

Appendix 4E Preliminary Final Report

Name of entity

WESTSTAR INDUSTRIAL LIMITED

ABN or equivalent company reference:

38 119 047 693

1. Reporting period

Preliminary report for the financial year ended	30 June 2022
Previous corresponding period is the financial year ended	30 June 2021

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities (item 2.1)	up	153.3%	to	181,799
Profit from ordinary activities after tax attributable to members (item 2.2)	up	414.7%	to	4,310
Net profit for the period attributable to members (item 2.3)	up	414.7%	to	4,310

Dividends (item 2.4)	Amount per security	Franked amount per security
Interim dividend	Nil	Nil
Final dividend	Nil	Nil
Record date for determining entitlements to the dividend (item 2.5)	Not Applicable	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6): Refer to item 12		

3. Statement of profit or loss and other comprehensive income

Refer to attached unaudited Preliminary Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022.

4. Statement of financial position

Refer to attached unaudited Preliminary Consolidated Statement of Financial Position as at 30 June 2022.

5. Statement of Cash flows

Refer to attached unaudited Preliminary Consolidated Statement of Cash flows for the year ended 30 June 2022.

6. Statement of changes in equity

Refer to attached unaudited Preliminary Consolidated Statement of Changes in Equity for the year ended 30 June 2022.

7. Dividends

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2022	N/A	N/A
Final dividend – year ended 30 June 2022	N/A	N/A

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Total dividend: Current year	N/A	N/A	N/A
Previous year	N/A	N/A	N/A

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (each class separately)	N/A	N/A
Preference securities (each class separately)	N/A	N/A
Other equity instruments (each class separately)	N/A	N/A
Total	N/A	N/A

8. Details of dividend or distribution reinvestment plans in operation are described below:

	N/A
The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	N/A

9. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.156	\$0.011

10. Details of entities over which control has been gained or lost during the period:

Control gained over entities

Name of entities (item 10.1)

N/A

Date(s) of gain of control (item 10.2)

N/A

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 10.3)

N/A

Loss of control of entities

Name of entities (item 10.4)

N/A

Date(s) of loss of control (item 10.5)

N/A

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 10.6).

N/A

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 10.7)

N/A

11. Details of associates and joint venture entities

Name of associate or joint venture entity (item 11.1)

% Securities held (item 11.2)

N/A

N/A

Aggregate share of profits (losses) of associates and joint venture entities (item 11.3)

Group's share of associates' and joint venture entities':

2022
\$

2021
\$

Profit (loss) from ordinary activities before tax

N/A

N/A

Income tax on ordinary activities

N/A

N/A

Net profit (loss) from ordinary activities after tax

N/A

N/A

Adjustments

Share of net profit (loss) of associates and JV entities

N/A

N/A

12. Significant information relating to the entity's financial performance and financial position.

Overview

WestStar Industrial Limited (Company or WestStar) (ASX: WSI), an Australian industrial services company, operating in the energy, resources, utility and infrastructure sectors, in metropolitan and remote areas, across Australia, is pleased to report on the Company's FY22 Preliminary Final Report.

Performance Highlights

- Revenue ~\$181.8M, a 153% increase on the previous corresponding period
- EBITDA of \$9,060,241
- This strong result demonstrated an EBITDA generation of 5.0%
- Contracted revenue awarded during FY22 of \$237M
- Significant existing order book remaining
- Additional Contracts Secured for FY23 of \$28M

	Year ended 30 June 2022
	\$
Profit before income tax expense	6,030,449
Add back:	
Interest and financing costs	607,295
Depreciation	1,943,633
Share Based Payments	478,864
EBITDA*	9,060,241

*EBITDA is a non-AIFRS financial measure which is not prescribed by Australian Accounting Standards ('AAS')

Revenue

The Company achieved record revenue from ordinary activities of ~\$181.8M, a 153% increase on FY2021 (\$71.8M). The contribution to total Group revenue by subsidiaries SIMPEC and Alltype Engineering was \$130.7M and \$51.1M respectively. Revenue for 2HFY22 of \$107.1M was 43% higher than 1HFY22 (\$74.7M).

The Company's delivery of second half year revenue of \$107.1M was a record achievement and demonstrates the Group's ability to rapidly deliver large scale revenue. In addition, total FY22 revenue of \$181.8M represents yet another record full year revenue for the Group.

Earnings

The Group delivered record 2HFY22 revenue of \$107.1M and FY22 revenue of \$181.8M, contributing to underlying earnings for the year (EBITDA) of \$9.06M. This strong result produced an EBITDA margin of 5.0%. Unaudited preliminary NPAT for the year was \$4.31M, a consolidation of its 1HFY22 result of \$2.35M.

Outlook

The 2022 Financial year has been another successful year of both growth and profitability for the Group.

WestStar continues to demonstrate its ability to deliver increased level of construction activity over the financial year despite global logistic challenges and availability of workforce in Western Australia. Despite these challenges WestStar continues to deliver positive results.

Through substantial investment and support, WestStar possesses the capability to tender, execute and deliver specialised multidiscipline engineering and construction solutions across mining, oil and gas, energy, infrastructure and industrial sectors on a significant scale.

Outlook (continued)

The Company notes the current strong macro investment cycle for CAPEX in our target markets presenting a solid pipeline of opportunity for current and future works.

WestStar Industrial is already in possession of significant works under contract and in various stages of completion for delivery in FY23. To date, the company has received ~\$28M of awards for this financial year and combined with its significant order book, sees continued growth and profitability for the year ahead.

Due to the ability to deliver works for several of our completed and current significant flagship projects (Iron Bridge Wet Plant, Talison Greenbushes, Tianqi Lithium, First Quantum Minerals, Lynas Rare Earths, APA Group, AGIG) the Company has seen an acceleration of tendering activities in Western Australia's battery mineral sector (nickel, lithium and rare earth producers).

WestStar continues to strengthen its position, operationally, geographically and financially. Investors can expect the Company to advise the market in the coming months as these contract opportunities are awarded.

The Company continues to evaluate synergistic mergers and acquisitions to continue its strategy of accessing new geographies and industry segments. The Company will update the market should these opportunities become conclusive.

WestStar Industrial maintains a strong balance sheet basis, nil debt and access to government export bonding through Export Finance Australia to assist in execution of its growth strategy. The board is continually reviewing all aspects of both balance sheet and capital management in order to deliver best possible outcomes to all stakeholders across the business.

The Company looks forward to next updating the market and its shareholders on its FY22 Financial results, with results presentation and earnings calls with investor / broker roadshow to follow.

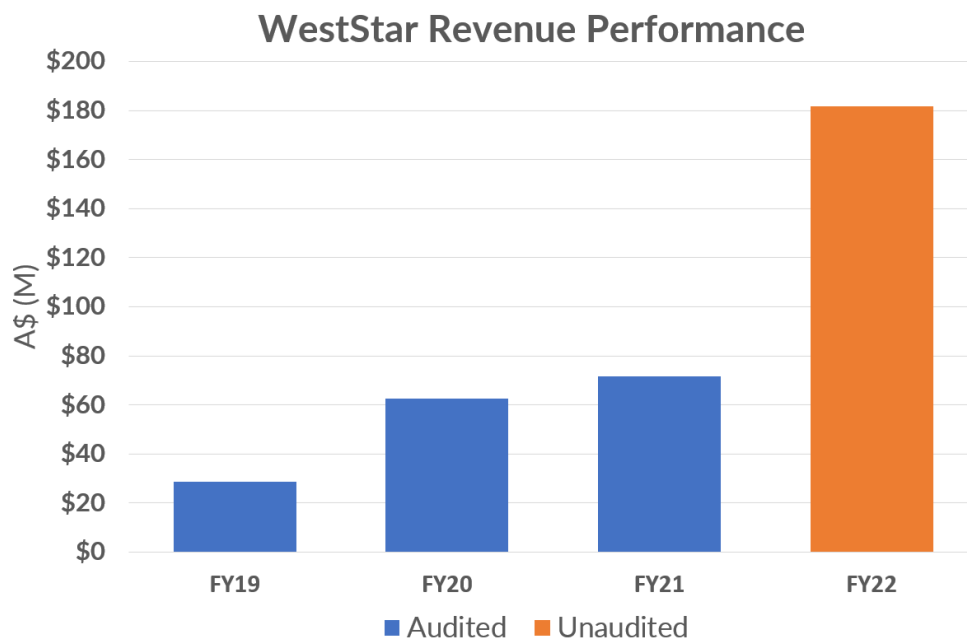


Figure 1: WestStar Industrial Limited Revenue Performance

Outlook (continued)

WestStar Industrial Group CEO Mr Robert Spadanuda commented:

"Buoyant economic conditions forecasted for the resources, energy and infrastructure sectors continue to provide the company with an ever-impressive pipeline of opportunities."

"During the year we have completed and significantly advanced major milestones on key projects."

"SIMPEC continues to advance works on the Iron Bridge Magnetite project with peak manning during the period at ~700 people. This project represents the Groups largest contract win to date and the progress achieved to date of the project for SIMPEC is a remarkable achievement."

"Alltype Engineering continues to grow sustainably across multiple industry segments, successfully delivering significantly larger and more complex projects for a broad range of clients, particularly in energy, water and resources. The investment made by WestStar to acquire this business in 2020 prior to the COVID-19 pandemic continues to be rewarded with access to a differing base of core clients and geographical opportunities."

"The 2022 financial year has seen a strong increase in construction activity and a strengthening forecast in the 2023 financial year." WestStar Industrial again delivers a strengthened profit and improved Balance Sheet position underwritten by the company's ability to win and successfully delivery profitable projects. The Company expects this trend to continue over the coming year."

"Our strategic plan to deliver upon the growth strategy across the Group is evident, all whilst successfully navigating COVID-19, tight labour market recruitment challenges and rising prices of materials. Our continuing growth at a profitable rate clearly demonstrates WestStar as a sustainable contracting business."

"We continue to develop our reputation as a well-respected, safe, cost competitive Group delivering reliable solutions to our clients."

"We take this opportunity to acknowledge another successful year in the Groups history and sincerely thank all of our employees across the Group who continue to help deliver our projects in a safe and well-respected manner."

"The coming year will be another exciting year and we look forward to a continued focus on delivering greater results to our shareholders."

"The Company looks forward to next updating the market and its shareholders on its FY22 Financial results, with result presentation and earnings call with investor/broker roadshow to follow."

"Furthermore, WestStar Industrial will provide a comprehensive operational update and be in a position to issue forward guidance for FY23 in the near term."

13. **The financial information provided in the Appendix 4E is based on the preliminary financial report (attached), which has been prepared in accordance with Australian accounting standards.**

14. Commentary on the results for the period.

Refer to explanation item 12.

15. Information on Audit.

This Appendix 4E and Preliminary Final Report is based on financial statements which are in the process of being audited.

16. Audit Opinion.

The audit of the Company is ongoing and so the audit opinion will be delivered in due course.

WestStar Industrial Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 \$	30 June 2021
Revenue	2	181,798,560	71,763,693
Other income	2	1,006,587	419,062
		<u>182,805,147</u>	<u>72,182,755</u>
Expenses:			
Cost of goods sold		(161,663,324)	(60,154,530)
Occupancy expenses		(290,083)	(286,533)
Administration expenses	3	(12,043,247)	(7,885,778)
Depreciation	8,9	(1,943,633)	(1,405,631)
Loan written off		-	(275,118)
Finance costs	3	(607,295)	(458,585)
Reversal of previously recognised doubtful debts expense		260,951	(217,137)
Share based payments expense		(478,864)	(676,253)
Profit/(loss) on sale of plant and equipment		(9,203)	(8,631)
Expenses		<u>(176,774,698)</u>	<u>(71,368,196)</u>
Profit / (loss) before income tax		6,030,449	814,559
Income tax expense	4	(1,719,981)	-
Profit / (loss) after income tax		4,310,468	814,559
Discontinued Operations			
Profit / (loss) after income tax from discontinued operations		-	22,918
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>		-	-
Other comprehensive profit/ (loss), net of tax		-	-
Total comprehensive income / (loss)		4,310,468	837,477
Earnings / (loss) per share			
Basic earnings cents per share		4.04	0.09

WestStar Industrial Limited
Consolidated Statement of Financial Position

AS AT 30 JUNE 2022

	Note	30 June 2022 \$	30 June 2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	20,308,635	13,152,258
Trade and Other receivables	6	17,957,801	13,546,492
Inventories		681,211	513,801
Financial Assets	17	2,114,273	2,195,096
Contract Assets	7	6,650,627	4,571,459
Total Current Assets		47,712,547	33,979,106
Non-Current Assets			
Financial Assets	17	2,413,665	829,873
Trade and Other receivables	6	605,121	373,882
Investments		283,075	-
Property, plant & equipment	8	5,184,972	4,551,278
Right of Use Asset	9	1,838,458	2,654,279
Deferred tax asset, net	4	441,349	-
Loans receivable		75,000	-
Intangible Assets	10	4,508,116	4,508,116
Total Non-Current Assets		15,349,756	12,917,428
Total Assets		63,062,303	46,896,534
LIABILITIES			
Current Liabilities			
Trade & Other payables	11	29,259,457	22,740,588
Income tax payable	4	2,161,330	-
Provisions	12	2,995,242	1,332,759
Borrowings	13	68,216	535,803
Lease Liabilities	14	943,926	903,062
Contract Liabilities	7	2,168,504	3,969,551
Total Current Liabilities		37,596,675	29,481,763
Non-Current Liabilities			
Provisions	12	194,571	161,503
Lease Liabilities	14	1,621,903	2,421,275
Total Non-Current Liabilities		1,816,474	2,582,778
Total Liabilities		39,413,149	32,064,541
Net Assets / (Liabilities)		23,649,154	14,831,993
EQUITY			
Issued capital		24,455,791	20,427,962
Reserves		860,394	381,530
Accumulated losses		(1,667,031)	(5,977,499)
Total Equity / (Deficiency)		23,649,154	14,831,993

WestStar Industrial Limited
Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

Attributable to Owners of the Company

Notes	Issued Capital \$	Share-based Payments Reserve \$	Accumulated Losses \$	Total \$
Balance at 30 June 2020	19,811,669	772,495	(7,299,781)	13,284,383
Change in accounting policies	-	-	-	-
Profit (Loss) for the year	-	-	837,477	837,477
Total comprehensive profit (loss) for the year	-	-	837,477	837,477
Transactions with owners in their capacity as owners				
Shares issued	33,880	-	-	33,880
Transfer of expired options value	-	(484,805)	484,805	-
Recognition of share-based payments	582,413	93,840	-	676,253
Balance at 30 June 2021	20,427,962	381,530	(5,977,499)	14,831,993
Change in accounting policies	-	-	-	-
Profit (Loss) for the year	-	-	4,310,468	4,310,468
Total comprehensive profit (loss) for the year	-	-	4,310,468	4,310,468
Transactions with owners in their capacity as owners				
Shares issued, net of costs	4,027,829	-	-	4,027,829
Options issued	-	204,444	-	204,444
Recognition of share-based payments	-	274,420	-	274,420
Balance at 30 June 2022	24,455,791	860,394	(1,667,031)	23,649,154

WestStar Industrial Limited
Consolidated Statement of Cashflows

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	30 June 2022 \$	30 June 2021 \$
Cash flows from operating activities			
Receipts from customers		191,074,314	72,724,662
Payments to suppliers and employees		(184,631,033)	(62,530,267)
Interest received		8,874	3,512
Interest paid		(461,964)	(309,534)
Other income		997,713	255,111
Net cash flows provided by operating activities		6,987,904	10,143,484
Cash flows from investing activities			
Payments for financial assets		(2,317,523)	(3,906,539)
Proceeds from return of financial assets		814,553	942,220
Purchase of property, plant & equipment		(1,625,567)	(262,056)
Payments for investments		(283,075)	-
Proceeds from sale of property, plant & equipment		-	155,747
Net cash flows used in investing activities		(3,411,612)	(3,070,628)
Cash flows from financing activities			
Proceeds from share issues		4,150,000	-
Share issue costs		(134,388)	-
Proceeds from borrowings		165,000	-
Amounts loaned		(75,000)	(116,965)
Repayment of borrowings		(525,527)	(445,696)
Net cash flows provided by / (used) in financing activities		3,580,085	(562,661)
Net increase in cash and cash equivalents		7,156,377	6,510,195
Cash and cash equivalents at the beginning of the period		13,152,258	6,642,063
Cash and cash equivalents at the end of the period	5	20,308,635	13,152,258

NOTE 1: BASIS OF PREPARATION OF THE FINAL REPORT

BASIS OF PREPARATION

This preliminary final report for the year ended 30 June 2022 relates to the consolidated entity consisting of WestStar Industrial Limited ("WestStar" or "the Group") and its controlled entities.

The preliminary final report has been prepared on an accrual's basis and a historical cost basis except for certain current and non-current assets and financial instruments which are measured at fair value or where otherwise stated. Cost is based on the fair value of consideration given in exchange for assets.

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual financial report of the year ended 30 June 2022, the half year report for the period ended 31 December 2021 and any public announcements made by WestStar during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The amounts contained in this preliminary final report are presented in Australian dollars, the functional currency of the consolidated entity.

STATEMENT OF COMPLIANCE

The preliminary final report is a general-purpose financial report and has been prepared in accordance with applicable Australian Accounting Standards, other pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The preliminary final report is also in compliance with ASX listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

NOTE 2: REVENUE AND OTHER INCOME

	2022	2021
	\$	\$
REVENUE		
- Revenue from construction and engineering services	181,798,560	71,763,693
	181,798,560	71,763,693
OTHER INCOME		
- Interest income	8,874	3,512
- Insurance recoveries	763,825	-
- Scrap metal sales	147,179	162,077
- Sundry income	86,709	153,473
- Government grants	-	100,000
	1,006,587	419,062

NOTE 3: EXPENSES

ADMINISTRATIVE EXPENSES

	2022 \$	2021 \$
- Employee wages and salaries	7,898,429	4,758,160
- Professional services and consultant fees	2,159,169	1,657,162
- Insurance	590,446	740,965
- ASX and Share registry fees	78,074	60,750
- Motor vehicle expenses	39,961	81,972
- General administrative costs	1,277,168	586,769
	12,043,247	7,885,778

FINANCE COSTS

	2022 \$	2021 \$
- Interest and associated borrowing costs to unrelated third parties	607,295	458,585
	607,295	458,585

NOTE 4: INCOME TAX EXPENSE

(a) Income tax expense

Major component of tax expense for the year

	2022 \$	2021 \$
Current tax	1,931,956	198,005
Deferred tax	(211,975)	(198,005)
	1,719,981	-

(b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable tax rate is as follows:

Profit / (Loss) from continuing operations before income tax expense	6,030,449	837,477
Tax at the Group rate of 30% (2021: 30%)	1,809,135	251,243
Other non-deductible expenses	162,911	201,597
Prior period under/(over) provision	33,582	-
Deferred tax assets not previously recognised	(285,647)	-
Recoupment of prior period losses	-	(452,840)
Income tax expense	1,719,981	-

(c) Income tax liability

Current tax payable	2,161,330	-
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NOTE 4: INCOME TAX EXPENSE (CONT...)

	2022 \$	2021 \$
(d) Deferred tax		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable tax rate is as follows:		
<i>Liabilities</i>		
Net deferred income	168,617	-
Plant and Equipment	769,839	443,992
Debt Write-Off	336,767	267,006
Deferred tax liability	1,275,223	710,998
<i>Assets</i>		
Losses available to offset against future taxable income	336,763	267,006
Provisions & accruals	1,348,032	721,885
Net deferred income	-	107,884
Capital raising costs	11,736	46,469
Borrowing costs	473	-
Lease Asset	19,568	13,012
Deferred tax asset	1,716,572	1,156,256
Net deferred tax asset recognised	441,349	198,005
Net deferred tax asset not recognised	-	247,253

1. During the year ended 30 June 2021, the deferred tax asset recognised offset the income tax expense.

The benefit for tax losses will only be obtained if:

- (i) the Group derives future assessable income in Australia of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the Group continues to comply with conditions for deductibility imposed by tax legislation in Australia; and
- (iii) no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

NOTE 5: CASH AND CASH EQUIVALENTS

	2022 \$	2021 \$
Cash and bank balances	20,308,635	13,152,258
Balances as above	20,308,635	13,152,258
Bank overdraft	-	-
BALANCES PER STATEMENT OF CASHFLOWS	20,308,635	13,152,258

NOTE 6: TRADE AND OTHER RECEIVABLES

	2022 \$	2021 \$
Trade receivables (Current)		
Trade receivables	15,191,532	12,362,477
Less Allowance for doubtful debts	(2,567)	(317,692)
	15,188,965	12,044,785
Retentions	2,702,876	1,407,847
Other receivables	23,214	21,018
Prepayments	42,746	72,842
	17,957,801	13,546,492

	2022 \$	2021 \$
<30 days	12,196,911	9,855,437
30-60 days	957,551	2,132,326
60-90 days	105,464	50,924
90+ days	1,929,039	6,098
Total	15,188,965	12,044,785

	2022 \$	2021 \$
Trade receivables (Non-Current)		
Retentions	605,121	373,882
	605,121	373,882

The Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic.

NOTE 7: OTHER ASSETS AND OTHER LIABILITIES

The "Contract asset" value below represents under AASB 15, the unbilled amount expected to be collected from customers for contract work performed to date. Cost includes all expenditure related directly to specific projects. Recognised profit is based on the percentage completion method and is determined using the costs incurred to date and the total forecast contract costs.

	2022 \$	2021 \$
Other Assets		
Contract assets	6,650,627	4,571,459
	6,650,627	4,571,459

The "Contract liabilities" value below represents under AASB 15, unearned revenue the Group has invoiced the client in advance of performing the contracted services. Contract liabilities fluctuate based on progress of completion of contracts.

	2022 \$	2021 \$
Other Liabilities		
Contract liabilities	2,168,504	3,969,551
	2,168,504	3,969,551

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2022 \$	2021 \$
Gross carrying value at cost	7,249,941	5,497,536
Accumulated depreciation	(2,064,969)	(946,258)
Net carrying value at cost	5,184,972	4,551,278

	Plant & Equipment \$	Motor Vehicles \$	Total \$
Gross carrying value at cost			
At 1 July 2021	4,634,577	862,959	5,497,536
Additions	1,628,785	141,920	1,770,705
Disposals	(18,300)	-	(18,300)
At 30 June 2022	6,245,062	1,004,879	7,249,941
Accumulated depreciation			
At 1 July 2021	(827,450)	(118,808)	(946,258)
Disposals	9,102	-	9,102
Depreciation	(959,744)	(168,069)	(1,127,813)
At 30 June 2022	(1,778,092)	(286,877)	(2,064,969)
Total at 30 June 2022	4,466,970	718,002	5,184,972

NOTE 9: RIGHT OF USE ASSET AND LIABILITY

	2022 \$	2021 \$
Right of Use Asset		
Lease asset	4,041,736	4,041,736
Accumulated depreciation	(2,203,278)	(1,387,457)
	1,838,458	2,654,279

	Right of Use Asset \$
Gross carrying value	
At 1 July 2021	4,041,736
Additions	-
At 30 June 2022	4,041,736
Accumulated dep'n	
At 1 July 2021	(1,387,457)
Depreciation charge	(815,820)
At 30 June 2022	(2,203,277)

NOTE 10: INTANGIBLE ASSETS

	2022 \$	2021 \$
Goodwill - Alltype Engineering	3,515,918	3,515,918
Goodwill - SIMPEC	992,198	992,198
	4,508,116	4,508,116

Impairment testing for cash-generating units containing goodwill. For the purpose of impairment testing, goodwill is allocated to the Group's operating segments which represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The two CGU's tested for impairment are

- a. SIMPEC Goodwill
- b. Alltype Engineering Goodwill

The aggregate carrying amounts of goodwill allocated to each segment are as follows:

- c. SIMPEC Goodwill
- d. Alltype Engineering Goodwill

The CGU are not larger than any of the segments as classified under *AASB 8 Operating Segments*.

The recoverable amounts of the above segments were based on their value in use with the group performing its annual impairment test in June 2022. The carrying amount of the operating segments were determined to be lower than their recoverable amounts and therefore no impairment charge has been recognised. The Group has paid particular attention to those indicators impacted by the Coronavirus pandemic. We have considered the effect of the pandemic on our clients' activities which may include resources commodity prices, commercial construction activity, awards of new contracts, deferrals of existing contracts, disruptions to supply chain and disruptions to existing operations. The management team continues to monitor and manage the impacts and risks arising from the global pandemic.

Value in use was determined by preparing five year discounted cash flow forecasts, and extrapolating the cash flows beyond the terminal year using a terminal growth-rate. The calculation of value in use was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and independent research on the markets in which the segments operate.
- The five-year cash flow estimates used in assessments for all CGU's were based on Board approved budgets for the year ending 30 June 2023.
- Growth assumptions thereafter are Alltype Engineering 2%; SIMPEC 2% per annum for each future year.
- The terminal value assumes perpetual growth of 2.0% (2021: 2.0%).
- The margins included in the projected cash flow are the same rate that has been achieved by projects commencing in 2022.
- A pre-tax discount rate between 18% and 19% was applied. This discount rate was estimated based on past experience and industry average weighted cost of capital.

NOTE 11: TRADE AND OTHER PAYABLES

	2022 \$	2021 \$
Trade payables	18,942,784	14,386,671
Other creditors and accruals	10,316,673	8,353,917
	29,259,457	22,740,588

NOTE 12: PROVISIONS

	2022 \$	2021 \$
Annual Leave - Current	2,239,697	1,151,127
Long Service Leave - Current	130,680	181,632
Other provisions	624,865	-
	2,995,242	1,332,759
Long Service Leave – Non-Current	194,571	161,503
	194,571	161,503

NOTE 13: BORROWINGS

	2022 \$	2021 \$
Financing facility (i)	-	300,000
Short term loan facility (ii)	68,216	235,803
	68,216	535,803

(i) During the year ended 30 June 2022 the Company's unsecured working capital facility, bearing interest at 10% p.a, was fully repaid.

(ii) Short term loan facilities were provided during the year. The loans are unsecured and payable in equal instalments by September 2022 bearing interest at between 6.3% p.a. and 7.75% p.a.

NOTE 14: LEASE LIABILITIES

	2022 \$	2021 \$
Right of Use Lease liability - Current	818,965	793,972
Other lease liabilities - Current	124,961	109,090
	943,926	903,062
Right of Use Lease liability – Non-Current	1,084,715	1,903,680
Other lease liabilities – Non-Current	537,188	517,595
	1,621,903	2,421,275

NOTE 15: OPERATING SEGMENTS

Management has determined the operating segments based on reports reviewed by the Board of Directors for making strategic decisions. The current Board of Directors monitors the business based on operational and geographic factors and have determined that there is four relevant businesses segment being:

SIMPEC Pty Ltd is a construction contractor with specialist experience in both Structural, Mechanical and Piping and Electrical & Instrumentation works.

Alltype Engineering Pty Ltd provides workshop fabrication, site installation, construction and maintenance services to the Oil & Gas, Water, Power Generation, Infrastructure, Mining, Resources, Utility, Petrochemical and Defence Industries.

Segment reporting	SIMPEC \$	Alltype \$	Group \$
Year ended 30 June 2022			
Segment revenue	130,667,316	51,131,244	181,798,560
Segment operational expense	(120,250,583)	(41,412,741)	(161,663,324)
Segment gross margin	10,416,733	9,718,503	20,135,236
Segment overheads	(5,412,493)	(7,127,570)	(12,540,063)
Segment operating profit (loss)	5,004,240	2,590,933	7,595,173
Other Income - operational	718,600	287,976	1,006,576
Net operating Profit/(Loss) before tax & Corporate Administration expenses	5,722,840	2,878,909	8,601,749
Other income			11
Corporate & administration			(2,571,311)
Net operating Profit (Loss) before Tax			6,030,449
Income tax expense			(1,719,981)
Net operating Profit (Loss) after Tax			4,310,468
1. Alltype segment revenue excludes \$320,462 intercompany revenue			
2. SIMPEC segment operational expense excludes \$320,462 intercompany cost of sales			
Year ended 30 June 2021			
Segment revenue	38,688,340	33,075,353	71,763,693
Segment operational expense	(34,876,033)	(25,288,791)	(60,164,824)
Segment gross margin	3,812,307	7,786,562	11,598,869
Segment overheads	(3,438,771)	(5,197,628)	(8,636,399)
Segment operating profit (loss)	373,536	2,588,934	2,962,470
Other Income - operational	51,583	361,693	413,276
Net operating Profit/(Loss) before tax & Corporate Administration expenses	425,119	2,950,627	3,375,746
Other income			5,786
Corporate & administration			(2,566,973)
Discontinued Operations			22,918
Net operating Profit (Loss) before Tax			837,477
Income tax expense			-
Net operating Profit (Loss) after Tax			837,477

NOTE 15: OPERATING SEGMENTS (CONTINUED)

Segment reporting	SIMPEC \$	Alltype \$	Group \$
Year ended 30 June 2022			
Segment assets	30,474,871	22,728,197	53,203,068
Segment liabilities	(20,055,905)	(16,163,403)	(36,219,308)
Segment asset & liabilities	10,418,966	6,564,794	16,983,760
Cash and corporate assets			9,859,235
Corporate liabilities			(3,193,841)
Total asset & liabilities			23,649,154
Year ended 30 June 2021			
Segment assets	21,205,885	20,692,917	41,898,802
Segment liabilities	(14,984,857)	(15,198,227)	(30,183,084)
Segment asset & liabilities	6,221,028	5,494,690	11,715,718
Cash and corporate assets			5,152,526
Corporate liabilities			(1,803,544)
Discontinued Operations			(232,707)
Total asset & liabilities			14,831,993

NOTE 16: CONTINGENCIES AND COMMITMENTS

As at 30 June 2022, the Group has provided bank guarantees which are held in term deposits of \$4,527,938 (2021: \$3,024,969) to various customers and suppliers. During the financial year ended 30 June 2022 the Group entered into ~\$7.5M bond facilities ("the Facilities") with Export Finance Australia. As at 30 June 2022 \$7.5M of these bond facilities had been used.

NOTE 17: SUBSEQUENT EVENTS

There were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Group and the results of those operations or the state of the affairs of the Group in the financial period subsequent to 30 June 2022.