	8,343,932	**6,839,673**

6. Administration and corporate expense

Administration and Corporate Expense	30 June 2023 $	30 June 2022 $
Office expenses	374,457	458,244
Corporate costs and compliance	1,043,414	1,110,718
Other expenses	-	400
Consumables and operational costs	632,608	442,963
Business acquisition expense	27,681	7,500
	2,078,160	**2,019,825**

7. Income tax expense

Income Tax	30 June 2023 $	30 June 2022 $
Reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(1,487,804)	(5,209,881)
Tax at the statutory rate of 25% (2022: 25%)	(371,952)	(1,354,570)
Tax effect amounts which are not deductible in calculating taxable income		
Entertainment	723	1,530
Share based payments	106,328	60,607
Capital expenditure	6,920	-
Other expenses	137,497	-
Unused tax losses and temporary differences not recognised as deferred tax assets	120,484	1,292,433
Income tax benefit	**-**	**-**
Deferred tax assets not recognised attributable to:		
Tax losses - revenue	6,203,850	5,973,973
Temporary differences	(1,958,186)	(1,719,838)
	4,245,664	**4,254,135**

7. Income Tax (continued)

Unrecognised Temporary differences	30 June 2023 $	30 June 2022 $
Deferred tax liability comprises temporary differences attributable to:		
Assets		
Inventories	11,230	11,230
Prepayments and other assets	(189)	(7,271)
Property, plant & equipment	(2,237,747)	(1,947,399)
Right of use assets	(783,228)	(193,717)
	(3,009,934)	**(2,137,157)**
Liabilities		
Employee provisions - current	93,473	97,770
Superannuation payable	56,091	39,881
Employee provisions - non-current	21,333	21,326
Lease liabilities	845,730	203,554
	1,016,627	**362,531**
Equity		
Charged to equity	35,121	54,788
	35,121	**54,788**
Closing Balances	**(1.958,186)**	**(1,719,838)**

8. Finance expense

Finance expense	30 June 2023 $	30 June 2022 $
Bank and other finance charges	118,626	182,430
Convertible loan interest expense	10,442	537,000
Interest expense	1,249,134	582,042
	1,378,202	**1,301,472**

9. Other Operating Income

Other operating Income	30 June 2023 $	30 June 2022 $
Other income	94,240	29,541
Derecognition of deferred consideration	1,000,000	-
Net gain on disposal of property, plant and equipment	93,299	140,896
	1,187,539	**170,437**

10. Other Operating Expense

Other operating Expenses	30 June 2023 $	30 June 2022 $
Net foreign exchange loss	2,307	25,020
Other expenses	36,721	21,409
	39,028	**46,429**

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11. Property, plant and equipment

Property, Plant and Equipment Summary	30 June 2023 $	30 June 2022 $
Cost	25,273,074	19,439,755
Accumulated depreciation	(11,199,970)	(8,731,082)
	14,073,104	**10,708,673**

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

Property, Plant and Equipment	Leasehold Improve-ments $	Plant & Equip-ment $	Office Equip-ment $	IT Equip-ment $	Motor Vehicles $	Capital Work in Progress $	Total $
Carrying amount at 30 June 2022	**56,134**	**8,898,727**	**13,307**	**30,333**	**1,693,422**	**16,750**	**10,708,673**
Additions	209,832	1,301,547	14,845	9,345	202,259	69,700	1,807,528
Disposals	-	(34,263)	-	-	(443,481)	(16,750)	(494,494)
Business acquisition	-	3,454,725	-	-	1,214,000	-	4,668,725
Depreciation expense	(9,753)	(2,088,597)	(4,228)	(15,288)	(499,462)	-	(2,617,328)
Balance at 30 June 2023	**256,213**	**11,532,139**	**23,924**	**24,390**	**2,166,738**	**69,700**	**14,073,104**

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

Property, Plant and Equipment	Leasehold Improve-ments $	Plant & Equip-ment $	Office Equip-ment $	IT Equip-ment $	Motor Vehicles $	Capital Work in Progress $	Total $
Carrying amount at 30 June 2021	**53,652**	**8,917,051**	**15,785**	**18,466**	**1,861,500**	**300,719**	**11,167,172**
Additions	6,580	1,836,984	3,140	27,731	266,537	(177,546)	1,963,426
Disposals	-	(71,054)	-	-	(44,802)	(106,423)	(222,279)
Business acquisition	-	-	-	-	-	-	-
Depreciation expense	(4,097)	(1,784,254)	(5,618)	(15,864)	(389,813)	-	(2,199,646)
Balance at 30 June 2022	**56,134**	**8,898,727**	**13,307**	**30,333**	**1,693,422**	**16,750**	**10,708,673**

12. Goodwill

Impairment of intangible assets is recognised in impairment expense on the statement of profit or loss.

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

Intangible Assets	*Note*	30 June 2023 $	30 June 2022 $
Opening Balance		2,982,572	2,982,572
Business combinations in the year		782,729	-
Closing balance	3(e)	**3,765,301**	**2,982,572**

The recoverable amount of goodwill was based on the higher of value in use of fair value less cost to sell. The recoverable amount of goodwill was determined to be higher than it's carrying value and as such no impairment loss was recognised during the financial year ended 30 June 2023.

12.1 Goodwill is monitored by management at the level of the two cash generating units identified in the table below.

Intangible Assets (cash generating units)	30 June 2023 $	30 June 2022 $
Babylon Operations Pty Ltd	1,600,614	817,885
Pilbara Trucks Pty Ltd	2,164,687	2,164,687
	3,765,301	**2,982,572**

i) Impairment tests for goodwill

Significant estimate: key assumptions used for value-in-use calculations.

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the cash-generating units was based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on approved financial budgets. The following table sets out the key assumptions used to assess the value-in-use for those cash generating units that have significant goodwill allocated to them.

Key assumptions - goodwill impairment assessment	Babylon Operations	Pilbara Trucks
EBITDA % FY 24	20.7%	36.3%
Pre-tax discount rate	10.0%	10.0%
Inflation rate	2.5%	2.5%
Short-term growth rate	2.0%	2.0%
Long-term growth rate	2.0%	2.0%
Capital expenditure outlay (% of EBIDA)	20.0%	20.0%

Management has determined the values assigned to each of the above key assumptions as follows:

- EBITDA % - sourced from the budget for year ended 30 June 2024 with inclusion of an adjustment to include corporate support overhead.
- Pre-tax discount rate - includes the cost of capital, debt, gearing ratio and corporate tax rate. The risk-free rate was ascertained with reference to the ten-year Australian government bond rate. An average of a low and high scenario was used in the value-in-use modelling.
- Inflation rate – sourced from the Reserve Bank of Australia using the lower end of the target inflation rate range of 2% to 6%. Use of the mid-point of the range is in management's view supported by Australian Bureau of Statistics forecast inflation rates.

12. Goodwill (continued)

- Growth rate – this rate has been set at two percent following Australian Bureau of Statistics forecast.
- Capital expenditure outlay – anticipated level at which assets will need to be replaced in order to maintain the business.

ii) Significant estimate: impact of possible changes in key assumptions

The following table sets out the sensitivities of the key assumptions to the recoverable value calculated by the value in use model for each cash generating unit:

Babylon Operation Pty Ltd	Sensitivity based upon reasonable possible change	Positive Impact	Negative Impact
EBITDA %	+ / - 10%	3,994,612	(3,994,612)
Pre-tax discount rate	+ / - 10%	3,887,316	(3,162,368)
Inflation rate	+ / - 10%	257,441	(255,710)
Growth rate	+ / - 10%	247,301	(245,552)
Capital expenditure outlay (% of EBITA)	+ / - 10%	998,653	(998,653)

Pilbara Trucks Pty Ltd	Sensitivity based upon reasonable possible change	Positive Impact	Negative Impact
EBITDA %	+ / - 10%	1,665,346	(1,665,346)
Pre-tax discount rate	+ / - 10%	1,782,902	(1,450,408)
Inflation rate	+ / - 10%	118,075	(117,280)
Growth rate	+ / - 10%	113,424	(112,622)
Capital expenditure outlay (% of EBITA)	+ / - 10%	416,336	(416,336)

12.2 Business combinations

4 August 2023 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 over time.

Acquisition consideration	*($)*
Cash	500,000
Share capital	500,000
Deferred consideration	2,000,000
	3,000,000

12. Goodwill (continued)

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

	4 August 2022 ($)
Property, plant and equipment	2,022,000
Customer contracts	548,546
Assets acquired	**2,570,546**
Goodwill on acquisition	**429,454**

The acquired business contributed revenues of $1,117,314 and a net profit of $548,546 for the period 4 August 2022 to 30 June 2023.

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.

The group also expanded its rental fleet with the acquisition of 100% of the shares of RBH Engineering Pty Ltd in Boddington, Western Australia on 2 February 2023.

Acquisition consideration	2 February 2023 ($)
Cash	1,800,000
Deferred consideration	1,200,000
	3,000,000

At the time the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition. The fair values of the assets 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:

Acquisition consideration	2 February 2023 ($)
Property, plant and equipment	2,646,725
Total net identifiable assets acquired	2,646,725
Consideration paid	**3,000,000**
Goodwill on acquisition	**353,275**

Purchase consideration – cash outflow

	2 February 2023 ($)
Outflow of cash to acquire subsidiary:	
Cash consideration	1,800,000
Net outflow of cash – investing activities	**1,800,000**

13. Right-of-use assets

Right of Use Asset	30 June 2023 $	30 June 2022 $
Opening balance	774,866	1,095,734
Additions	3,125,112	275,841
Disposals	-	-
Business acquisition	-	-
Amortisation expense	(767,065)	(596,709)
Closing balance	**3,132,913**	**774,866**

Lease liability	30 June 2023 $	30 June 2022 $
Current		
Lease liability	457,647	570,422
Non-Current		
Lease liability	2,925,274	243,792
Total	**3,382,921**	**814,214**

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

The entities lease land and buildings for its offices and warehouses under agreements of between one to seven years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

For impairment testing, the right-of-use assets have been allocated to their respective cash-generating units. Refer to note 12 for further information on the impairment testing key assumptions and sensitivity analysis.

14. Inventories

Inventories	30 June 2023 $	30 June 2022 $
Consumables and spare parts	2,393,541	2,029,141
Engine trading stock	2,430,230	2,430,231
Work in progress	2,665,855	3,195,591
	7,489,626	**7,654,963**

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

15. Trade and other receivables

Trade Receivables	30 June 2023 $	30 June 2022 $
Trade Debtors	5,758,326	4,360,351

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

Impairment and risk exposure

Details about the group's impairment policies and the calculation of the loss allowance are provided in Note 26. No loss allowance has been recorded at 30 June 2023 (2022: $Nil) based on management's assessment.

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15. Trade and other receivables (continued)

Trade receivables are factored utilising an 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 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.

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 30 June 2023 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 30 June 2023 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
Net carrying amount	2,539,350	1,337,474	356,431	99,338	27,759	4,360,351

30 June 2023	*Current*	*30 Days*	*60 Days*	*90 Days*	*>90 Days*	*Total ($)*
Expected loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	3,285,050	1,752,666	616,990	96,926	6,694	5,758,326
Net carrying amount	3,285,050	1,752,666	616,990	96,926	6,694	5,758,326

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 30 June 2023 was $nil (30 June 2022 was $nil) relates to receivables arising from contracts with customers.

16. Cash and cash equivalents

Cash and Cash Equivalents	30 June 2023 $	30 June 2022 $
Bank balances	1,564,523	2,241,422

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.

17. Reconciliation of cash flows from operations

Reconciliation of net profit/(loss) after tax to net cash flows from operations	30 June 2023 $	30 June 2022 $
Net loss after tax	(1,487,804)	(5,209,881)
Non-cash items		
Profit on sale of fixed assets	(93,298)	(140,896)
Depreciation expense	2,617,329	2,199,646
Share based payments expense	425,312	242,425
Amortisation expense	1,313,611	584,950
Accrued interest on convertible note	-	134,250
Changes in assets and liabilities		
Inventories - (increase) / decrease	165,337	1,425,287
Receivables - (increase) / decrease	2,087,001	2,414,329
Other operating assets - (increase) / decrease	(834,426)	179,456
Trade and other creditors - increase / (decrease)	(2,072,112)	(3,010,360)
Other operating liabilities - increase / (decrease)	158,775	1,448,864
Net cash flow from operating activities	**2,279,725**	**268,070**

18. Share Capital

a) Ordinary shares

During the twelve-month period ended 30 June 2023, the Group issued 1,133,802,189 Ordinary Shares (30 June 2022: 172,691,600).

All issued shares are fully paid.

Ordinary Shares	30 June 2023 No.	30 June 2023 $	30 June 2022 No.	30 June 2022 $
At the beginning of the year	1,323,969,154	44,004,297	1,151,277,554	43,037,272
Issue of shares	834,000,112	5,004,000	172,691,600	1,036,150
Issued for business acquisition	74,626,866	500,000	-	-
Issue of shares to convertible loan holders	225,175,211	1,351,051	-	-
Issued to acquire assets	-	-	-	-
Issued to an employee as remuneration	-	-	-	-
Transactions costs	-	(446,991)	-	(69,125)
At the end of the year	**2,457,771,343**	**50,412,357**	**1,323,969,154**	**44,004,297**

19. Reserves

a) Share Based Payment Reserve

The share-based payments reserve is used to recognise the grant date fair value of performance rights granted to employees but not yet vested.

Management has assessed the probability of the Class A1 performance rights vesting as 37%, Class B1 performance rights vesting as 78%, Class C1 performance rights vesting as 100% and Class D performance rights vesting as 100% and has recognised a share-based payment expense of $425,312 for the year ended 30 June 2023 ($242,425: 30 June 2022).

The maximum yet to vest based on the assumption that 100% of performance right vest is $906,526.

Share Based Payment Reserve	30 June 2023 No.	30 June 2023 $	30 June 2022 No.	30 June 2022 $
At the beginning of the year	70,049,248	430,474	115,995,224	188,049
Performance rights issued as ordinary shares	-	-	-	-
Issued to an employee as remuneration	-	-	-	-
Share based payments	-	425,312	-	242,425
Performance rights lapsed	(14,204,345)	-	(71,772,058)	-
Issue of performance rights to employees	136,327,536	-	25,826,082	-
	192,172,439	**855,786**	**70,049,248**	**430,474**

The weighted average remaining contractual life of the performance rights attributed to Class A, B and C, outstanding at the end of the year is 0.25 years (2022: 1.25 years). The contractual life of the Class D performance rights at the end of FY23 is 4.5 years

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 vesting period. 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 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

The fair value of the rights at grant date was estimated by taking the market price of the company's shares on that date less the present value of expected dividends that will not be received by the executives on their rights during the vesting period.

At 30 June 2023, the unissued ordinary shares of the Company under performance rights are as follows:

Class	Grant Date	Number Under Performance Rights	$ per Right	Date of Vesting	Management Probability Assessment on grant date	Management Probability Assessment 30-June-23
A1	28 Jan 2021	11,497,500	344,925	30 Sep 2023	100%	35%
A1	1 Feb 2021	10,614,084	286,580	30 Sep 2023	100%	35%
A1	1 Jul 2021	5,810,869	110,407	30 Sep 2023	100%	35%
A1	6 Jul 2022	3,163,768	22,146	30 Sep 2023	100%	35%
B1	28 Jan 2021	5,748,750	172,463	30 Sep 2023	0%	78%
B1	1 Feb 2021	5,307,041	143,290	30 Sep 2023	0%	78%
B1	1 Jul 2021	2,905,434	55,203	30 Sep 2023	0%	78%
B1	6 Jul 2022	1,581,884	8,358	30 Sep 2023	0%	100%
C1	28 Jan 2021	5,748,750	172,463	30 Sep 2023	0%	100%
C1	1 Feb 2021	5,307,041	143,290	30 Sep 2023	0%	100%
C1	1 Jul 2021	2,905,434	55,203	30 Sep 2023	0%	100%
C1	6 Jul 2022	1,581,884	8,358	30 Sep 2023	0%	100%
D	30 Nov 2022	130,000,000	411,000	30 Nov 2027	0%	N/A
		192,172,439	**1,939,116**			

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. There is an implied service condition, therefore the number of performance rights expected to vest are vesting over the life of the rights

Class	Number	Performance Condition	Vesting Date
Class A1	31,086,221	The Group achieving certain targets sliding scale: FY21 FY22 FY23 Revenue $24m $30m $40m Return on capital 11% 12% 14% EBITDA 8% 10% 12%	30-Sep-23
Class B1	15,543,109	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	15,543,109	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

20. Performance rights (continued)

Class D Performance Rights

On 30 November 2022 130,000,000 Class D Performance Rights to Mr Cullen or his nominee under the Incentive Awards Plan, which are contingent on Mr Cullen remaining in service through to the end of the five year term. The fair value of the Class D Performance Rights was determined using an Up-and-In Trinominal Model.

Assumption	Babylon Pump and Power Ltd Tranche 1	Tranche 2	Tranche 3	Tranche 4
Valuation methodology	Up-and-In Trinomial Model	Up-and-In Trinomial Model	Up-and-In Trinomial Model	Up-and-In Trinomial Model
Underlying share price	$0.004	$0.004	$0.004	$0.004
Exercise price	Nil	Nil	Nil	Nil
Valuation date	30-Nov-22	30-Nov-22	30-Nov-22	30-Nov-22
Commencement of performance period	30-Nov-22	30-Nov-22	30-Nov-22	30-Nov-22
End of performance period	30-Nov-27	30-Nov-27	30-Nov-27	30-Nov-27
Performance period (years)	5.00	5.00	5.00	5.00
Expiry date	30-Nov-27	30-Nov-27	30-Nov-27	30-Nov-27
Life of the Rights (years)	5.00	5.00	5.00	5.00
VWAP barrier	$0.020	$0.025	$0.030	$0.035
Volatility	110%	110%	110%	110%
Dividend yield	Nil	Nil	Nil	Nil
Risk-free rate	3.275%	3.275%	3.275%	3.275%
Value per Right	$0.0033	$0.0032	$0.0031	$0.0030

40,000,000 Class D Performance Rights will vest on the Company's 20 day VWAP share price being at least $0.020. Fair value per Right on grant date is $0.0033.

30,000,000 Class D Performance Rights will vest on the Company's 20 day VWAP share price being at least $0.025. Fair value per Right on grant date is $0.0032.

30,000,000 Class D Performance Rights will vest on the Company's 20 day VWAP share price being at least $0.030. Fair value per Right on grant date is $0.0031.

30,000,000 Class D Performance Rights will vest on the Company's 20 day VWAP share price being at least $0.035. Fair value per Right on grant date is $0.0030.

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

Share Based Payment Expense	30 June 2023 $	30 June 2022 $
Performance rights	425,312	242,425
	425,312	**242,425**

21. Earnings per share

The following reflects the income used in the basic earnings per share computations:

Consolidated Group	30 June 2023 $	30 June 2022 $
Net loss from continuing operations attributable to ordinary shareholders	**(1,487,804)**	**(5,209,881)**

Weighted average number of ordinary shares

Weighted average number of ordinary shares	30 June 2023 $	30 June 2022 $
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	2,370,519,839	1,158,374,469
Basic earnings per share	(0.0006)	(0.0045)

22. Borrowings

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

Borrowings	30 June 2023 $	30 June 2022 $
Current Liability		
Invoice finance facility	3,800,512	3,093,745
Trade finance facility	2,999,970	2,987,660
Insurance premium funding	144,246	123,525
Asset finance facilities	1,587,728	1,516,689
Convertible loans	-	4,475,000
	8,532,456	**12,196,619**
Non-Current Liability		
Asset finance facilities	3,199,597	3,364,093
Total	**11,732,053**	**15,560,712**

Movements in Borrowings	*Opening balance* 1 July 2022 $	*Cash flows* $	*Closing balance* 30 June 2023 $	*Facility Limit* $
Short term borrowings				
Invoice finance facility	3,093,745	706,767	3,800,512	4,100,000
Trade finance facility	2,987,660	12,310	2,999,970	3,000,000
Insurance premium funding	123,525	20,721	144,246	144,247
Asset finance facilities	1,516,689	71,039	1,587,728	1,587,728
Convertible loans	4,475,000	(4,475,000)	-	-
Long term borrowings				
Asset finance facilities	3,364,093	(164,496)	3,199,597	4,226,482
Total liabilities arising from financing activities	**15,560,712**	**(3,828,659)**	**11,732,053**	**13,058,457**

22. Borrowings (continued)

a) Insurance Premium

The insurance premium funding bears interest at prevailing market rates and is repayable over 12 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 security interest and charge over all the present and future rights, property and undertaking of Babylon Pump and Power, Babylon Operations, Prime Power Queensland and Pilbara Trucks, and a letter of subordination by the Directors of Babylon Operations. This 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 8.48) 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 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 security interest and charge 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.

23. Deferred consideration

Deferred consideration	30 June 2023 $	30 June 2022 $
Current		
Payable on acquisition of Primepower Queensland Pty Ltd	152,932	152,932
Payable on acquisition of Pilbara Trucks Pty Ltd	-	1,000,000
Payable on acquisition of Resource Water Group Pty Ltd	1,600,000	-
Payable on acquisition of RBH Engineering Pty Ltd	700,000	-
	2,452,932	**1,152,932**
Non-Current		
	-	-
Total	**2,452,932**	**1,152,932**

Deferred consideration of $1,000,000 payable to Pilbara Truck Pty Ltd was dependent on the achievement of $1,000,000 EBITDA for the year ended 30 June 2023 to be measured post completion of the audited annual report for the 2023 financial year. Due to the milestone not being achieved, no settlement is required to be made.

Deferred consideration of $1,600,000 payable for Resource Water Group Pty Ltd is due to be fully settled by 31 December 2023, while the $700,000 payable for RBH Engineering Pty Ltd is payable by 31 January 2024. Interest is charged at 10% per annum on the Resource Water Group deferred consideration owed. Interest is only charged on the deferred consideration for RBH Engineering if one of the $100,000 monthly instalments is missed.

24. Employee liabilities

Employee liabilities	30 June 2023 $	30 June 2022 $
Current		
Liability for annual leave	349,736	372,033
Liability for long service leave	24,158	19,046
	373,894	**391,079**
Non-Current		
Liability for long service leave	85,333	85,304
Total	**459,227**	**476,383**

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The annual leave liability is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

25. Trade and other payables

Trade and Other Payables	30 June 2023 $	30 June 2022 $
Trade payables	4,932,875	3,753,831
GST and PAYG Withholdings Payable	1,894,093	1,289,664
Superannuation liability	187,580	159,525
Other payables	650,502	826,644
	7,665,050	**6,029,664**

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 26(e).

26. Financial risk

(a) Overview

The Group's activities expose it to a variety of financial risks: credit risk (including foreign currency risk and interest rate risk), liquidity risk, market risk and operational risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on financial performance of the Group.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

(b) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Audit and Risk Committee comprises Ms Bower as Chairperson, Mr Cullen, Mr Maingard and Mr Radin with Mr Shelby, Mr Kenyon and Mr Goldfinch being standard invitees. A risk register is reviewed and maintained by the Audit and Risk Committee.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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26. Financial risk (continued)

(c) Credit risk

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

Management has established a credit policy under which each new customer and counterparties to transactions are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes the use of external ratings, when available. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

The Group's exposure to credit risk is influenced mainly by the individual credit characteristics of each customer. 100% of revenue is attributable to Australian entities.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

(i) Impairment of financial assets

The group hold trade receivables that are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

(ii) 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.

On that basis, refer to note 15 for further information on the loss allowance as at 30 June 2023 and 1 July 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. No impairment provision has been recorded at 30 June 2023 (2022: $0).

(d) Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The credit risk on liquid funds is limited because the counterparties are banks with a minimum credit rating of AA assigned by reputable credit rating agencies. The Group's maximum exposure to credit risk at the reporting date was:

Exposure to credit risk	30 June 2023 $	30 June 2022 $
Cash and cash equivalents	1,564,523	2,241,422
Trade receivables	5,758,326	4,360,351
Deposits	11,000	55,917
	7,333,849	**6,657,690**

(e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

26. Financial risk (continued)

The Group uses a forecast cash flow budget which assists it in monitoring cash flow requirements and optimising its cash return on investments and trading position. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
30th June 2023	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables	0.0%	4,932,875	-	-	-	4,932,875
Other payables	0.0%	2,732,175	-	-	-	2,732,175
Interest-bearing - variable						
Invoice finance facility	8.2%	3,800,512	-	-	-	3,800,512
Trade finance facility	17.4%	2,999,970	-	-	-	2,999,970
Interest-bearing - fixed rate						
Insurance premium funding	3.1%	144,246	-	-	-	144,246
Asset finance facilities	8.7%	1,587,728	1,508,314	1,691,283	-	4,787,325
Convertible loans	0.0%	-	-	-	-	-
Lease liabilities		457,647	337,044	1,263,288	1,324,942	3,382,921
Total non-derivatives		**16,655,153**	**1,845,358**	**2,954,571**	**1,324,942**	**22,780,024**

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
30th June 2022	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables	-	3,753,831	-	-	-	3,753,831
Other payables	-	2,275,833	-	-	-	2,275,833
Interest-bearing - variable						
Invoice finance facility	6.6%	3,093,745	-	-	-	3,093,745
Trade finance facility	4.3%	2,987,660	-	-	-	2,987,660
Interest-bearing - fixed rate						
Insurance premium funding	2.3%	123,525	-	-	-	123,525
Asset finance facilities	5.0%	1,516,689	1,336,455	2,027,638	-	4,880,782
Convertible loans	8.0%	4,475,000	-	-	-	4,475,000
Lease liability		570,422	243,792	-	-	814,214
Total non-derivatives		**18,796,705**	**1,580,247**	**2,027,638**	**-**	**22,404,590**

26. Financial risk (continued)

(f) Market risk

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

(g) Currency risk

The Group is exposed to currency risk on purchases of spare parts and plant and equipment that are denominated in US dollars (USD). The Group uses forward exchange and participating forward exchange contracts to manage currency risk.

(h) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

The financial instruments which primarily expose the Group to interest rate risk are borrowings and cash and cash equivalents. The Group manages its exposure to changes in interest rates on borrowings by using a mix of fixed and floating rate debt. The Group is exposed to movements in market interest rates on short term deposits. The Directors monitor the Group's cash position relative to the expected cash requirements. Where appropriate, surplus funds are placed on deposit earning higher interest. The Group also has short or long-term debt, and therefore the risk is minimal.

(i) Profile

At the reporting date the interest rate profile of the Group's variable interest-bearing financial instruments was:

Variable rate instruments	30 June 2023 $	30 June 2022 $
Financial assets	1,564,523	2,241,422
Financial liabilities	-	-
	1,564,523	**2,241,422**

Capital management

The Board's policy is to maintain adequate capital so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group's debt and capital structure includes ordinary share capital and loans and borrowings. The Group is not subject to externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risk and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

The Group's debt-to-adjusted capital ratio at the end of the reporting period was as follows:

Capital Management	30 June 2023 $	30 June 2022 $
Total liabilities	25,693,183	24,033,905
Less: cash and cash equivalents	(1,564,523)	(2,241,422)
Net debt	**24,128,660**	**21,792,483**
Total capital	10,332,995	4,987,427
Debt-to-capital ratio at the end of the year	**2.34**	**4.37**

26. Financial risk (continued)

(j) Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables and trade and other payables

Trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value.

(ii) Fair value hierarchy

Financial instruments carried at fair value are determined by valuation level, as determined in accordance with the relevant accounting standard. The different levels have been defined as:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between levels during the current or prior year.

All financial assets and liabilities carried at fair value have been deemed to be level 2 within the fair value hierarchy. With respect to specific financial assets and liabilities, the following valuation methods have been used:

Term receivables and fixed interest securities are determined by discounting the cash flows, as at the market interest rates of similar securities, to their present value.

Other loans and amounts due are determined by discounting the cash flows, at market rates of similar borrowings, to their present value.

Other assets and other liabilities approximate their carrying value. The carrying amount of all financial assets and financial liabilities approximate their fair value at reporting date.

27. Related parties

(a) Individual directors and executives compensation disclosures

Remuneration	30 June 2023 $	30 June 2022 $
Short term benefits	1,126,013	1,219,009
Share based payments	479,457	266,234
Post-employment benefits	97,808	100,768
Total	1,703,278	1,586,011

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

27. Related parties (continued)

(b) Other key management personnel and director transactions

There were no director loans during the year and nil during the prior year.

c) Subsidiaries

All inter-Company loans and receivables are eliminated on consolidation and are interest free with no set repayment terms.

28. Group entities

Name of entity	*Country of incorporation*	*Ownership Interests* 30 June 2023	*Ownership Interests* 30 June 2022
Parent entity			
Babylon Pump & Power Limited	Australia		
Significant subsidiaries			
Babylon Operations Pty Ltd	Australia	100%	100%
Primepower Queensland Pty Ltd	Australia	100%	100%
Pilbara Trucks Pty Ltd	Australia	100%	100%
RBH Engineering Pty Ltd	Australia	100%	0%

29. Dividends

No amounts have been paid, declared or recommended by the Group by way of dividend since the commencement of the financial year to 30 June 2023. (Nil – 30th June 2022)

30. Subsequent events

The Company announced the Mr Kenyon resigned as Company Secretary and that Mr Goldfinch had been appointed as Company Secretary and Chief Financial Officer effective 1st August 2023.

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.

31. Auditors' remuneration

Auditors' Remuneration	30 June 2023 $	30 June 2022 $
Audit services		
Audit and review of financial reports	104,000	117,765

32. Parent entity disclosures

Financial Position	30 June 2023 $	30 June 2022 $
Current Assets		
Current Assets	491,075	1,117,085
Non-Current Assets	11,802,867	10,151,330
Total Assets	**12,293,942**	**11,268,415**
Liabilities		
Current Liabilities	2,920,113	6,245,895
Non-Current Liabilities	40,835	35,092
Total Liabilities	**2,960,949**	**6,280,987**
Net Assets	**9,332,992**	**4,987,427**
Equity		
Share capital	50,412,357	44,004,296
Reserves	855,786	430,474
Accumulated losses	(41,935,151)	(39,447,343)
Total Equity	**9,332,992**	**4,987,427**

Financial Performance	30 June 2023 $	30 June 2022 $
Loss for the year	(2,074,810)	(2,983,744)
Other comprehensive income	-	-
Total Comprehensive Loss	**(2,074,810)**	**(2,983,744)**

(i) Guarantees provided in relation to subsidiaries

Babylon Pump & Power Limited provides a parent-Company guarantee in respect to asset finance, invoice finance and trade finance facilities established by Babylon (see note 22).

(ii) Subsidiaries

The Parent entity disclosures includes transactions with subsidiaries.

33. Contingencies and capital 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 30 June 2023 a 70% deposit of $571,631 plus GST has been paid to the supplier.

There are no other contingencies or capital commitments on 30 June 2023 (30 June 2022: Nil).

34. Registered Office and Principal Place of Business

The registered office of The Company is:
1 Port Place, High Wycombe
Western Australia 6057

The principal place of business of The Company is:
1 Port Place, High Wycombe
Western Australia 6057

Directors' declaration
For the year ended 30 June 2023

1 In the opinion of the directors of Babylon Pump & Power Limited:

(a) the Group's financial statements and notes set out on pages 23 to 53 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance, for the financial period ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australia Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) the financial report also complies with International Financial Reporting Standards as set out in note 2(a);

(c) the remuneration disclosures that are contained in the remuneration report in the directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the *Corporations Act 2001* and the Corporations Regulations 2001.

(d) there are reasonable grounds to believe that the Group will be able to pay its debts and when they become due and payable.

2 The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Board for the year ended 30 June 2023.

Signed in accordance with a resolution of the directors:

James Cullen
Non-Executive Chairman

Dated at Perth this 22nd day of August 2023.

Michael Shelby
Managing Director

Dated at Perth this 22nd day of August 2023.

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Babylon Pump & Power Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Babylon Pump & Power Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(d) 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 opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment assessment

Key audit matter	*How the matter was addressed in our audit*
Note 12 of the financial report discloses the carrying value of goodwill and the assumptions which have been used by the Group in testing for impairment. As required by Australian Accounting Standards, the Group has performed an annual impairment test for each cash generating unit ("CGU") to which goodwill has been allocated to determine whether the recoverable amount exceeds or is below the carrying amount. Impairment testing of goodwill was assessed as being a key audit matter as management's assessment of the recoverable amount is based on value in use ("VIU") cash flow forecasts which requires estimates and judgements about future financial performance.	Our procedures included, but were not limited to the following: • Assessing the appropriateness of the Group's categorisation of Cash Generating Units ("CGUs") and the allocation of assets to the carrying value of CGUs based on our understanding of the Group's business and the Group's internal reporting; • Challenging key inputs used in the value in use calculations including the following: o In conjunction with our valuation specialist, assessing the appropriateness of the discount rate utilised by management; o Assessing the Group's forecast cash flows is consistent with our knowledge of the business, board approved budget and corroborating our work with external information where possible; o Comparing growth rates with historical rates and industry data; and o Performing sensitivity analysis on the key assumptions. • Assessing the adequacy of the Group's disclosures and impairment assessment methodology as disclosed in Notes 2(e) and Note 12 to the financial report.

Accounting for business combinations

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 12.2 of the financial report, the Group completed the acquisition of the assets of Resource Water Group (RWG) on 4 August 2022 and RBH Engineering Pty Ltd 2 February 2023. These acquisitions were accounted for in accordance with AASB 3: *Business Combinations* and deemed to be a key audit matter given the material nature of the acquisitions and the related estimates and judgements associated with the identification and determination of the fair value of assets acquired and liabilities assumed. Notes 2 e) and 12.2 of the financial report disclose the accounting policy for business combinations and the significant judgements and estimates made.	Our procedures included, but were not limited to the following: • Reviewing the acquisition agreements to understand the key terms and conditions, and confirming our understanding of the transactions with management including evaluating management's application of AASB 3 *Business Combinations*; • Evaluating the group's determination of the purchase consideration to underlying agreements and cash paid; • Reviewing the purchase price allocation, including the recognition of goodwill; • Assessing the competency and objectivity of the independent expert to which management has engaged to assess the fair value of specified assets acquired as part of the acquisitions; • Evaluating the assumptions and methodology in management's determination of the fair value of assets and liabilities acquired; and • Assessing the adequacy of the related disclosures in Notes 2 e) and 12.2 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 16 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Babylon Pump & Power Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Ashleigh Woodley

Director

Perth

22 August 2023

Corporate Governance Statement

For the year ended 30 June 2023

Babylon Pump and Power Limited has established a strong governance framework and continues to be committed to a high level of integrity and ethical standards in all its business practices.

Effective and transparent corporate governance is of critical importance to Babylon Pump and Power Limited and its Board of Directors. The Board fully supports the intent of the Australian Securities Exchange (ASX) Corporate Governance Council's new 4th edition of Corporate Governance Principles and Recommendations.

The Corporate Governance Framework continues to evolve as it seeks continual improvement in the way it conducts its business, Further details on Babylon Pump and Power Limited's governance principles can be found in the Company's Corporate Governance Statement which is available at www.babylonpumpandpower.com

ASX Additional Information

For the year ended 30 June 2022

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is current as at 20 August 2023.

Twenty largest holders of quoted equity securities.

Position	Holder Name	Holding	% IC
1	BELGRAVIA STRATEGIC EQUITIES PTY LTD	536,393,417	21.82%
2	RESOURCE WATER GROUP PTY LTD	74,626,866	3.04%
3	RETZOS EXECUTIVE PTY LTD <RETZOS EXECUTIVE S/FUND A/C>	67,404,400	2.74%
4	MR GEOFFREY FREDERICK LORD	60,949,868	2.48%
5	CHESAPEAKE CAPITAL LTD	55,295,000	2.25%
6	FGI HOLDINGS PTY LTD <RNH INVESTMENT A/C>	43,200,000	1.76%
7	HAYES SUPERANNUATION INVESTMENTS PTY LTD <ALLAN HAYES S/FUND NO 2 A/C>	35,059,000	1.43%
8	DARMAL PTY LIMITED	34,000,000	1.38%
9	CHEMCO SUPERANNUATION FUND PTY LTD <CHEMCO SUPER FUND NO 2 A/C>	33,767,952	1.37%
10	MCNEIL NOMINEES PTY LIMITED	30,000,000	1.22%
11	CMC INDUSTRIES PTY LTD	28,494,548	1.16%
12	JASPER HILL RESOURCES PTY LTD <SUPERANNUATION ACCOUNT>	25,268,392	1.03%
13	PASIAS TRADING PTY LTD	25,000,000	1.02%
14	ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	24,000,000	0.98%
15	MGL CORP PTY LTD	23,347,271	0.95%
16	T T NICHOLLS PTY LTD <SUPERANNUATION ACCOUNT>	22,500,000	0.92%
17	OODACHI PTY LTD <P & M KERR FAMILY A/C>	21,200,000	0.86%
18	MR TIMOTHY GRANTHAM SIMPSON HOSKING	21,188,361	0.86%
19	MR MICHAEL FRANCIS MCMAHON & MRS SUSAN LESLEY MCMAHON <MCMAHON SUPER A/C>	19,618,000	0.80%
20	RETZOS FAMILY PTY LTD <RETZOS FAMILY S/FUND A/C>	19,380,480	0.79%
	Total	**1,200,693,555**	**48.85%**
	Total issued capital - selected security class(es)	**2,457,771,343**	**100.00%**

Distribution of equity security holders

Ordinary Share Capital

2,457,771,343 fully paid ordinary shares are held by 899 individual shareholders. All issued ordinary shares carry one vote each.

Options

There are currently no unlisted options.

Following is a distribution schedule of the number of holders in each class of equity securities:

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	96	13,323	0.00%
above 1,000 up to and including 5,000	21	56,141	0.00%
above 5,000 up to and including 10,000	6	43,039	0.00%
above 10,000 up to and including 100,000	181	9,910,783	0..0%
above 100,000	595	2,447,748,057	99.59%
Totals	**899**	**2,457,771,343**	**100.00%**

The number of shareholders holding less than a marketable parcel of ordinary shares is 88.

Substantial shareholders

The names of the substantial shareholders who have notified the Company in accordance with section 671B of the Corporation Act 2001 are:

Holder Name	Holding Balance	% IC
BELGRAVIA STRATEGIC EQUITIES PTY LTD and other entities controlled by Geoff Lord	597,343,285	24.30%