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HALF-YEARLY REPORT

31 December 2023

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ABOUT

WestStar Industrial (ASX: WSI)

('WestStar' or the 'Company')

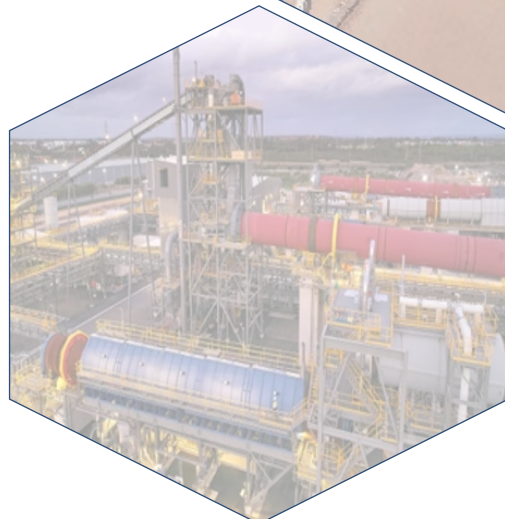
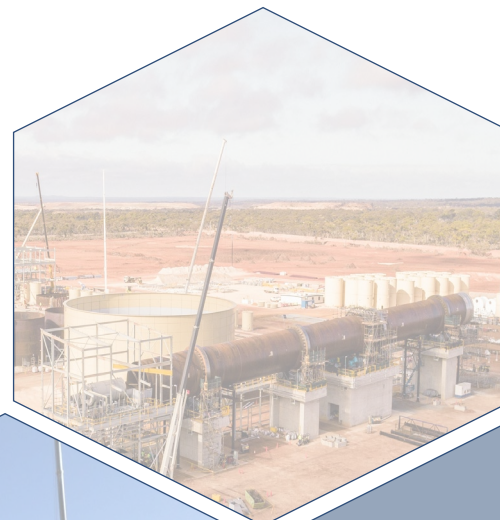
An Australian owned company that through its subsidiaries, Alltype Engineering, SIMPEC and Watmar Engineering, provides industrial project solutions centred around engineering, fabrication, construction and maintenance services within the resources, energy, oil and gas, petrochemical, water, marine, defence and infrastructure sectors across Australia.

OPERATING COMPANIES



OUR SERVICES

- Multidiscipline Construction Contracting
- Structural Mechanical Piping (SMP)
- Electrical and Instrumentation (E&I)
- Fabrication of Pipe Plate and Structural Steel
- Non-Process Infrastructure NPI
- Rotating Equipment Installation
- Fluid Systems Solutions, Equipment and Services
- Department of Defence, Supply and Maintenance
- Asset Management Services
- OEM Equipment, Technical Support, Parts and Services
- Maintenance Shutdowns and Turnarounds
- Design and Construct / EPC Projects
- Multidiscipline Turnkey Projects



DIRECTOR REPORT

The Directors of WestStar Industrial Limited submit the financial report of WestStar Industrial Limited ("the Company") and its controlled entities ("the Group" or "Consolidated Entity") for the half-year ended 31 December 2023. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

The names of the Company's Directors in office during or since the end of the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

| | |
|---------------------|---|
| Mr Philip Re | Non-Executive Chairman |
| Mr Robert Spadanuda | Group Chief Executive Officer and Managing Director |
| Mr Lay Ann Ong | Non-Executive Director |

The qualifications and experience of the Company's Directors are outlined in the 30 June 2023 Annual Report.

RESULTS OF OPERATIONS

Revenue for the Group was \$110,030,157 for the half-year ending 31 December 2023 compared to the previous mid-year revenue of \$165,388,931 in December 2022, however the quality was higher with respect to percentage earnings.

The Group posted an after-tax profit attributed to members of \$2,900,457 for the half-year ending 31 December 2023 (31 December 2022: \$3,680,256). Several non-cash expenses are recorded in the Company's accounts.

| | Half-year ended 31 December 2023 \$ |
|---|---|
| EBITDA | 5,040,690 |
| Depreciation | (1,067,512) |
| EBIT | 3,973,178 |
| Share based payment expense | (82,269) |
| Interest costs | (124,525) |
| Bargain purchase on Acquisition of subsidiary - provisional | 582,655 |
| NPBT | 4,349,039 |
| Income tax expense | (1,448,582) |
| NPAT | 2,900,457 |

*Underlying EBITDA is an unaudited, non-AIFRS financial measure which is not prescribed by Australian Accounting Standards ('AAS')

REVIEW OF OPERATIONS

FIRST HALF-YEAR FINANCIAL HIGHLIGHTS

- Strong Half-year Earnings (EBITDA) of \$5,040,690
- Profit (NPAT) of \$2,900,457
- Revenue of \$110,030,157
- 1HY24 Alltype Engineering consistent at \$42,223,002
- 1HY24 SIMPEC revenue \$66,539,884
- Completion of strategic acquisition of Watmar Engineering Pty Ltd ('WATMAR')
- 1HY24 WATMAR revenue circa \$1.3M (two months contribution)
- Cash Holdings of \$16.1M
- Cash Backed Bonds of \$2.4M
- Continued to build Pipeline of Opportunities, Secure Awards and Project Upgrades
- Projects continue to deliver profitability.
- Debt NIL

KEY STATISTICS

- Strong Tender Pipeline and Prospects >\$1B
- Number of Projects worked > 195
- Locations across Australia WA, Qld, NSW, Vic and NT.
- People > 650
- 40 Years Operational Experience of Acquired Businesses, SIMPEC 7 years since foundation.

FINANCIAL PERFORMANCE

Having consistently maintained a strong order book of contracted revenue, the Company has once again delivered another first half profit.

WestStar Industrial achieved Group Revenue of \$110.0M compared to \$165.4M in the prior comparative period (1HFY23). The reduction in revenue was primarily due to the completion of the Iron Bridge Wet Plant Project, being the largest project completed in the Group's history.

Impressively, an increase in gross margins delivered solid earnings to turnaround the (2HFY23). This strong turnaround is testament to the commitment shown by all teams to achieve greater reward for effort, despite cost pressures and labour shortages heavily affecting the industry. The Group was able to continue delivery of revenue safely, on time and also profitably.

Whilst achieving this the Group also managed to secure and transact on its new subsidiary WATMAR from existing cash reserves, all whilst still maintaining a Nil Debt position and WATMAR immediately contributing to earnings.

REVENUE

WestStar Industrial recorded revenue for the six months of \$110.0M, a decrease of 33.5% on the previous corresponding period primarily due to the reduced revenue stream through SIMPEC after having achieved Practical Completion on the Iron Bridge Wet Plant Project.

Alltype Engineering achieved half-year revenue of \$42.2M, down 7.5% on the prior corresponding period (1HY23 \$45.6M) with the Lynas Rare Earths project nearing completion and the Kurri Kurri Facilities project ramping up.

SIMPEC achieved half-year revenue of \$66.5M, down 44.5% on the prior corresponding period (1HY23 \$119.8M), due to the completion of the Iron Bridge Wet Plant Project.

The Group has managed to deliver the revenue in line with the Group's strategic growth plans. This was evident in the award and conversion of significant works across both Alltype Engineering and SIMPEC which continue to be delivered successfully.

The successful integration of WATMAR contributed two months' revenue to the Group's performance, having delivered \$1.27M.

With a strong pipeline of new projects across the Group across a diverse range of Industry Sectors, the introduction of WATMAR has fast tracked WestStar Industrial into the Defence sector, which has a high barrier to entry and significant future capital and ongoing operational spend commitments that are not cyclical in nature.

EARNINGS

Earnings before interest, tax, depreciation and amortization (EBITDA) for the period was ~\$5.04M a decrease on the prior comparative period (1HY23 \$6.9M), but an increase on the (2HY23), delivering an EBITDA margin percentage of 4.6%, an increase on the prior comparative period (1HY23 4.2%).

Net profit after tax was \$2.9M, down 21.2% on the prior corresponding period (1HY23 \$3.68M).

The Company continues to focus on delivery of its projects with a defined objective to continually improve commercial outcomes through cost control and margin focus, which has been demonstrated by the increased gross margins now being achieved.

BALANCE SHEET

The Company continues to strengthen its balance sheet with total equity of \$28.6M increasing by 4.4% on the prior comparative period (1HY23 \$27.4M). The Group held cash of \$16.1M and had a working capital surplus of \$14.25M as at 31 December 2023. Strengthening of the balance sheet enables the Group to demonstrate and deliver the financial capacity appropriate for its growth targets, current commitments and potential opportunities. With nil long-term debt the Group continues to effectively use its balance sheet to manage new projects, growth and explore strategic and earnings accretive acquisitions.

OUTLOOK AND STRATEGY

The Group remains confident that its portfolio of delivered projects continues to position itself for continued growth in the Resources and Energy Sectors. Opportunities across a variety of commodities have presented several new construction project opportunities to both SIMPEC and Alltype Engineering. With the successful integration of WATMAR providing direct entry into the Defence Sector, where forecast spending recently announced by the Federal Government will be at unprecedented levels, the future opportunity for continued growth has broadened further.

The Group continues to seek out opportunities in markets that it can add value to and deliver the greatest return for effort. Maintaining focus on sustaining capital and maintenance projects will now receive a boost through the exposure to new projects in the Defence sector via WATMAR together with the growth in SIMPEC and Alltype Engineering in these disciplines.

The Board, Executive and Management committed post FY23 to take the necessary steps and requisite change to mitigate impacts to earnings moving forward. Whilst revenue growth was at an all-time high, profitability remained the focus in line with what we internally target and expect as a consolidated business.

SIMPEC in a short period of time has now delivered a strong rebound in profitability in line with that targeted focus. The more stable returns of its TCE model (Target Cost Estimate) have provided this stability in line with the board's expected financial performance with a much lower risk profile.

Despite varied market conditions, maintaining focus on long-term sustainable performance will ultimately unlock the underlying value of the business.

The WestStar Industrial long-term strategic goal is not about prioritisation of short-term performance and remains focussed on measured and deliberate growth, appropriate risk management and long-term return on investment for its stakeholders.

The Board firmly believes that the diversification strategy we continue to roll out as per our Strategic Plan has protected our business model, despite the challenges and pressures of the construction Services Market. This focus on long-term investment and effective use of cash resources has seen another acquisition completed in WATMAR, which in a short period of time displays encouraging signs and reinforces this strategy.

WestStar Industrial maintains a strong balance sheet basis, nil debt with the appropriate funding to execute on its growth strategy and will continue to evaluate all aspects of both balance sheet and capital management to deliver best possible outcomes to all stakeholders across the business as well as evaluating further strategic Acquisition opportunities. The Board remains confident and committed to this strategy.

We take this opportunity to thank our teams across the Group for their dedication and efforts in delivering our projects safely. We look forward to this continued improvement across SIMPEC and Alltype Engineering and welcome the staff and management of WATMAR to the Group.

Commenting on WestStar Industrial's performance, WestStar CEO and Managing Director Robert Spadanuda noted:

"I would like to firstly acknowledge the significant contributions made by the Executive, Management and Group workforce across Australia. In the first half of the financial year, we have been able to deliver and commence a variety of complex contracts across the country whilst maintaining a safe working environment through our strength in leadership."

"The Group continues to deliver these projects with profit which is testament to the dedication and focus of our teams. The increase to SIMPEC margins has been an impressive turn around."

"The Executive has clearly demonstrated its ability to deliver on its national growth plan as highlighted to our shareholders in prior periods. With a presence now in NSW, QLD, VIC, NT and WA the diversity in markets presents an array of new opportunities over the coming periods."

"Despite a challenging labour market, we are starting to witness a slight increase in availability of skilled workers across the Group. This availability enables the Group to focus further on margin improvement and certainty around labour cost control that has challenged many companies on a national scale. It also provides confidence to challenge our growth targets with a focus on a greater return for effort."

"Having completed Iron Bridge Wet Plant Project and then delivered \$110M revenue in the first half is a great achievement. The results have been delivered with less revenue concentration and weighting to individual projects. This is particularly encouraging and demonstrates our ability to underpin and increase our backlog of works to provide more certainty for positive results for the full year."

"Significant milestones include SIMPEC having achieved Practical Completion for the Iron Bridge Wet Plant project. This Project was the largest project undertaken by the business to date and has demonstrated capability and scale with successful execution. A complex yet rewarding project that delivered solid results to the Group, all whilst maintaining a record TRIFR."

"Alltype Engineering has achieved Practical Completion for the SMPE&I fabrication and installation of the Kiln Feed Hood and Waste Gas Treatment circuit at Lynas Rare Earths Processing Facility in Kalgoorlie with full demobilisation of the site now complete.

"It is important to appreciate the successful delivery, size, complexity and success of these key projects in our growth cycle and congratulate all teams for their efforts.

"We have worked progressively with Export Finance Australia to increase our bonding facilities to facilitate further requirements in servicing new contract awards. Current bonding limits are \$15.0M but can only be accessed for projects in the export supply chain. Further bonding opportunities are being explored to reduce our reliance on cash reserves needed to service high working capital requirements on project obligations and project securities for our future growth needs.

"The Company has also self-funded cash backed bonds and retentions to the value of circa \$2.4M all whilst completing an all cash deal for Watmar Engineering in November 2023.

"WestStar Industrial continues to demonstrate that the Company can deliver profitability with Nil Debt all whilst providing a platform to perform its greater obligations. Those obligation priorities in this growth platform are to support the project requirements in Alltype Engineering, SIMPEC and now Watmar Engineering.

"Nationwide tendering continues to broaden our horizon through our confidence in successfully executing under the proven platforms we have now delivered upon nationally.

"We continue to grow beyond borders through organic growth and targeted acquisitive opportunity, we welcome the team and management of Watmar Engineering in all states to the Group.

"We thank all of our people for their contribution, along with the loyal support of our clients and shareholders.

"The Company is well positioned for the balance of the financial year."

OPERATIONS

ALLTYPE ENGINEERING

Alltype Engineering had a strong commencement to FY24 with a record backlog underpinned by the award of the Kurri Kurri Facilities contract for APA Group.

The scope is to deliver a new JGN offtake and meter facility and a three-unit Electric Motor Drive (EMD) Reciprocating Gas Compressor and Delivery Station (Kurri Kurri Storage Station or KKSS) for a gas storage pipeline near Kurri Kurri, in the Hunter Valley region of New South Wales, 35km west of Newcastle, as part of the Snowy Hydro 2 Power Scheme. The Kurri Kurri facilities project involves site establishment, earthworks, civil, piling, concrete, structural, mechanical, piping, electrical and instrumentation scopes, for both workshop (structural steel, pipe spooling and skids) and onsite.

At the end of calendar year 2023, the project team and infrastructure had been established on site and progressed well through the bulk earthworks, civils and commenced piling foundation activities with workshop fabrication planning and preparation well advanced. The fabrication scope is being completed strategically with Alltype Engineering undertaking skid fabrication and east coast fabricators completing off skid piping and buried vent piping scopes separately. This approach also provides the foundation for delivery of future east coast based projects.

Financially, the first half of FY24 continued the momentum of FY23, with segment revenue of \$42.2M for the half-year contribution to the WestStar Industrial Group with an EBITDA of \$2.2M and Net Profit before tax of \$1.45M, whilst maintaining the Company health, safety, environmental, sustainability and community performance and standards set across the Group.

Numerous and diverse projects were secured and delivered with an overview of operational highlights as per below:

- Practical Completion was achieved on the Yarraloola Compressor Station power generation upgrade in the Pilbara region of Western Australia. The project involved site establishment, civil, concrete, structural, mechanical, piping, electrical and instrumentation scopes, for both workshop (structural steel, pipe spooling) and onsite construction with remote area working conditions and logistics. The facilities scope was tied in and commissioned successfully during a critical planned shutdown with works completed ahead of the allocated time frame.
- Practical Completion was achieved in December 2023 for the SMPE&I fabrication and installation of the Kiln Feed Hood and Waste Gas Treatment circuit at Lynas Rare Earths Processing Facility in Kalgoorlie with full demobilisation of the site complete. This major turnkey multidisciplinary project included workshop fabrication, SMP construction works and E&I installation works and is currently in the wrap up and close out phase with documentation and commercials.

- Award, fabrication and completion of a fast-tracked schedule CO2 removal membrane package in partnership with SLB, a global oilfield services company. The technical complexity of the package combined with the local packaging as opposed to overseas manufacture has been recognised as a highly successful project and should provide the foundation for similar packages in the future.
- The business continued to secure and execute numerous contracts for metropolitan and regional water infrastructure upgrades as part of road and rail infrastructure expansion and regional water supply security for Water Corporation via Tier One and Two Civil Construction Contractor clients. The major infrastructure upgrade on the Burrup Peninsula was completed safely as per schedule and budget, which has resulted in the Company being shortlisted or selected as preferred tenderer on a number of subsequent works of similar nature.
- Alltype Engineering continued to build company capability awareness in the eastern states and have progressed further tender proposals and pre-qualifications predominantly focused on upstream gas compression, processing and production facilities.
- As part of business as usual, Alltype Engineering continued fabrication contracts for tanks, pressure vessels, structural steel, piping and plate works and expand maintenance and call off project support services amongst a broad range of existing and new clients for SMP and E&I discipline scopes.

Alltype Engineering Managing Director; Kelvin Andrijich stated:

"It has been fantastic to build upon our demonstrated major project delivery capability with broad industry recognition of the unique and yet broad offerings of Alltype Engineering. With focus on our core customers to deliver reliable turnkey, construction and fabrication works, we continue to expand our offerings geographically, technically and in project size at a sustainable and reliable pace."

"These customers have been our biggest advocates for new projects and opportunities, and we thank our supporters for their confidence in referring Alltype Engineering as a true Tier 2 construction solution provider."

"Whilst the upper limit value of our projects continues to grow, we have not lost sight of the importance of undertaking our core works at all levels and this sales mix provides reliability in earnings and cash flow and excellent training grounds for new employees."

"I again would like to acknowledge our dedicated team of people who have had a wide range of tenures from months to 25 years. Ultimately, we are a service business and these people drive our success."

"Heading into the second half of FY24 our focus continues to be on consistent EBIT generation and we look forward to the conclusion of numerous tendering opportunities and announcing new awards."



CO2 removal membrane package in partnership with SLB

SIMPEC

The half-year to date for SIMPEC has seen the completion of the Iron Bridge Wet Plant, the Company's largest ever project to date – a milestone which has propelled SIMPEC into a different tier of client base and tender opportunities and one which has delivered an immense sense of pride across the business. We continue to build on our major project capabilities with the expansion of the Cockburn Cement facility in Kwinana and deliver on our commitment to expansion across several sectors and new clients.

This half-year was a solid performance for the business, SIMPEC delivered segment revenue of \$66.5M for the half-year contribution to the WestStar Industrial Group with an EBITDA of \$4.0M, resulting in a Net Profit before tax of \$3.8M. This is an excellent result and continues to build great momentum for the full year results for FY24.

Operationally, SIMPEC overview of half-year highlights included:

- Iron Bridge Wet Plant Project – Remaining as our largest project to date, SIMPEC delivered practical completion of the Wet Plant with our dedicated commitment to safety and handing over this portion of the plant to the client to the highest standard. Subcontract close-out exercises are complete and final MDR has been approved.
- Tianqi TLK Minor Works – Tianqi has been a long-term partner of SIMPEC having originally collaborated on the works for the original plant across various disciplines. Testament to the performance of our team, SIMPEC remains on site to perform various SMP works as directed. The current personnel on site are working closely with the Tianqi site team in a collaborative workspace further cementing our long-term relationship with Tianqi Lithium.
- Acciona Kwinana Avertas Energy project – following on from original contract works, SIMPEC continues to build on our existing agreement at the Kwinana Waste to Energy Project. SIMPEC continues our relationship with Acciona to deliver across various areas of the plant. This project continues to provide a positive opportunity for the business, where the number of personnel on site continues to grow across various disciplines of both professional labour and trade classifications.
- Sydney Infrastructure Projects - SIMPEC continues to perform well amongst Sydney's infrastructure projects, specifically finalising works for the Sydney Metro City & Southwest Line-Wide Works Project and most recently expanding to the Thales GTSA Metronet Project. Having previously established good standing and performance for Systems Connect, the Metronet Project opportunity sees SIMPEC provide electrical and communications packages for Martin Place Station as well as the completion and commissioning of various other Sydney Metro sites. Utilising management, supervision and trades personnel, this projects further cements SIMPEC's position on the East Coast in infrastructure construction.
- Cockburn Cement – SIMPEC's collaboration with Cockburn Cement for the Kwinana Plant Upgrade Project is progressing well. Concurrent to this is SIMPEC's provision for site-wide scaffolding, facilities and plant & equipment hire. The partnership with Adbri Limited remains firm and sees SIMPEC performing strong and due for completion in the 3rd quarter of 2024. SIMPEC's presence within the Kwinana Industrial area continues to expand and provides the opportunity to present a workforce of highly skilled construction workers within a local project environment, further adding to SIMPEC's diversity of employment opportunities across our workforce.
- SEPD Wagerup BESS Project – SIMPEC has secured ongoing works for the provision of site plant and equipment, site establishment and site management for the preliminary stages of the Wagerup Battery Energy Storage Systems project under the direction of SEPD. This emerging industry project sees a strong collaboration between SIMPEC and SEPD at the forefront of this groundbreaking project and an opportunity to further expand and enhance SIMPEC's capabilities within the green energy sector.
- East Coast Initiative – The East Coast team are continuing to provide a steady stream of business development opportunities which include both construction and maintenance contracts throughout the country. The team have continued the planning and delivery of secured orders for Vopak. A new client for SIMPEC, the collaboration between the two companies has seen the establishment of both ongoing maintenance works and installation of newly required plant components at Vopak's Port Botany facility in New South Wales. A testament to SIMPEC's reputation and commitment to growth, our team of industry professionals on the East Coast continue to build strong relationships and expand our capabilities across a new client base. Having successfully executed these works and in continuing to work collaboratively within the maintenance space, we look forward to many more possibilities and positive outcomes with SIMPEC's East Coast Initiative.
- Territory Generation Katherine Tank Repairs – another new client for SIMPEC, the scope of works included repair of an existing tank at Territory Generation in Katherine, Northern Territory. The works progressed safely, on time and on budget and is the second project SIMPEC have delivered in the Territory. We look forward to building on this new and exciting client relationship as we look forward to cessation of the wet season, when further works will be required by Territory Generation and conditions permit.

Health Safety Environment (HSE) Performance

In the current calendar year, SIMPEC has successfully accumulated a total of 1,396,751 hours worked as of 2023. Remarkably, the organisation has sustained an impeccable safety record, with no lost time injuries, consistently maintaining this significant achievement for seven consecutive years, thereby highlighting our unwavering commitment to the well-being of our personnel. The business' overall Total Recordable Injury Frequency Rate (TRIFR) was 2.86 for the half-year.

SIMPEC Managing Director Mark Dimasi stated:

"SIMPEC is poised to present a robust workbook for the year 2024. Our concerted efforts in nurturing established client relationships have yielded promising long-term prospects across diverse business sectors. Simultaneously, we are actively engaged in showcasing our capabilities to new clients and broadening our avenues for growth. With an unwavering focus on strategic objectives and a persistent commitment to safety, we eagerly anticipate the upcoming year to build upon our past successes."

"The encouraging expansion of our East Coast team signifies not only current growth but also offers significant potential for further development. Aligning proudly and forming partnerships with Tier 1 Clients across various sectors throughout Australia, SIMPEC positions itself for noteworthy achievements in the forthcoming financial year. The outlook is optimistic, reflecting the anticipation of a highly successful period for the SIMPEC business."



Kwinana Cockburn Cement Upgrade - performed by SIMPEC under a LNTP

Watmar Engineering

The Board firmly believes that the diversification strategy we continue to roll out as per our Strategic Plan has protected our business model, despite the challenges and pressures associated with the pure Construction Services Market.

As previously stated, the Company continues to evaluate synergistic mergers and acquisitions to continue its strategy of accessing new geographies and industry segments.

As part of this strategy, the Company recently completed the acquisition of WATMAR after completion of robust due diligence necessary for successful integration of a new business as has been demonstrated successfully in the past. This integration has well and truly commenced, as we progress to expand on the business to deliver upon a true national footprint. Maintaining focus on sustaining capital and maintenance projects will now receive a boost through the exposure to new projects in the Defence sector via WATMAR and will aim to contribute to the organic growth in SIMPEC and Alltype Engineering in these disciplines. The retaining of key management personnel to ensure a smooth transition for customers and employees and position the business for immediate growth and increased profitability is underway.

Established in 1989, WATMAR has developed a sound reputation in the Australian marine and defence sectors as a Fluid System Engineering Specialist. WATMAR is headquartered in Naval Base, Western Australia and operates from established facilities in Perth,

Darwin and Sydney delivering planned maintenance, service and parts supply and technical back up with exclusive agency agreements for global Original Equipment Manufacturers (OEM) components installed throughout military vessels and infrastructure in various defence forces and marine facilities. Underpinned by long-term framework agreements within high barrier to entry markets of operation, WATMAR also provides unique specialised integrated project solutions.

WATMAR's strong and long-standing client base consists principally of government and large-scale enterprises in both the public and private sectors, including The Australian Government Department of Defence, BAE Systems, Serco Group, Babcock Australasia, Luerssen Australia and Woodside Energy.

WestStar Industrial plans to integrate WATMAR into its existing operations and retain key management personnel to ensure a smooth transition for customers and employees and position the business for immediate growth and increased profitability.

WATMAR delivered segment revenue of \$1.27M for the half-year contribution to the WestStar Industrial Group with an EBITDA of \$0.4M, resulting in a Net Profit before tax of \$0.3M.

WATMAR continued on its growth trajectory, after finishing the calendar year with positive financial results since acquisition by WestStar Industrial on 3 November 2023.

Some highlights for 1HY24 include:

- Securing additional larger value equipment supply contracts to the Department of Defence underpinned by parent company support.
- Practical completion of two large diesel-powered offshore fire protecting pump rigs destined for an international oilfield FPSO.
- Working through large Defence request of quotations and tenders.
- Diversification of service work into the healthcare and resources sectors.
- Commenced integration into the WestStar Industrial corporate systems.

Watmar Engineering General Manager, Simon Watson stated:

"Becoming a part of the WestStar Industrial group of companies has led to several very positive outcomes across all of our internal and external stakeholders and allowed the business to actively pursue larger and more complex projects, within the traditional Defence sector as well as diversify further into Oil and Gas, Mining and Healthcare."

"By working closely with the team at WestStar we are working toward our immediate goal of streamlining our financial structure by both cost cutting and leveraging off economies of scale which come from being part of a larger corporate body."

"We are all very excited to continue to support our clients and expand our scopes across all industries."



HMAS Ballarat



HMAS Stalwart



HMAS Supply



LHD HMAS Canberra

CORPORATE OVERVIEW AND OUTLOOK

EXPORT FINANCE BOND FACILITY ~\$15.0M Bond Facility

Export Finance Australia provides the Group with a bonding facility that can be utilised for projects in the export supply chain subject to a number of conditions and covenants. As of 31 December 2023, the total value of bond facilities available to the Group amounted to \$15.0M, of which \$8.1M has been committed to a selection of the Group's current projects, with the balance of \$6.9M uncommitted.

CORPORATE

During the half-year 3,000,000 unlisted options exercisable at \$0.30 per option expired. In addition, 4,500,000 Performance Rights with various performance conditions expired without the conditions being satisfied.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has not been any other matter or circumstance occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AUDITOR INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Armada & Audit Assurance Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 12 and forms part of this directors' report for the half-year ended 31 December 2023.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Philip Re
Non-Executive Chairman
Perth, Western Australia

29 February 2024



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AUDITING

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strength in numbers

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF**

WESTSTAR INDUSTRIAL LIMITED

As lead auditor for the review of WestStar Industrial Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief there have been:

- i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of WestStar Industrial Limited and the entities it controlled during the half-year ended 31 December 2023.

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD

NIGEL DIAS

DIRECTOR

Perth, Dated 29 February 2024

TAX & ACCOUNTING | AUDITING | BUSINESS MANAGEMENT | BUSINESS CONSULTING | FINANCIAL PLANNING | LENDING

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| | Note | 31 December 2023 \$ | 31 December 2022 \$ |
|--|-------|------------------------|------------------------|
| Revenue | 4 (a) | 110,030,157 | 165,388,931 |
| Cost of goods sold | | (97,872,293) | (151,938,169) |
| | | 12,157,864 | 13,450,762 |
| Other income | 4 (b) | 902,867 | 454,290 |
| Bargain purchase on business combination | 5 | 582,655 | - |
| Distribution expenses | | (33,828) | (15,529) |
| Occupancy expenses | | (170,373) | (128,854) |
| Depreciation | | (1,067,512) | (1,174,786) |
| Employment expenses | | (5,686,158) | (4,494,633) |
| Administration expenses | | (1,838,328) | (2,238,478) |
| Insurance | | (178,764) | (141,014) |
| Finance costs | | (124,525) | (294,252) |
| Expected credit loss | | (75,000) | 261 |
| Share based payments expense | 19 | (82,269) | (91,207) |
| Foreign exchange gain / (loss) | | (2,926) | - |
| Profit / (loss) on sale of plant and equipment | | (34,664) | - |
| Expenses | | (9,294,347) | (8,578,492) |
| Profit before income tax | | 4,349,039 | 5,326,560 |
| Income tax expense | 6 | (1,448,582) | (1,646,304) |
| Profit after income tax | | 2,900,457 | 3,680,256 |
| Other Comprehensive Income | | | |
| Items that may be reclassified to profit or loss | | - | - |
| Other comprehensive income / (loss), net of tax | | - | - |
| Total comprehensive income | | 2,900,457 | 3,680,256 |
| Earnings per share | | | |
| Basic and diluted earnings per share (cents per share) | | 2.62 | 3.32 |

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT HALF-YEAR ENDED 31 DECEMBER 2023

| | Note | 31 December 2023 \$ | 30 June 2023 \$ |
|---|-------|------------------------|--------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 7 | 16,125,744 | 16,114,782 |
| Trade and other receivables | 8 | 23,652,728 | 22,004,949 |
| Inventories | | 902,157 | 532,695 |
| Financial assets | 21 | 703,764 | 833,880 |
| Contract assets | 9 | 11,143,932 | 23,201,751 |
| Total Current Assets | | 52,528,325 | 62,688,057 |
| Non-Current Assets | | | |
| Financial assets | 21 | 1,724,895 | 1,633,284 |
| Trade and other receivables | 8 | - | 293,904 |
| Investments | | 283,075 | 283,075 |
| Loans Receivable | | 911,901 | - |
| Property, plant & equipment | 10 | 5,902,226 | 5,019,260 |
| Right of Use Asset | 11 | 2,207,285 | 1,022,638 |
| Deferred tax asset, net | 6 (d) | 216,946 | 1,922,792 |
| Intangible Assets | 12 | 5,916,954 | 4,508,116 |
| Total Non-Current Assets | | 17,163,282 | 14,683,069 |
| Total Assets | | 69,691,607 | 77,371,126 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 13 | 18,679,907 | 37,460,260 |
| Income tax payable | 6 (c) | 4,685,863 | 4,520,476 |
| Provisions | 14 | 3,540,625 | 6,529,940 |
| Borrowings | 15 | 2,159,288 | - |
| Lease liabilities | 16 | 1,073,982 | 960,588 |
| Contract liabilities | 9 | 8,137,765 | 609,447 |
| Total Current Liabilities | | 38,277,430 | 50,080,711 |
| Non-Current Liabilities | | | |
| Provisions | 14 | 428,673 | 726,491 |
| Lease liabilities | 16 | 2,412,245 | 973,391 |
| Total Non-Current Liabilities | | 2,840,918 | 1,699,882 |
| Total Liabilities | | 41,118,348 | 51,780,593 |
| Net Assets | | 28,573,259 | 25,590,533 |
| EQUITY | | | |
| Issued capital | 17 | 24,455,791 | 24,455,791 |
| Reserves | 18 | 150,332 | 755,117 |
| Retained Profits / (Accumulated losses) | | 3,967,136 | 379,625 |
| Total Equity | | 28,573,259 | 25,590,533 |

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| | | 31 December 2023 | 31 December 2022 |
|--|---|--------------------|--------------------|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers | | 136,468,170 | 164,018,209 |
| Payments to suppliers and employees | | (135,209,534) | (165,677,557) |
| Interest received | | 156,524 | 28,460 |
| Interest paid | | (62,794) | (177,763) |
| Other income | | 746,344 | 425,830 |
| Net cash flows provided by / (used in) operating activities | 7 | 2,098,710 | (1,382,821) |
| Cash flows from investing activities | | | |
| Payment for financial assets | | (666,257) | (91,982) |
| Proceeds from return of financial assets | | 733,511 | 1,941,487 |
| Purchase of property, plant & equipment | | (449,226) | (837,404) |
| Proceeds from sale of plant & equipment | | 7,182 | - |
| Acquisition of subsidiary, net of cash acquired | | (801,057) | - |
| Payments for investments | | - | (83,582) |
| Net cash flows (used in) / provided by investing activities | | (1,175,847) | 928,519 |
| Cash flows from financing activities | | | |
| Loan to Unrelated parties as part of the WATMAR acquisition | | (911,901) | - |
| Net cash used in financing activities | | (911,901) | - |
| Net (decrease) / increase in cash and cash equivalents | | 10,962 | (454,302) |
| Cash and cash equivalents at beginning of period | | 16,114,782 | 20,308,635 |
| Cash and cash equivalents at the end of the period | 7 | 16,125,744 | 19,854,333 |

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| | Note | Issued capital \$ | Retained Earnings \$ | Share based payment reserve \$ | Total \$ |
|---|------|-------------------------|---|--------------------------------------|-------------------|
| At 1 July 2023 | | 24,455,791 | 379,625 | 755,117 | 25,590,533 |
| Profit for the half-year | | - | 2,900,457 | - | 2,900,457 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive profit for the half-year | | - | 2,900,457 | - | 2,900,457 |
| Transfer of expired performance rights value | 18 | | 482,610 | (482,610) | - |
| Transfer of expired options value | 18 | | 204,444 | (204,444) | - |
| Recognition of share-based payments | 19 | - | - | 82,269 | 82,269 |
| Transactions with owners in their capacity as owners | | - | 687,054 | (604,785) | 82,269 |
| Balance at 31 December 2023 | | 24,455,791 | 3,967,136 | 150,332 | 28,573,259 |
| | Note | Issued capital \$ | Retained Earnings / (Accumulated Losses) \$ | Share based payment reserve \$ | Total \$ |
| At 1 July 2022 | | 24,455,791 | (1,667,031) | 860,394 | 23,649,154 |
| Profit for the half-year | | - | 3,680,256 | - | 3,680,256 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive profit for the half-year | | - | 3,680,256 | - | 3,680,256 |
| Transfer of expired options value | 18 | | 287,690 | (287,690) | - |
| Recognition of share-based payments | 19 | - | - | 91,207 | 91,207 |
| Transactions with owners in their capacity as owners | | - | 287,690 | (196,483) | 91,207 |
| Balance at 31 December 2022 | | 24,455,791 | 2,300,915 | 663,911 | 27,420,617 |

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

1. Corporate

The consolidated half-year financial report of WestStar Industrial Limited ("the Company") and its controlled entities ("the Group" or "Consolidated Entity") for the half-year ended 31 December 2023 was authorised for issue on 29 February 2024 in accordance with a resolution of the directors on 29 February 2024.

WestStar Industrial Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Basis of Preparation and Accounting Policies

(i) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and in compliance with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB). The financial report has also been prepared on a historical cost except for, where applicable, the revaluation of certain classes of plant and equipment and available-for-sale investments which are measured at fair value. The presentation currency is Australian dollars. Except for the cash flow statement, the financial statements have been prepared on an accrual basis and are based on historical costs modified, where applicable, by the measurement at FV of selected non current assets, financial assets and financial liabilities.

(ii) Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group posted a net profit after tax for the half-year ended 31 December 2023 of \$2,900,457 (31 December 2022: profit of \$3,680,256) and net operating cash inflows of \$2,098,710 (31 December 2022: net operating cash outflows of \$1,382,821). The Group achieved total net cash inflows of \$10,962 (31 December 2022: total net cash outflows of \$454,302). The Group had cash of \$16,125,744 (30 June 2023: \$16,114,782) and a working capital surplus of \$14,250,895 as at 31 December 2023 (30 June 2023: surplus of \$12,607,346).

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern. The directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate.

(iii) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

WestStar Industrial Limited (the 'head entity') and its wholly-owned subsidiaries currently account for their own current and deferred tax amounts. The Company has formed a tax consolidated group which incorporates all entities in the Group. The tax disclosures in this report are prepared on a consolidated basis.

(iv) **Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of WestStar Industrial Limited.

(v) **Significant Accounting Estimates and Judgements**

Revenue from Contracts with Customers

Construction contracts are assessed to identify the performance obligations contained in the contract. The total transaction price is allocated to each individual performance obligation. Work is performed on assets that are controlled by the customer or on assets that have no alternative use to the Group, with the Group having right to payment for performance to date. Therefore, in accordance with AASB15, the revenue is recognised over time. As performance obligations are satisfied over time, revenue is recognised over time using an input method being resources consumed, labour hours expended, material costs incurred, time elapsed relative to the total expected inputs to the satisfaction of that performance obligation.

Variable consideration comprises performance bonuses and penalties, variations, claims and contract modifications. Where consideration in respect of a contract is variable, the "expected value" or "most likely amount" of revenue is only recognised to the extent that it is highly probable that it will not result in a significant reversal of revenue in future periods. For construction and maintenance contracts, revenue from variations and claims is recognised to the extent it is approved or enforceable under the contract. In making this assessment, The Group considers factors including nature of the claim, formal or informal acceptance by the customer of the validity of the claim, stage of negotiations or the historical outcome of similar claims to determine whether the enforceable and "highly probable" threshold has been met. Revenue in relation to modifications, such as a change in the scope of the contract, is brought to account when it is approved by the parties to the contract or the modification is enforceable and the amount becomes highly probable. Modifications may be recognised when client instruction has been received in line with customary business practice for the customer.

Share based payment transactions

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 fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Impairment assessment of goodwill and other intangibles

The key judgements in goodwill impairment include estimation of the forecast cash flows, discount rates, growth rates and the estimation of the terminal value.

Management is required to make significant judgements concerning future cash flows, including changes in competitive positions, expectations of growth cost of capital and the determination of fair values when assessing the recoverable amounts of assets (or groups of assets). Inputs into these valuations require assumptions and estimates to be made about forecast earnings before interest and tax and related future cash flows, growth rates, applicable discount rates, useful lives and residual values.

The judgements, estimates and assumptions used in assessing impairment are management's best estimates based on current and forecast market conditions. Changes in economic and operating conditions impacting these assumptions could result in changes in the recognitions of impairment changes in future periods.

Estimation of useful lives of assets

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

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 or purchase the underlying asset 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 consolidated entity'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 consolidated entity 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 in the period.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(vi) New, Revised or Amended Standards or Interpretations Adopted

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023. The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

(vii) New Accounting Standards and Interpretations Issued Not Yet Effective

The Directors have reviewed all Standards and Interpretations on issue but not yet adopted for the year ended 30 June 2024. As a result of this review the Directors have determined that there is no material impact, of the Standards and Interpretations on issue but not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

3. Segment Information

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 are two relevant business segments being:

- SIMPEC Pty Ltd is a construction contractor with specialist experience in both Structural Mechanical and Piping and Electrical and Instrumentation works; and
- Alltype Engineering Pty Ltd provides workshop, site installation, construction and maintenance services to the oil and gas, water, power generation, infrastructure, mining, resources, utility, petrochemical and defence industries.
- Watmar Engineering Pty Ltd is a fluid systems engineering specialist providing services to the Defence and Marine sectors.

| Segment reporting | SIMPEC | Alltype Engineering | WATMAR | Group |
|---|-------------------|------------------------|------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Half - Year ended 31 December 2023 | | | | |
| Segment revenue | 66,539,884 | 42,223,002 | 1,267,272 | 110,030,158 |
| Segment operational expense | (60,957,087) | (36,252,112) | (663,094) | (97,872,293) |
| Segment gross margin | 5,582,797 | 5,970,890 | 604,178 | 12,157,865 |
| Segment overheads | (3,006,434) | (4,755,130) | (319,851) | (8,081,415) |
| Segment operating profit | 2,576,363 | 1,215,760 | 284,327 | 4,076,450 |
| Other income - operational | 649,320 | 239,743 | 4,000 | 893,063 |
| Net Operating Profit before Tax & Corporate Admin. | 3,225,683 | 1,455,503 | 288,327 | 4,969,513 |
| Bargain purchase on business combination | | | | 582,655 |
| Other Income | | | | 9,804 |
| Corporate & administration | | | | (1,212,933) |
| Net Operating Profit before Tax | | | | 4,349,039 |
| Income tax expense | | | | (1,448,582) |
| Net Operating Profit after Tax | | | | 2,900,457 |
| Half - Year ended 31 December 2022 | | | | |
| Segment revenue | 119,810,246 | 45,578,685 | - | 165,388,931 |
| Segment operational expense | (112,970,344) | (38,967,825) | - | (151,938,169) |
| Segment gross margin | 6,839,902 | 6,610,860 | - | 13,450,762 |
| Segment overheads | (3,149,423) | (3,994,108) | - | (7,143,531) |
| Segment operating profit | 3,690,479 | 2,616,752 | - | 6,307,231 |
| Other income - operational | 403,192 | 44,438 | - | 447,630 |
| Net Operating Profit before Tax & Corporate Admin. | 4,093,671 | 2,661,190 | - | 6,754,861 |
| Other Income | | | | 6,660 |
| Corporate & administration | | | | (1,431,961) |
| Net Operating Profit before Tax | | | | 5,326,560 |
| Income tax expense | | | | (1,646,304) |
| Net Operating Profit after Tax | | | | 3,680,256 |
| Half - Year ended 31 December 2023 | | | | |
| Segment assets | 25,379,074 | 31,029,217 | 5,013,356 | 61,421,647 |
| Segment liabilities | (11,522,859) | (13,932,251) | (3,943,513) | (29,398,623) |
| Segment asset & liabilities | 13,856,215 | 17,096,966 | 1,069,843 | 32,023,024 |
| Cash and corporate assets | | | | 8,269,959 |
| Corporate liabilities | | | | (11,719,724) |
| Total asset & liabilities | | | | 28,573,259 |
| Half - Year ended 31 December 2022 | | | | |
| Segment assets | 45,583,615 | 26,092,024 | | 71,675,639 |
| Segment liabilities | (30,557,872) | (13,735,300) | | (44,293,172) |
| Segment asset & liabilities | 15,025,743 | 12,356,724 | | 27,382,467 |
| Cash and corporate assets | | | | 7,103,804 |
| Corporate liabilities | | | | (7,065,654) |
| Total asset & liabilities | | | | 27,420,617 |

The Group is domiciled in Australia. All revenue from external customers is generated from Australia only.

4. Revenue and Other Income

| | 31 December 2023 | 31 December 2022 |
|---------------------------------------|---------------------|---------------------|
| | \$ | \$ |
| (a) Revenue | | |
| Construction and Engineering services | 110,030,157 | 165,388,931 |
| | 110,030,157 | 165,388,931 |
| | | |
| | 31 December 2023 | 31 December 2022 |
| | \$ | \$ |
| (b) Other Income | | |
| Interest Income | 156,524 | 28,460 |
| Scrap metal sales | 43,613 | 14,002 |
| Insurance recoveries | 113,212 | 21,179 |
| Other Income | 589,518 | 390,649 |
| | 902,867 | 454,290 |

5. Acquisition of Watmar Engineering Pty Ltd (Provisional)

On 3 November 2023, WestStar acquired 100% of the business and assets of Watmar Engineering Pty Ltd ("WATMAR") in a cash only acquisition.

(i) Business Acquisition Consideration

The consideration for the acquisition comprised:

- \$874,053 cash consideration.
- \$91,201 payment of finance leases

(ii) Fair value of consideration transferred

Under the principles of AASB 3 '*Business Combinations*', the assets and liabilities of WATMAR are measured at fair value on the date of acquisition.

(iii) Discount / Bargain purchase on Business Combination

Discount on acquisition is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of Watmar. Details of the transaction are as follows:

| | Fair Value \$ |
|---|------------------|
| <i>Consideration</i> | |
| Cash | 874,053 |
| Payment of finance leases | 91,201 |
| Total consideration | 965,254 |
| <i>Fair value of assets and liabilities held at acquisition date:</i> | |
| Cash | 72,996 |
| Trade and other receivables | 630,078 |
| Prepayments | 44,733 |
| Plant and equipment | 695,055 |
| Right of Use Asset | 1,625,400 |
| Inventories | 360,600 |
| Contract Assets | 649,565 |
| Trade and other payables | (886,916) |
| Provisions | (284,735) |
| Right of Use Liability | (1,641,978) |
| Contract Liabilities | (703,076) |
| Customer relationships acquired on a business combination | 1,408,838 |
| Deferred tax liability on intangible assets recognised | (422,652) |
| Fair value of identifiable assets and liabilities assumed | 1,547,909 |
| Bargain purchase on business combination | (582,655) |

To assess the fair value of the Customer Relationships the Group engaged an external expert to assess the fair value of the customer relationships. The external expert adopted the multi-period excess earnings method. This methodology involved:

- Using the WATMAR financial forecast as the basis for estimating the cash flow generating ability of the Customer Relationships intangible asset.
- Estimating the forecast cash flows generated by the key customer relationships, then discounting the cash flows to their present value.
- The forecast cash flows generated by the Customer Relationships were then reduced by fixed asset and working capital contributory asset charges.
- The resulting net cash flows were then discounted to present value at an assessed discount rate of 19.5%.

6. Income Tax

| | 31 December 2023 \$ | 31 December 2022 \$ |
|---|---------------------------|---------------------------|
| (a) Income tax expense | | |
| Major component of tax expense for the year | | |
| Current tax | 165,387 | 1,859,394 |
| Deferred tax | 1,283,195 | (213,090) |
| | 1,448,582 | 1,646,304 |

(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 profit before income tax multiplied by the Company's applicable tax rate is as follows:

| | | |
|---|------------------|------------------|
| Profit from continuing operations before income tax expense | 4,349,039 | 5,326,560 |
| Tax at the Group rate of 30% (31 December 2022: 30%) | 1,304,712 | 1,597,968 |
| Other non-deductible expenses | 57,444 | 42,552 |
| Prior period under/(over) provision | 86,426 | 5,784 |
| Income tax expense | 1,448,582 | 1,646,304 |

| | 31 December 2023 \$ | 30 June 2023 \$ |
|-------------------------------|---------------------------|-----------------------|
| (c) Income tax payable | | |
| Current tax payable | 4,685,863 | 4,520,476 |

(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> | | |
| Plant and Equipment | 698,915 | 805,627 |
| Other non-depreciable assets | 662,186 | 306,792 |
| Accrued income | 107,154 | 238,371 |
| Intangible assets recognised on business combination - provisional | 422,652 | - |
| Debt Write-Off | 336,767 | 336,767 |
| Deferred tax liability | 2,227,674 | 1,687,557 |
| <i>Assets</i> | | |
| Losses available to offset against future taxable income | - | 336,767 |
| Provisions & accruals | 1,759,277 | 2,764,861 |
| Net deferred income | - | 182,834 |
| Borrowing costs | 1,300 | 473 |
| Provision for doubtful debts | 22,500 | - |
| Lease Asset | 661,543 | 325,414 |
| Deferred tax asset | 2,444,620 | 3,610,349 |
| Net deferred tax asset recognised | 216,946 | 1,922,792 |

The total movement in Deferred tax for the period is \$1,705,846. This movement comprises \$1,283,195 recognised in the profit and loss statement and a further \$422,651 recognised on initial recognition of customer relationships acquired as part of a business combination.

The benefit for tax losses will only be obtained if:

- 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;
- the Group continues to comply with conditions for deductibility imposed by tax legislation in Australia; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

7. Cash and Cash equivalents

| | 31 December 2023 \$ | 31 December 2022 \$ |
|---|---------------------------|---------------------------|
| Cash at bank and on hand | 16,125,744 | 19,854,333 |
| Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities | | |
| Profit after income tax | 2,900,457 | 3,680,256 |
| Non Cash Items | | |
| Depreciation and amortisation expenses | 1,067,512 | 1,174,786 |
| Share-based payments | 82,269 | 91,207 |
| Doubtful debts expense / (reversal) | 75,000 | (261) |
| Loss / (Profit) on sale of plant and equipment | 34,664 | - |
| Bargain purchase on business combination - provisional | (582,653) | - |
| <i>(Decrease) / increase in working capital</i> | | |
| (Increase) / decrease in receivables | 6,947,021 | (3,845,864) |
| (Increase) / decrease in contract assets | 12,707,384 | (13,407,172) |
| (Increase) / decrease in deferred tax asset | 1,283,194 | (213,090) |
| Increase / (decrease) in payables | (25,979,151) | 7,547,450 |
| Increase / (decrease) in income tax payable | 165,387 | 1,859,354 |
| Increase / (decrease) in contract liabilities | 6,825,241 | 386,788 |
| Increase / (decrease) in provisions | (3,427,615) | 1,343,686 |
| Net cash inflow/(outflow) from operating activities | 2,098,710 | (1,382,821) |

8. Trade and Other Receivables

| | 31 December 2023 \$ | 30 June 2023 \$ |
|--|---------------------------|-----------------------|
| (a) Trade receivables (Current) | | |
| Trade receivables | 20,749,379 | 21,813,489 |
| Less Allowance for doubtful debts | - | - |
| | 20,749,379 | 21,813,489 |
| (b) Other receivables (Current) | | |
| Retentions | 748,845 | 120,413 |
| Other receivables | 15,520 | 25,181 |
| Prepayments | 2,138,984 | 45,866 |
| | 2,903,349 | 191,460 |
| | 23,652,728 | 22,004,949 |
| <30 days | 17,468,183 | 19,039,253 |
| 30-60 days | 2,957,087 | 254,343 |
| 60-90 days | 34,149 | 41 |
| 90+ days | 289,960 | 2,519,852 |
| Total (Note 8 (a)) | 20,749,379 | 21,813,489 |
| (c) Other receivables (Non-Current) | | |
| Retentions | - | 218,904 |
| Other receivables | 75,000 | 75,000 |
| Provision for impairment | (75,000) | - |
| | - | 293,904 |

9. Contract Assets and 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.

| | 31 December 2023 \$ | 30 June 2023 \$ |
|------------------------|---------------------------|-----------------------|
| Contract Assets | | |
| Contract Assets | 11,143,932 | 23,201,751 |
| | 11,143,932 | 23,201,751 |

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.

| | 31 December 2023 \$ | 30 June 2023 \$ |
|-----------------------------|---------------------------|-----------------------|
| Contract Liabilities | | |
| Contract Liabilities | 8,137,765 | 609,447 |
| | 8,137,765 | 609,447 |

10. Property, Plant and Equipment

| | 31 December 2023 \$ | 30 June 2023 \$ |
|-----------------------------------|---------------------------|-----------------------|
| Gross carrying value at cost | 10,222,204 | 8,613,522 |
| Accumulated depreciation | (4,319,978) | (3,594,262) |
| Net carrying value at cost | 5,902,226 | 5,019,260 |

| | Note | Plant & Equipment \$ | Motor Vehicles \$ | Total \$ |
|---|-------|-------------------------|----------------------|--------------------|
| Gross carrying value at cost | | | | |
| At 1 July 2023 | | 7,257,658 | 1,355,864 | 8,613,522 |
| Additions | | 400,818 | 468,319 | 869,137 |
| Additions from acquisition via business combination | | 445,137 | 381,045 | 826,182 |
| Disposals | | (86,637) | - | (86,637) |
| At 31 December 2023 | | 8,016,976 | 2,205,228 | 10,222,204 |
| Accumulated depreciation | | | | |
| At 1 July 2023 | | (3,070,279) | (523,983) | (3,594,262) |
| Disposals | | 32,171 | - | 32,171 |
| Depreciation | 11(b) | (491,783) | (134,976) | (626,759) |
| Accumulated Depreciation | | (91,435) | (39,693) | (131,128) |
| At 31 December 2023 | | (3,621,326) | (698,652) | (4,319,978) |
| Total At 31 December 2023 | | 4,395,650 | 1,506,576 | 5,902,226 |

| | Note | Plant & Equipment \$ | Motor Vehicles \$ | Total \$ |
|-------------------------------------|-------|-------------------------|----------------------|--------------------|
| Gross carrying value at cost | | | | |
| At 1 July 2022 | | 6,245,062 | 1,004,879 | 7,249,941 |
| Additions | | 1,084,930 | 372,985 | 1,457,915 |
| Disposals | | (72,334) | (22,000) | (94,334) |
| At 30 June 2023 | | 7,257,658 | 1,355,864 | 8,613,522 |
| Accumulated depreciation | | | | |
| At 1 July 2022 | | (1,778,092) | (286,877) | (2,064,969) |
| Disposals | | 59,030 | 7,740 | 66,770 |
| Depreciation | 11(b) | (1,351,217) | (244,846) | (1,596,063) |
| At 30 June 2023 | | (3,070,279) | (523,983) | (3,594,262) |
| Total At 30 June 2023 | | 4,187,379 | 831,881 | 5,019,260 |

11. Right of Use Asset

| | Note | 31 December 2023 \$ | 30 June 2023 \$ |
|-------------------------------|------|---------------------------|-----------------------|
| (a) Right of Use Asset | | | |
| Lease asset | | 5,820,283 | 4,041,736 |
| Accumulated depreciation | | (3,612,998) | (3,019,098) |
| | | 2,207,285 | 1,022,638 |

Gross carrying value

| | Right of Use Asset \$ |
|---|--------------------------|
| At 1 July 2023 | 4,041,736 |
| Additions | - |
| Additions from acquisition via business combination | 1,778,547 |
| At 31 December 2023 | 5,820,283 |

Accumulated depreciation

| | Right of Use Asset \$ |
|----------------------------|--------------------------|
| At 1 July 2023 | (3,019,098) |
| Depreciation charge | (440,753) |
| Accumulated depreciation | (440,753) (153,147) |
| At 31 December 2023 | (3,612,998) |

Gross carrying value

| | Right of Use Asset \$ |
|------------------------|--------------------------|
| At 1 July 2022 | 4,041,736 |
| Additions | - |
| At 30 June 2023 | 4,041,736 |

Accumulated depreciation

| | Right of Use Asset \$ |
|------------------------|--------------------------|
| At 1 July 2022 | (2,203,278) |
| Depreciation charge | (815,820) |
| At 30 June 2023 | (3,019,098) |

| | Note | 31 December 2023 | 30 June 2023 |
|--|-------|---------------------|------------------|
| (b) Depreciation and Amortisation Expense | | \$ | \$ |
| Depreciation expense - Property, Plant & Equipment (i) | 10 | 626,759 | 1,596,063 |
| Amortisation - Right of Use Assets | 11(a) | 440,753 | 815,820 |
| | | 1,067,512 | 2,411,883 |

12. Intangible assets

| | Note | 31 December 2023 | 30 June 2023 |
|---|------|---------------------|------------------|
| | | \$ | \$ |
| Goodwill - Alltype Engineering Pty Ltd | | 3,515,918 | 3,515,918 |
| Goodwill - SIMPEC Pty Ltd | | 992,198 | 992,198 |
| Customer relationships acquired in a business combination | 5 | 1,408,838 | - |
| | | 5,916,954 | 4,508,116 |

The Customer relationships will be amortised over a period of 5 years. Refer to Note 5 for the basis of calculation.

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:

- SIMPEC Goodwill
- Alltype Engineering Goodwill

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

- SIMPEC Goodwill: \$992,198
- Alltype Engineering Goodwill: \$3,515,918

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 2023, with further impairment testing conducted for the half-year ending 31 December 2023. 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 considered the effect on 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.

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 2024.
- Growth assumptions thereafter are Alltype Engineering 2%; SIMPEC 2% per annum for each future year.
- The terminal value assumes perpetual growth of 2.0% (30 June 2023: 2.0%).
- The margins included in the projected cash flow are the same rate that has been achieved by projects commencing in 2023.
- A pre-tax discount rate between 18% and 19% for SIMPEC and Alltype Engineering respectively, was applied. This discount rate was estimated based on past experience and industry average weighted cost of capital.

13. Trade and Other Payables

| | 31 December 2023 | 30 June 2023 |
|------------------------------|---------------------|-------------------|
| | \$ | \$ |
| Trade payables | 8,659,282 | 19,342,308 |
| Other Creditors and Accruals | 10,020,625 | 18,117,952 |
| | 18,679,907 | 37,460,260 |

14. Provisions

| | 31 December 2023 \$ | 30 June 2023 \$ |
|--------------------|---------------------------|-----------------------|
| Current | | |
| Annual Leave | 2,305,976 | 3,051,911 |
| Long Service Leave | 158,217 | 121,579 |
| Other provisions | 1,076,432 | 3,356,450 |
| | 3,540,625 | 6,529,940 |
| Non-Current | | |
| Long Service Leave | 428,673 | 726,491 |
| | 428,673 | 726,491 |

15. Borrowings

| | 31 December 2023 \$ | 30 June 2023 \$ |
|--|---------------------------|-----------------------|
| Insurance Premium Funding Facility (i) | 2,159,288 | - |
| | 2,159,288 | - |

(i) Insurance Premium funding loan facility provided by Bank of Queensland repayable in instalments over twelve months by June 2024.

16. Lease Liabilities

| | 31 December 2023 \$ | 30 June 2023 \$ |
|------------------------------|---------------------------|-----------------------|
| Current | | |
| Right of Use Lease liability | 763,953 | 742,886 |
| Other lease liabilities | 310,029 | 217,702 |
| | 1,073,982 | 960,588 |
| Non-Current | | |
| Right of Use Lease liability | 1,441,189 | 341,828 |
| Other lease liabilities | 971,056 | 631,563 |
| | 2,412,245 | 973,391 |

Interest expense on leases for the period ended 31 December 2023 amounted to \$32,360 (30 June 2023: \$70,730).

17. Issued Capital**(a) Issued and paid up capital**

| | 31 December 2023 \$ | 30 June 2023 \$ |
|----------------------------|---------------------------|-----------------------|
| Ordinary shares fully paid | 24,455,791 | 24,455,791 |

(b) Movements in shares on issue

| | Half-Year to 31 December 2023 No. | \$ |
|---|--------------------------------------|------------|
| <i>Movements in ordinary shares on issue</i> | | |
| Opening balance | 110,765,239 | 24,455,791 |
| Details of the Company shares issued during the period: | - | - |
| Closing balance | 110,765,239 | 24,455,791 |
| | Year to 30 June 2023 | \$ |
| <i>Movements in ordinary shares on issue</i> | | |
| Opening balance | 110,765,239 | 24,455,791 |
| Details of the Company shares issued during the period: | - | - |
| Closing balance | 110,765,239 | 24,455,791 |

(c) Share options**(i) Movements in options on issue**

| | Half-Year to 31 December 2023 | |
|--------------------------------------|--------------------------------------|-----------|
| | No. | \$ |
| <i>Movements in options on issue</i> | | |
| Opening balance | 3,000,000 | - |
| Expired during the period | (3,000,000) | - |
| Closing balance | - | - |

(ii) Movements in options on issue

| | Year to 30 June 2023 | |
|--------------------------------------|-----------------------------|-----------|
| | No. | \$ |
| <i>Movements in options on issue</i> | | |
| Opening balance | 13,608,712 | - |
| Expired during the year | (10,608,712) | - |
| Closing balance | 3,000,000 | - |

(iii) Options issued

Nil options were issued during the period.

(iv) Options on issue

The following options were on issue at the end of 30 June 2023:

| Series | Number¹ | Exercise price¹ | Expiry date |
|---------------|---------------------------|-----------------------------------|--------------------|
| WSIAC | 3,000,000 | \$0.30 | 10 July 2023 |

(d) Performance shares**(i) Movements in performance rights on issue**

| | Half-Year to 31 December 2023 | |
|---|--------------------------------------|-----------|
| | No. | \$ |
| <i>Movements in performance rights on issue</i> | | |
| Opening balance | 6,000,000 | - |
| Expired during the period (i) | (4,500,000) | - |
| Closing balance | 1,500,000 | - |

(i) On 12 December 2023, 4,500,000 Performance Rights with various performance conditions expired without the conditions being satisfied.

(ii) Movements in performance rights on issue

| | Year to 30 June 2023 | |
|---|-----------------------------|-----------|
| | No. | \$ |
| <i>Movements in performance rights on issue</i> | | |
| Opening balance | 6,000,000 | - |
| Issued during the year | - | - |
| Closing balance | 6,000,000 | - |

The total value of Performance Rights expensed during the half-year ended 31 December 2023 was \$82,269 (2022: \$91,207).

Each Performance Right converts into 1 fully paid ordinary share upon vesting.

18. Reserves

The share-based payment reserve is used to record the value of share based payments provided to directors and employees, including Key Management Personnel and suppliers which are not recorded directly in equity.

| | 31 December 2023 \$ | 30 June 2023 \$ |
|------------------------------|---------------------------|-----------------------|
| Share based payments reserve | 150,332 | 755,117 |
| | <u>150,332</u> | <u>755,117</u> |

Movement in reserves*Share based payments reserve*

| | | |
|---|----------------|----------------|
| Opening balance | 755,117 | 860,394 |
| Transfer of expired options value (i) | (204,444) | (287,690) |
| Transfer of expired performance rights value (ii) | (482,610) | - |
| Performance Rights expensed (Refer Note 19) | 82,269 | 182,413 |
| | <u>150,332</u> | <u>755,117</u> |

- (i) On 10 July 2023, 3,000,000 options expired out of the money. The value recognised for options issued in this expired class was transferred to retained earnings (\$204,444). During 1HY 2023, 3,000,000 options expired out of the money. The value recognised for options issued in this expired class was transferred to retained earnings losses (\$287,690) during the period 31 December 2022.
- (ii) On 12 December 2023, 4,500,000 Performance Rights with various performance conditions expired without the conditions being satisfied. The total value expensed over the term of rights (\$482,610) was transferred to retained earnings.

19. Share Based Payments

During the year, the following share-based payments were made and recognised in equity and the share based payments reserve.

| | 31 December 2023 \$ | 30 June 2023 \$ |
|---|---------------------------|-----------------------|
| Performance rights recognised (Refer Note 18) | 82,269 | 182,413 |
| | <u>82,269</u> | <u>182,413</u> |

- (i) On 5 January 2022 shareholders approved the grant of up to 15,000,000 Performance Rights to Directors (or their nominees) under the WestStar Performance Rights Plan.

20. Contingent Liabilities & Commitments

Export Finance Australia provides the Group with a bonding facility that can be utilised for projects in the export supply chain subject to a number of conditions and covenants. As of 31 December 2023, the total value of bond facilities available to the Group amounted to \$15.0M, of which \$8.1M has been committed to a selection of the Group's current projects, with the balance of \$6.9M uncommitted.

21. Financial Assets

As at 31 December 2023, the Group has provided bank guarantees which are held in term deposits of \$2,428,659 (30 June 2023: \$2,467,164) to various customers and suppliers of which \$703,764 is in current assets (30 June 2023: \$833,880) and \$1,724,895 is in non-current assets (30 June 2023: \$1,633,284).

DIRECTORS' DECLARATION

For the half-year ended 31 December 2023

In the opinion of the directors of WestStar Industrial Limited ("the Company"):

1. The financial statements and notes thereto, are in accordance with the Corporations Act 2001 including:
 - a. comply with Accounting Standards AASB 134: Interim Financial Reporting and the Corporation Regulations 2001; and
 - b. give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2011.

On behalf of the Board



Philip Re
Non-Executive Chairman
Perth, Western Australia

29 February 2024



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AUDITING

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Independent Auditor's Review Report to the Members of WestStar Industrial Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying Condensed Consolidated Half-Year Financial Report of WestStar Industrial Limited ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at half-year end from time to time during the half-year.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Condensed Consolidated Half-Year Financial Report of WestStar Industrial Limited is not in accordance with the *Corporations Act 2001* including:

- (a) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*;

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibility for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

TAX & ACCOUNTING | AUDITING | BUSINESS MANAGEMENT | BUSINESS CONSULTING | FINANCIAL PLANNING | LENDING

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Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Consolidated Half-Year Financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD

NIGEL DIAS

DIRECTOR

Perth, Dated 29 February 2024

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CORPORATE DIRECTORY

WESTSTAR INDUSTRIAL LIMITED

ABN 38 119 047 693

DIRECTORS

| | |
|---------------------|-------------------------------|
| Mr Philip Re | Non-Executive Chairman |
| Mr Robert Spadanuda | Group CEO & Managing Director |
| Mr Lay Ann Ong | Non-Executive Director |

COMPANY SECRETARY

Mr Daniel Coletta

REGISTERED OFFICE

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Naval Base WA 6165

PRINCIPAL PLACE OF BUSINESS

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