WestStar Industrial

ABN: 38 119 047 693

Appendix 4D for the Half-Year Ended 31 December 2022

WestStar Industrial Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	WestStar Industrial Limited
ABN:	38 119 047 693
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

	HY 31 Dec 2022 $	HY 31 Dec 2021 $	Up/Down	Change $	Change %
Revenues from ordinary activities	165,388,931	74,700,981	Up	90,687,950	121%
Profit/ (Loss) from ordinary activities after tax attributable to the owners of WestStar Industrial Limited	3,680,256	2,353,461	Up	1,326,795	56%
Profit/ (Loss) for the half-year attributable to the owners of WestStar Industrial Limited	3,680,256	2,353,461	Up	1,326,795	56%

Dividends

WestStar Industrial Limited did not declare a dividend during the current reporting or corresponding previous reporting period.

Comments
The profit after tax for the half-year ended 31 December 2022 was $3,680,256 (31 December 2021: $2,353,461).

Revenue for the Group was $165,388,931 for the six months ending 31 December 2022, an increase of 121% over the prior corresponding period (31 December 2021: revenue of $74,700,981).

The Group incurred an after-tax profit attributed to members of $3,680,256 for the half year ending 31 December 2022 (31 December 2021: $2,353,461).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	20.69	14.89*

*Previous period comparative has been restated following the 1 for 10 consolidation completed 25 May 2022.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

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6. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	**Reporting period %**	**Previous period %**	**Reporting period $'000**	**Previous period $'000**
	-	-	-	-

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7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The 31 December 2022 Half-Year report is based upon accounts that were reviewed by the Company's auditor and are not subject to a modified opinion.

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8. Attachments

Details of attachments (if any):

The Interim Report of WestStar Industrial Limited for the half-year ended 31 December 2022 is attached.

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9. Signed

Date: 28 February 2023

Philip Re
Non-Executive Chairman

HALF YEAR REPORT
31 December 2022

CONTENTS

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

52 Hope Valley Road
Naval Base WA 6165

PRINCIPAL PLACE OF BUSINESS

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Armada Audit & Assurance Pty Ltd
18 Sangiorgio Court
Osborne Park WA 6017

ASX CODE

WSI

SHARE REGISTRY

Automic Registry Services Pty Ltd
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Perth WA 6000

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DIRECTORS' 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 2022. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

The names, qualifications, and experience 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

RESULTS OF OPERATIONS

Revenue for the Group was $165,388,931 for the half-year ending 31 December 2022 (31 December 2021: revenue of $74,700,981).

The Group posted an after-tax profit attributed to members of $3,680,256 for the half-year ending 31 December 2022 (31 December 2021: $2,353,461). Several non-cash expenses are recorded in the Company's accounts.

	Half-Year ended 31 December 2022 $
EBITDA	**6,929,364**
Depreciation	(1,174,786)
EBIT	**5,754,578**
Share based payment expense	(91,207)
Interest costs	(336,811)
NPBT	**5,326,560**
Income tax expense	(1,646,304)
NPAT	**3,680,256**

*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

- Record Half-Year Earnings (EBITDA) of $6,929,364
- Record Profit (NPAT) of $3,680,256
- Record Revenue of $165,388,931
- Cash Holdings of $19.8M
- Record 1HY23 Alltype Engineering Revenue increases 119% to $45,578,685.
- Record 1HY23 SIMPEC Revenue increases 122% to $119,810,246.
- Record FY23 expected from SIMPEC as it continues to deliver on IBO Contract and extensions.
- Record FY23 expected from Alltype Engineering for delivery of Lynas Rare Earth Group Projects and others.
- Continued Awards and Project Upgrades Increase Revenue and Profitability.
- Debt NIL

FINANCIAL PERFORMANCE

Having consistently maintained a strong order book of contracted revenue, the Company has delivered another record first half with the ability to improve upon these results in the second half of the financial year.

WestStar Industrial achieved **Group Revenue** of $165.4M compared to $74.7M in the prior comparative period (1HFY22). This Revenue growth demonstrates another first half revenue increase of ~121% over the prior corresponding period (1HFY22).

Pre investment in strategic growth enabled the Group to lift its revenue target in keeping with its strategic plan. Despite cost pressures and labour shortages heavily affecting the industry as a whole, the Group was able to deliver this revenue safely, on time and profitably.

REVENUE

WestStar Industrial recorded record revenue for the six months of $165.4M, up 121% on the previous corresponding period.

Alltype Engineering achieved a record half-year revenue result of $45.6M, up 119% on the prior corresponding period (1HY22 $20.8M).

SIMPEC achieved a record half-year revenue of $119.8M, up 122% on the prior corresponding period (1HY22 $53.9M).

The increased levels of tendering activity previously signaled in prior periods has delivered 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 are now being delivered successfully.

With this strong pipeline of new projects across the Group, significant growth in revenue is expected for the full financial year.

EARNINGS

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period was $6.9M an increase on the prior comparative period (1HY22 $4.2M), delivering an EBITDA margin percentage of 4.2%. Net profit after tax was $3.68M, up 56% on the prior corresponding period (1HY22 $2.35M). The Company continues with delivery of its projects with a defined objective to continually improve on cost control and margin.

BALANCE SHEET

The Company continues to strengthen its balance sheet with total equity of $27.4M increasing by 29% on the prior comparative period (1HY22 $21.3M). The Group held cash of $19.8M and had a working capital surplus of $11.2M as at 31 December 2022. 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 and growth.

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

> *"I continue to acknowledge the significant contributions made by the Executive, Management and group workforce both locally and now interstate across Australia. Having previously confronted the most challenging environments, the Company continues to grow and deliver profit which is testament to the dedication and focus of our teams".*
>
> *"As I have previously stated, this Group has the ability to deliver and execute large scale complex contracts across multiple industries and continues to grow year on year. In the first six months of this financial year, we have been able to execute on $165M worth of complex contracts across the country whilst maintaining a safe working environment through our strength in leadership."*
>
> *"To have delivered $165M revenue in the first half (FY22 $181.8M) is a remarkable achievement. The result delivered whilst managing a challenging labour market with significant cost pressures and yet still deliver our highest ever half-year financial return. This is particularly encouraging considering our strong workload ahead with positive signs that point to a significant growth trajectory for the full year."*
>
> *"Each subsidiary has outperformed all of its financial targets highlighted."*
>
> *"Alltype Engineering has demonstrated its ability to grow significantly with strong profitability. The revenue achieved of $45.6M for the first half of 1HY23 was more than double its revenue performance for 1HY22 of $20.8M, and comparable to its full FY22 total of $51.1M."*

"SIMPEC successfully delivered revenue in excess of $119M which more than doubles its half-year turnover for 1HY22 of $53.9M."

"Not only have these works been completed safely, but in accordance with schedule and generated solid returns for the Company whilst maintaining high levels of client satisfaction."

"We have worked progressively with Export Finance Australia to increase our bonding facilities to facilitate further requirements in servicing new contract awards."

"WestStar Industrial has clearly demonstrated that low debt levels and strong profitability can provide a platform to perform its greater obligations in supporting the growth in both Alltype Engineering and SIMPEC simultaneously. The Company has also self-funded cash backed bonds and retentions to the value of circa $2.7M and $4.5M respectively."

OPERATIONS

ALLYPE ENGINEERING

The award in FY22 of the two largest contracts in the Company's history signified the step change in project size and complexity that Alltype Engineering can secure and execute, demonstrated by the fact that midway through FY23, the Lynas Rotary Kiln project had hit practical completion and the Ambania Compressor Station was on track to meet practical completion as per schedule during FY23.

In summary, **ALLTYPE ENGINEERING** delivered segment revenue of $45.6M for the half-year contribution to the WestStar Industrial Group with an EBITDA of $3.37M, resulting in a Net Profit before tax of $2.66M. This is an excellent result and continues to build on the momentum of the full year results for FY22.

Operationally, Alltype Engineering overview of half-year highlights included:

- Award of the Lynas Feed Hood and Waste Gas Treatment facility at the Lynas Rare Earths Processing Facility in Kalgoorlie as a subsequent award scope following from the successful rotary kiln works contract, for a value of $32.6M, representing the largest single award in the Company's history. Alltype Engineering's continued increasing contract award values demonstrates sustainable company growth and capability and is being recognised in the market where there are significant opportunities for Tier Two contractors.
- Mechanical completion of the Ambania Compressor Station, a two-unit Gas Turbine Centrifugal Gas Compressor Station as part of the Northern Goldfields Interconnect (NGI) project. The scope involved site establishment, camp, earthworks, civil, concrete, structural, mechanical, piping, electrical and instrumentation scopes. This project continues to be delivered on schedule and meeting project specific KPI's. As of December 31st, 2022, the site was put into care and maintenance for the traditional Christmas shutdown with January 2023 slated for E&I completion and pre-commissioning, ready for commissioning and introduction of gas in February 2023.
- Practical completion was achieved for the high temperature rotary kiln erection and installation at the Lynas Rare Earths Processing Facility in Kalgoorlie. This major turnkey project represented a significant milestone for Alltype Engineering, increasing its service offering providing large rotating kiln and machinery installations. With lithium, rare earths and mineral sands project pipeline strong in Western Australia and across the country, Alltype Engineering is well positioned to capture market share of these opportunities.
- Alltype Engineering secured, fabricated and constructed the NGI Meter Station for Australian Gas Infrastructure Group. The scope included new gas metering and offtake skids, control hut, structural steel and piping that were fabricated within the Naval Base fabrication workshop. These skids and items were installed on a new site south of Compressor Station 7 on the DBNGP and included civil, concrete, SMP and E&I discipline scopes. The project was successfully delivered to tight gas delivery schedules and shutdown windows prior to December 31st, 2022.
- Alltype Engineering fabricated and delivered skids, piping and electrical and instrumentation installation services for NGI pipeline facilities including end of line pig launcher and receiver skids, metering and valve switching skids, MLV's and pipeline tie in scopes. The facilities were spread remotely and geographically throughout the Mid-West region with works continuing through the second half of the financial year.
- With a significant volume of work associated with the Waitsia Backflow project, Alltype Engineering delivered over $10M of various gas transmission infrastructure facilities projects, including gas offtake and metering stations, end of line pig launcher and receiver facilities and pipeline tie in scopes, transmission asset maintenance and modifications over and above the aforementioned project works. The facilities were spread remotely and geographically from Karratha down to Kwinana, consisting of civil, concrete, earthworks, structural, mechanical, piping, electrical and instrumentation scopes.
- Completion of fabrication and installation works for a metropolitan tank farm project including tank fabrication and delivery, structural, mechanical, piping and electrical scopes as part of a new storage and handling facility for Cleanaway.
- Completion of over $8M in 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.

- Continued actively building company capability awareness, tendering and proposal offerings in the eastern states including Queensland, New South Wales, Northern Territory and Victoria. Alltype Engineering is poised to secure its first contract award in 2023.
- Continued to undertake general supply and fabrication contracts for steel gantry structures, tanks, pressure vessels, structural steel, process piping and plate works and expanded maintenance, shut down and call off project support services amongst a broad range of existing and new clients for SMP and E&I discipline scopes. Works included scopes for offshore and subsea components, reflecting the strength of the quality systems of the Company.

Alltype Engineering Managing Director Kelvin Andrijich stated:

> *"The start of FY23 has been stronger than anticipated with the Company able to execute multiple millions and tens of millions in dollar terms of contracts in parallel, in multiple industries across a wide geographic area. Not only have these works been completed safely, but in accordance with schedule and generating a sound margin return for the Company with high levels of client satisfaction. All areas of the business have been strengthened to support these projects to successful execution. Despite the tight labour market, we have been able to attract and retain great people across the entire organisation which has heavily contributed to this successful performance across a multitude of sites and locations. We now head into 2023 even more confident in our ability to manage projects of this complexity and magnitude, especially given the first half of FY23 was in itself almost the same full year turnover as FY22. In parallel to completing these works we have continued to develop our pipeline of diverse and exciting project opportunities, both organically and through potential acquisition to establish further geographic and market diversification."*

Image: Lynas Rare Earths Kiln Project (Alltype Engineering)

SIMPEC

This half-year was a record for the SIMPEC business, with the team achieving record revenue, delivering over 1million manhours across all our project sites, employing over 850 personnel and continuing our largest project to date, the Iron Bridge Wet Plant.

In summary, **SIMPEC** delivered segment revenue of $119.8M for the half-year contribution to the WestStar Industrial Group with an EBITDA of $4.83M, resulting in a Net Profit before tax of $4.09M. This is an excellent result and continues to build on the momentum of the full year results for FY22.

Operationally, SIMPEC overview of half-year highlights included:

- Iron Bridge Wet Plant project – The Group's largest project to date, underpinning the business investment to expand and support the project's operational requirements. Successful delivery of the project has enabled the business to reach out to a new client base across new sectors and on a national footprint to be a true market contender in the SMP and E&I delivery space. In alignment with the contract, this project will now continue through into the second quarter with both existing and new works being undertaken. The project has an exemplary TRIFR which is outstanding considering SIMPEC has mobilised over 600 people, along with all the necessary plant and equipment required for the execution of the largest project in the Company's history. With SMP and E&I completion works underway, SIMPEC expects to deliver the completed scope inside FY23.
- Tianqi TLK Minor Works – SIMPEC originally undertook significant works on the original plant and successfully delivered a variety of works from electrical and instrumentation (E&I) works as well as mechanical/piping to completions and handover. Through this successful and sound working relationship, SIMPEC continues to have a presence on the project site performing an array of engineering and SMP works as instructed. These works are progressive and testament to the relationships we maintain with our clients post completion. It is expected these works will continue up until FY23.
- Pilbara Minerals - The business continues to work with the Pilbara Minerals Operations team across several minor capital projects after the successful delivery of Pilgangoora Stage 1 Improvement Project which included Civil, Structural, Mechanical, Piping, electrical and instrumentation (E&I) works. These works too are progressive and again testament to the relationship developed with our client during a well-executed contract. It is expected these works will continue up until FY23.
- Acciona Kwinana Avertas Energy project – subsequent to existing contract works, SIMPEC secured a labour hire agreement of ~$6.5M at the Kwinana Waste to Energy project. SIMPEC now continue to deliver on this complex engineering project for the client on these additional scopes. Work has commenced and is expected to be completed during FY23.
- Sydney Systems Connect Project - SIMPEC was issued its second infrastructure project in the Sydney Region for the Sydney Metro City & Southwest Line-wide works project and represents SIMPEC's organic expansion into Sydney's civil infrastructure works. Systems Connect, an unincorporated joint venture between two CIMIC Group companies, CPB Contractors and UGL Limited, is delivering the line-wide work including installing metro rail track, power systems, communications, and infrastructure to turn the excavated tunnels into a working railway between Chatswood and Sydenham. SIMPEC is supplying electrical and mechanical support services for the development of the new Sydney infrastructure project. SIMPEC is performing well on the project with initial scope expected to be completed in FY23 with the opportunity for further works in the sector. The Company expects continued awards in FY23 within Sydney and broader New South Wales.
- Cockburn Cement – SIMPEC continues to deliver on the Cockburn Cement Kwinana site for the major Kwinana Plant Upgrade project. SIMPEC was initially awarded a scope of works under a Limited Notice to Proceed (LNTP) for work with Cockburn Cement for the major Kwinana Plant Upgrade project for $2.5M. Contract terms are in the latter stages of being negotiated with Cockburn Cement for the balance of construction and installation works on the project and the LNTP has now increased to $13M with a final contract expected in the near term. This is SIMPEC's third major project in the Kwinana industrial zone, with successful delivery of projects at the Tianqi Lithium hydroxide facility and Acciona Kwinana Waste to Energy Plant.

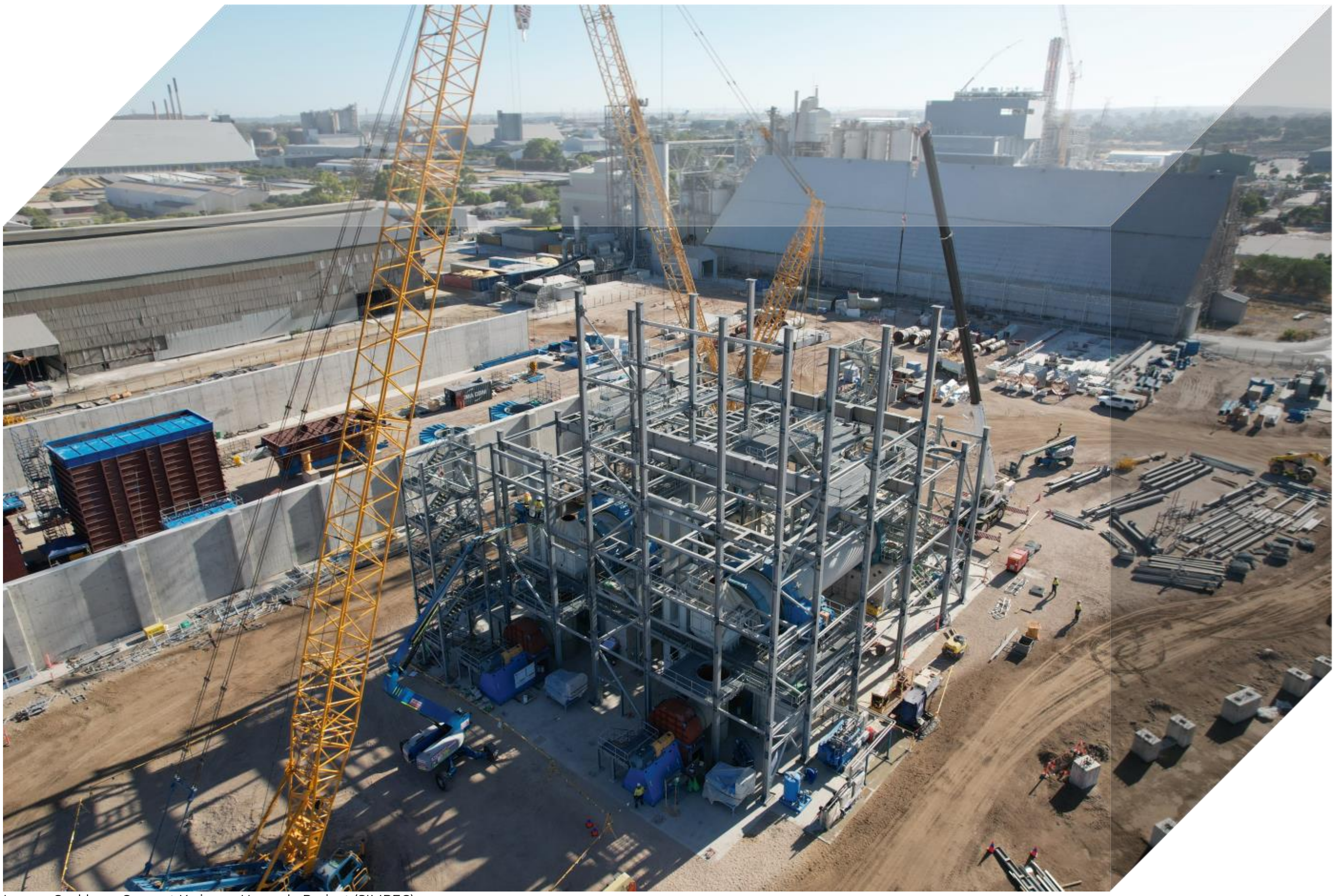

Image: Cockburn Cement Kwinana Upgrade Project (SIMPEC)

Health Safety Environment (HSE) Performance

This year-to-date SIMPEC has achieved 1,021,510 exposure hours where the business sustained zero lost time injuries. Our total recordable injury rate has reduced from 1.36 to 0.00 which is an outstanding result for our people and our business.

Human Resources and Industrial Relations

SIMPEC recognises that in a competitive labour market its ongoing success depends upon providing clients with a competent, motivated and skilled workforce. To achieve this objective SIMPEC is committed to continually improving the employee experience and providing a workplace culture and working environment that is best able to attract and retain high quality employees.

Ensuring SIMPEC is an *employer of choice* and able to retain top talent goes beyond remuneration levels and an inclusive culture. It is predicated on continuous improvement, higher engagement and systems designed to make employees lives at work easier and simpler.

As such, SIMPEC's HR department has increased the use of digital capability and technology in order to remove excessive manual handling and become more efficient to enhance the employee experience for all employees, it will also promote a "one team" approach and automate HR activities:

SIMPEC Managing Director Mark Dimasi stated:

> *"This financial year is looking very encouraging for SIMPEC. Our business strategy is coming to fruition with further development in diversification of our core services providing even greater value to our clients. In addition, our medium to long range project targets are progressing according to plan. This is being achieved through building on existing client relationships and a strong focus on establishing new ones."*

> *"We are now proudly aligned and partnering with Tier 1 Clients across many sectors throughout Australia. The SIMPEC business is anticipating continued growth in revenue this coming financial year."*

CORPORATE OVERVIEW AND OUTLOOK

EXPORT FINANCE BOND FACILITY UPGRADE ~$15.7M BOND FACILITY

Under this facility Export Finance Australia has provided bonding to be used across a selection of the Group's current Projects for Alltype Engineering and SIMPEC.

As at 31 December 2022, the total value of bond facilities available to the Group amounted to $15.7M, of which $9.9M has been committed with the balance of $5.8M uncommitted.

OUTLOOK

KEY STATISTICS

- Strong Tender Pipeline and Prospects >$1.5B
- Number of Projects worked > 175
- Locations across Australia WA, QLD, NSW
- People > 900
- 25+ Industries worked in
- 43 Years Operational Experience

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

> *"Our Strong Order Book combined with a strong National Tender Pipeline has been clearly demonstrated in our ability to exceed historical revenue growth and profitability in the 1HFY23. With an established workforce and continued focus on attracting the right people, the Company is well positioned for delivering increased turnover for the balance of the financial year and in future years."*
>
> *"As a highlight, key projects for both Alltype Engineering and SIMPEC have been transformational in raising market awareness of the companies' capabilities that will contribute to further awards and contract upgrades."*
>
> *"Appreciating the size, complexity and success of these key projects is well worth focussing on."*

IBO – Iron Bridge Wet Plant

The Iron Bridge Wet Plant project is our largest project to date and has allowed the business to demonstrate enormous capability and scale along with successful execution on a national footprint. A complex and rewarding project that will deliver higher than expected revenues over a greater contract period, the results of which will be formalised in this financial year. All of this whilst maintaining a record TRIFR to date.

APA Group – Ambania Compressor Station

This project for our long-standing valued client, APA Group has just reached practical completion after having mobilised to site in April 2022. The successful execution of this project has now provided a solid resume of experience for gas compression facilities which are key to the gas production and transmission industry across the country. The Company is now being invited to tender these opportunities across the country and can do so with a great deal of confidence and an experienced, proven delivery team.

Lynas Rare Earths – Rotary Kiln Project

Having mobilised to site in November 2021 the project has reached practical completion. This project's success is a result of its key execution team members. Alltype Engineering has now successfully delivered a rotary kiln project and now broadens its horizon to deliver further projects with this experience throughout the Australian resources and mineral processing industry.

Mr Spadanuda further commented:

> *"Year on year our contracts continue to grow in size and complexity, they are well managed and executed successfully. We demonstrate our ability to mobilise manpower to some of the most remote regions in the country during some of the most challenging labour conditions and cost pressures the country has seen for some time".*
>
> *"We do this by our commitment to attracting and retaining great people across the entire organisation which contributes to our success being delivered in these results."*

"This year at Peak we had employed at any one time greater than 1000 people across our group, which again in itself is a remarkable achievement considering the growth history of the Company and the challenging environments we work in."

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

"We continue to demonstrate that WestStar Industrial is a growth company and our journey demonstrates a successful growth story. We will this year grow beyond borders through organic growth and targeted acquisitive opportunity."

"We thank ALL of our people for their contribution to the Group along with the loyal support of our clients and shareholders".

"We continue to deliver the message of WestStar Industrial across the country to select investor groups that have now commenced recognising and understanding our potential."

CORPORATE

During the half-year 3,000,000 unlisted options exercisable at $0.40 per option expired.

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 2022.

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

28 February 2023

AUDITOR'S INDEPENDENCE DECLARATION

ARMADA
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 2022, 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 2022.

Armada Audit & Assurance

ARMADA AUDIT & ASSURANCE PTY LTD

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NIGEL DIAS

DIRECTOR

Perth, Dated 28 February 2023

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

ARMADA.COM.AU

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 $	31 December 2021 $
Revenue	4 (a)	165,388,931	74,700,981
Cost of goods sold		(151,938,169)	(64,455,639)
		13,450,762	**10,245,342**
Other income	4 (a)	454,290	556,364
Distribution expenses		(15,529)	(19,444)
Occupancy expenses		(128,854)	(133,477)
Depreciation		(1,174,786)	(877,131)
Employment expenses		(4,494,633)	(3,883,211)
Administration expenses		(2,238,478)	(2,355,790)
Insurance		(141,014)	(471,419)
Finance costs		(294,252)	(219,285)
Expected credit loss		261	263,518
Share based payments expense	18	(91,207)	(80,435)
Profit on sale of plant and equipment		-	-
Expenses		**(8,578,492)**	**(7,776,674)**
Profit before income tax		**5,326,560**	**3,025,032**
Income tax expense	5	**(1,646,304)**	**(671,571)**
Profit after income tax		**3,680,256**	**2,353,461**
Other Comprehensive Income			
Items that may be reclassified to profit or loss		-	-
Other comprehensive income / (loss), net of tax		-	-
Total comprehensive income		**3,680,256**	**2,353,461**
Earnings per share			
Basic and diluted earnings per share (cents per share)		3.32	0.23

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 2022

	Note	31 December 2022 $	30 June 2022 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	19,854,333	20,308,635
Trade and other receivables	7	19,578,814	17,957,801
Inventories		645,573	681,211
Financial assets	20	951,237	2,114,273
Contract assets	8	20,057,799	6,650,627
Total Current Assets		**61,087,756**	**47,712,547**
Non-Current Assets			
Trade and other receivables	7	3,341,029	680,121
Financial assets	20	1,727,196	2,413,665
Investments		366,658	283,075
Property, plant & equipment	9	5,663,701	5,184,972
Right of Use Asset	10	1,430,549	1,838,458
Deferred tax asset, net		654,439	441,349
Intangible Assets	11	4,508,116	4,508,116
Total Non-Current Assets		**17,691,688**	**15,349,756**
Total Assets		**78,779,444**	**63,062,303**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	36,863,108	29,259,457
Income tax payable	5 (c)	4,020,724	2,161,330
Provisions	13	4,304,973	2,995,242
Borrowings	14	937,179	68,216
Lease liabilities	15	1,136,086	943,926
Contract liabilities	8	2,555,291	2,168,504
Total Current Liabilities		**49,817,361**	**37,596,675**
Non-Current Liabilities			
Provisions	13	228,526	191,571
Lease liabilities	15	1,312,940	1,621,903
Total Non-Current Liabilities		**1,541,466**	**1,816,474**
Total Liabilities		**51,358,827**	**39,413,149**
Net Assets		**27,420,617**	**23,649,154**
EQUITY			
Issued capital	16	24,455,791	24,455,791
Reserves	17	663,911	860,394
Retained Profits / (Accumulated losses)		2,300,915	(1,677,031)
Total Equity		**27,420,617**	**23,649,154**

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 2022

	Note	31 December 2022 $	31 December 2021 $
Cash flows from operating activities			
Receipts from customers		164,018,209	100,195,085
Payments to suppliers and employees		(165,677,557)	(86,426,968)
Interest received		28,460	3,661
Interest paid		(177,763)	(145,201)
Other income		425,830	250,196
Net cash flows (used in) / provided by operating activities	6	**(1,382,821)**	**13,876,773**
Cash flows from investing activities			
Payment for financial assets		(91,982)	(1,783,341)
Proceeds from return of financial assets		1,941,487	584,658
Purchase of property, plant & equipment		(837,404)	(437,113)
Payments for investments		(83,582)	(169,925)
Net cash flows provided by / (used in) investing activities		**928,519**	**(1,805,721)**
Cash flows from financing activities			
Proceeds from share issues		-	4,150,000
Share issue costs		-	(134,388)
Proceeds from borrowings		-	165,000
Repayment of borrowings		-	(525,527)
Net cash provided by financing activities		**-**	**3,655,085**
Net (decrease) / increase in cash and cash equivalents		(454,302)	15,726,137
Cash and cash equivalents at beginning of period		20,308,635	13,152,258
Cash and cash equivalents at the end of the period	6	**19,854,333**	**28,878,395**

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 2022

	Note	Issued capital $	Accumulated losses $	Share based payment reserve $	Total $
At 1 July 2022		**24,455,791**	**(1,677,031)**	**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	17		287,690	(287,690)	-
Recognition of share-based payments	18	-	-	91,207	91,207
Transactions with owners in their capacity as owners		-	-	(196,483)	(196,483)
Balance at 31 December 2022		**24,455,791**	**2,300,915**	**663,911**	**27,420,617**

	Note	Issued capital $	Accumulated losses $	Share based payment reserve $	Total $
At 1 July 2021		**20,427,962**	**(5,977,499)**	**381,530**	**14,831,993**
Profit for the half-year		-	2,353,461	-	2,353,461
Other comprehensive income		-	-	-	-
Total comprehensive profit for the half-year		-	2,353,461	-	2,353,461
Transactions with owners in their capacity as owners					
Issue of shares, net of costs	16	4,027,829	-	-	4,027,829
Recognition of share-based payments		-	-	80,435	80,435
Transactions with owners in their capacity as owners		4,027,829	-	80,435	4,108,264
Balance at 31 December 2021		**24,455,791**	**(3,624,038)**	**461,965**	**21,293,718**

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 2022 was authorised for issue on 28 February 2023 in accordance with a resolution of the directors on 28 February 2023.

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 2022 of $3,680,256 (31 December 2021: profit of $2,353,461) and net operating cash outflows of $1,382,821 (31 December 2021: net operating cash inflows of $13,876,773). The Group achieved total net cash outflows of $454,302 (31 December 2021: total net cash inflows of $15,726,137). The Group had cash of $19,854,333 (30 June 2022: $20,308,635) and a working capital surplus of $11,270,395 as at 31 December 2022 (30 June 2022: surplus of $10,115,872).

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 if the consideration in the contract includes a variable amount, the Group estimates the amount of the consideration to which it is entitled in exchange for transferring the goods and services to the customer. The Group includes some or all of this variable consideration in the transaction price only to the extent it is highly probable that a significant reversal of the cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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 2021. 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 2023. 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.

Segment reporting	**SIMPEC**	**Alltype Engineering**	**Group**
	$	**$**	**$**
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**	**2,616,753**	**6,307,231**
Other income - operational	403,192	44,438	447,630
Net Operating Profit before Tax & Corporate Admin. expenses	**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 2021			
Segment revenue	53,853,374	20,847,607	74,700,981
Segment operational expense	(48,816,114)	(15,639,525)	(64,455,639)
Segment gross margin	5,037,260	5,208,082	10,245,342
Segment overheads	(2,582,272)	(3,909,942)	(6,492,214)
Segment operating profit	**2,454,988**	**1,298,140**	**3,753,128**
Other income - operational	369,198	187,162	556,360
Net Operating Profit before Tax & Corporate Admin. expenses	**2,824,186**	**1,485,302**	**4,309,488**
Other Income			4
Corporate & administration			(1,284,460)
Net Operating Profit before Tax			**3,025,032**
Income tax expense			(671,571)
Net Operating Profit after Tax			**2,353,461**
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**
Half - Year ended 31 December 2021			
Segment assets	40,239,506	16,316,734	56,556,240
Segment liabilities	(31,990,817)	(9,215,841)	(41,206,658)
Segment asset & liabilities	**8,248,689**	**7,100,893**	**15,349,582**
Cash and corporate assets			8,256,685
Corporate liabilities			(2,312,549)
Total asset & liabilities			**21,293,718**

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

4. Revenue and Other Income

	31 December 2022	31 December 2021
	$	$
(a) Revenue		
Construction and Engineering services	165,388,931	74,700,981
	165,388,931	**74,700,981**

	31 December 2022	31 December 2021
	$	$
(b) Other Income		
Interest Income	28,460	3,661
Insurance recoveries	21,179	418,055
Other Income	404,651	134,648
	454,290	**556,364**

5. Income Tax

	31 December 2022	31 December 2021
	$	$
(a) Income tax expense		
Major component of tax expense for the year		
Current tax	1,859,394	471,624
Deferred tax	(213,090)	199,947
	1,646,304	**671,571**

(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 from continuing operations before income tax expense	5,326,560	3,025,032
Tax at the group rate of 30% (31 December 2021: 30%)	1,597,968	907,510
Other non-deductible expenses	42,552	49,693
Prior period under/(over) provision	5,784	-
Deferred tax assets not previously recognised	-	(215,871)
Recognition of previously unrecognised tax losses	-	(69,761)
Income tax expense	1,646,304	671,571

	31 December 2022	30 June 2022
	$	$
(c) Income tax payable		
Current tax payable	4,020,724	2,161,330

5. Income Tax (continued)

(d) Deferred tax

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:

	31 December 2022	30 June 2022
	$	$
Liabilities		
Net deferred income	-	168,617
Prepayments	358,791	-
Plant and Equipment	997,638	769,839
Other Non-tax depreciable assets	429,164	-
Accrued income	292	-
Borrowing costs	(473)	-
Business related costs	(5,868)	-
Debt Write-Off	-	336,767
Deferred tax liability	1,779,544	1,275,223
Assets		
Losses available to offset against future taxable income	-	336,763
Provisions & accruals	1,985,269	1,348,032
Net deferred income	-	-
Capital raising costs	-	11,736
Borrowing costs	-	473
Lease Asset	448,714	19,568
Deferred tax asset	2,433,983	1,716,572
Net deferred tax asset recognised	**654,439**	**441,349**

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.

6. Cash and Cash equivalents

	31 December 2022	30 June 2022
	$	$
Cash at bank and on hand	**19,854,333**	**20,308,635**

Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities

	31 December 2022	30 June 2022
	$	$
Profit after income tax	3,680,256	4,310,468
Non Cash Items		
Depreciation and amortisation expenses	1,174,786	1,943,633
Share-based payments	91,207	478,864
Reversal of previously recognised doubtful debts expense	(261)	(260,951)
Loss / (Profit) on sale of plant and equipment	-	9,203
(Decrease) / increase in working capital		
(Increase) / decrease in receivables	(3,845,864)	(3,148,637)
(Increase) / decrease in contract assets	(13,407,172)	(2,079,168)
(Increase) / decrease in deferred tax asset	(213,090)	(441,349)
Increase / (decrease) in payables	7,547,450	4,120,007
Increase / (decrease) in income tax payable	1,859,394	2,161,330
Increase / (decrease) in contract liabilities	386,788	(1,801,048)
Increase / (decrease) in provisions	1,343,686	1,695,552
Net cash inflow/(outflow) from operating activities	**(1,382,821)**	**6,987,904**

7. Trade and Other Receivables

	31 December 2022	30 June 2022
(a) Trade receivables (Current)	$	$
Trade receivables	13,699,074	15,191,532
Less Allowance for doubtful debts	-	(2,567)
	13,699,074	15,188,965
(b) Other receivables (Current)		
Retentions	4,506,497	2,702,876
Other receivables	56,771	23,214
Prepayments	1,316,472	42,746
	5,879,740	2,768,836
	19,578,814	**17,957,801**

	31 December 2022	30 June 2022
	$	$
<30 days	8,582,499	12,196,911
30-60 days	3,566,029	957,551
60-90 days	-	105,464
90+ days	1,550,546	1,929,039
Total (Note 7 (a))	**13,699,074**	**15,188,965**

	31 December 2022	30 June 2022
(c) Other receivables (Non-Current)	$	$
Retentions	3,266,029	605,121
Loan Receivables	75,000	75,000
	3,341,029	**680,121**

8. 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 2022	30 June 2022
Contract Assets	$	$
Contract Assets	20,057,799	6,650,627
	20,057,799	**6,650,627**

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 2022	30 June 2022
Contract Liabilities	$	$
Contract Liabilities	2,555,291	2,168,504
	2,555,291	**2,168,504**

9. Property, Plant and Equipment

	31 December 2022 $	30 June 2022 $
Gross carrying value at cost	8,495,546	7,249,941
Accumulated depreciation	(2,831,845)	(2,064,969)
Net carrying value at cost	**5,663,701**	**5,184,972**

	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		886,156	359,449	1,245,605
Disposals		-	-	-
At 31 December 2022		7,131,218	1,364,328	8,495,546
Accumulated depreciation				
At 1 July 2022		(1,778,092)	(286,877)	(2,064,969)
Disposals		-	-	-
Depreciation	**10(b)**	(647,424)	(119,452)	(766,876)
At 31 December 2022		(2,425,516)	(406,329)	(2,831,845)
Total At 31 December 2022		**4,705,702**	**957,999**	**5,663,701**

	Note	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	**10(b)**	(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**

10. Right of Use Asset

	Note	31 December 2022 $	30 June 2022 $
(a) Right of Use Asset			
Lease asset		4,041,736	4,041,736
Accumulated depreciation		(2,611,188)	(2,203,278)
		1,430,458	**1,838,458**

	Note	Right of Use Asset $
Gross carrying value		
At 1 July 2022		4,041,736
Additions		-
At 31 December 2022		4,041,736
Accumulated depreciation		
At 1 July 2022		(2,203,278)
Depreciation charge	**10(b)**	(407,910)
At 31 December 2022		(2,611,188)

	Note	Right of Use Asset $
Gross carrying value		
At 1 July 2021		4,041,736
Additions		-
At 30 June 2022		4,041,736
Accumulated depreciation		
At 1 July 2021		(1,387,457)
Depreciation charge	**10(b)**	(815,820)
At 30 June 2022		(2,203,278)

(a) Depreciation and Amortisation expense		31 December 2022 $	30 June 2022 $
Depreciation expense - Property, Plant & Equipment	9	766,876	1,127,813
Amortisation - Right of Use Assets	10(a)	407,910	815,820
		1,174,786	**1,943,633**

11. Intangible assets

	31 December 2022 $	30 June 2022 $
Goodwill - Alltype Engineering Pty Ltd	3,515,918	3,515,918
Goodwill - SIMPEC Pty Ltd	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

11. Intangible assets (continued)

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

c. SIMPEC Goodwill: $992,198
d. 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 2022, with further impairment testing conducted for the half-year ending 31 December 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. The Group has considered the effect of the pandemic 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. 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% (30 June 2022: 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% for SIMPEC and Alltype Engineering respectively, was applied. This discount rate was estimated based on past experience and industry average weighted cost of capital.

12. Trade and Other Payables

	31 December 2022 $	30 June 2022 $
Trade payables	19,436,439	18,942,784
Other creditors and accruals	17,426,669	10,316,673
	36,863,108	**29,259,457**

13. Provisions

	31 December 2022 $	30 June 2022 $
Current		
Annual Leave	3,048,590	2,239,697
Long Service Leave	157,816	130,680
Other provisions	1,098,567	624,865
	4,304,973	**2,995,242**
Non-Current		
Long Service Leave	228,526	194,571
	228,526	**194,571**

14. Borrowings

	31 December 2022 $	30 June 2022 $
Insurance Premium Funding Facility (i)	937,179	-
Short term loan Facility (ii)	-	68,216
	937,179	**68,216**

(i) Insurance Premium funding loan facility provided by Bank of Queensland repayable in instalments over nine months by March 2023 at an interest rate of 1.28%.
(ii) Short term loan facilities were repaid during the year. The loans were unsecured and payable in equal instalments by September 2022 bearing interest at between 6.3% p.a. and 7.75% p.a.

15. Lease Liabilities

	31 December 2022	30 June 2022
	$	$
Current		
Right of Use Lease liability	815,015	818,965
Other lease liabilities	321,071	124,961
	1,136,086	**943,926**

	31 December 2022	30 June 2022
	$	$
Non-Current		
Right of Use Lease liability	680,698	1,084,715
Other lease liabilities	632,242	537,188
	1,312,940	**1,621,903**

Interest expense on leases for the period ended 31 December 2022 amounted to $30,737 (30 June 2022: $96,062).

16. Issued Capital

(a) Issued and paid up capital

	31 December 2022	30 June 2022
	$	$
Ordinary shares fully paid	24,455,791	24,455,791

(b) Movements in shares on issue

	Half Year to 31 December 2022	
	No.	$
Movements in ordinary shares on issue		
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 2022	
	No.	$
Movements in ordinary shares on issue		
Opening balance	975,476,549	20,427,962
Details of the Company shares issued during the period:		
Shares issued, net of issue costs (i)	152,173,913	3,377,829
Controlled Placement Agreement utilised (ii)	-	650,000
Controlled Placement Agreement terminated (iii)	(20,000,000)	-
Consolidation (iv)	(996,885,223)	-
Closing balance	110,765,239	24,455,791

(i) Placement of 152,173,913 shares to institutional and sophisticated investors at an issue price of $0.023 per share. Share issue costs include $12,217 in GST.
(ii) Set-off of 24,000,000 shares under Controlled Placement Agreement at a deemed price of $0.027 share, refer ASX Announcement dated 16 December 2021.
(iii) On termination of the Controlled Placement Agreement with Acuity Capital, 20,000,000 collateral shares were cancelled for nil consideration as approved by shareholders on 10 May 2022. Refer Note 20 (e).
(iv) Consolidation of capital on the basis of 1 for 10

(c) Share options

(i) Movements in options on issue

	Half Year to 31 December 2022	
	No.	$
Movements in options on issue		
Opening balance	13,608,712	-
Issued during the period	-	-
Options expired out of the money	(3,000,000)	-
Closing balance	10,608,712	-

Movements in options on issue

	Year to 30 June 2022	
	No.	**$**
Movements in ordinary shares on issue		
Opening balance	30,000,000	-
Issued during the year (refer (c) (ii) 2 & 3)	106,086,946	-
Consolidation (i)	(122,478,234)	-
Closing balance	13,608,712	-

(i) Consolidation of capital on the basis of 1 for 10

(ii) Options on issue

The following options were on issue at the end of the financial period:

Series	Number[1]	Exercise price[1]	Expiry date
WSIAB	7,608,712	$0.30	18 May 2023
WSIAC	3,000,000	$0.30	10 July 2023

[1] The Number and Exercise Price in the table above have been restated following the 1 for 10 consolidation completed 25 May 2022.

(d) Performance shares
Movements in performance rights on issue

	Half Year to 31 December 2022	
	No.	**$**
Movements in performance rights on issue		
Opening balance	6,000,000	-
Issued during the period	-	-
Closing balance	6,000,000	-

Movements in performance rights on issue

	Year to 30 June 2022	
	No.	**$**
Movements in performance rights on issue		
Opening balance	45,000,000	-
Issued during the year (i)	15,000,000	-
Consolidation (ii)	(54,000,000)	-
Closing balance	6,000,000	-

(i) On 5 January 2022 shareholders approved the grant of up to 15,000,000 (1,500,000 on a post consolidation basis) Performance Rights to Directors (or their nominees) under the WestStar Performance Rights Plan.
(ii) Consolidation of capital on the basis of 1 for 10

On 30 November 2020 shareholders approved the grant of up to 45,000,000 (4,500,000 on a post consolidation basis) Performance Rights to Directors (or their nominees).

Class	Performance Condition	Expiry Date	Fair value
Tranche 1 Performance Rights – 1,500,000	**Market Capitalisation - $30M** Tranche 1 Performance Rights will vest on the date that the Company's market capitalisation exceeds $30 million for a period of ten (10) trading days. (**"Tranche 1 Performance Condition"**)	1 December 2023	$0.12
Tranche 2 Performance Rights - 1,500,000	**Market Capitalisation - $35M:** Tranche 2 Performance Rights will vest on the date that the Company's market capitalisation exceeds $35 million for a period of ten (10) trading days (**"Tranche 2 Performance Condition"**)	1 December 2023	$0.11
Tranche 3 Performance Rights - 1,500,000	**Market Capitalisation - $40M:** Tranche 3 Performance Rights will vest on the date that the Company's market capitalisation exceeds $40 million for a period of ten (10) trading days (**"Tranche 3 Performance Condition"**)	1 December 2023	$0.10

On 5 January 2022 shareholders approved the grant of up to 15,000,000 (1,500,000 on a post consolidation basis) Performance Rights to Directors (or their nominees) under the WestStar Performance Rights Plan. The principal terms of the Performance Rights are summarised below:

Class	Performance Condition	Expiry Date
Tranche 1 Performance Rights	**Market Capitalisation - $30M** Tranche 1 Performance Rights will vest on the date that the Company's market capitalisation exceeds $30 million for a period of ten (10) trading days. (**"Tranche 1 Performance Condition"**)	10 January 2025
Tranche 2 Performance Rights	**Market Capitalisation - $35M:** Tranche 2 Performance Rights will vest on the date that the Company's market capitalisation exceeds $35 million for a period of ten (10) trading days (**"Tranche 2 Performance Condition"**)	10 January 2025
Tranche 3 Performance Rights	**Market Capitalisation - $40M:** Tranche 3 Performance Rights will vest on the date that the Company's market capitalisation exceeds $40 million for a period of ten (10) trading days (**"Tranche 3 Performance Condition"**)	10 January 2025

The value of the Performance Rights at grant date was estimated using a Trinomial Model which takes into account the exercise price and expected life of the instrument, the current share price and its expected volatility, expected dividends and the risk-free interest rate for the expected life of the instrument. The fair value ascribed to each Tranche 1, 2 and 3 Performance Right on a post-consolidation basis was $0.16, $0.15 and $0.14 respectively.

The table below shows the class, number and fair value ascribed to Performance Rights on issue (on a post-consolidation basis) at 31 December 2022 and the following assumptions were used in the valuation of these performance rights.

(d) Performance shares (continued)

Details	Tranche 1	Tranche 2	Tranche 3
Number of Rights	500,000	500,000	500,000
Fair value on Grant Date	$0.16	$0.15	$0.14
Share Price	$0.02	$0.02	$0.02
Volatility	85.4%	85.4%	85.4%
Risk Free Fate	1.02%	1.02%	1.02%

The total value of Performance Rights expensed during the half-year ended 31 December 2022 was $91,207 (2022: $274,420).

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

17. 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 2022 $	30 June 2022 $
Share based payments reserve	663,911	860,394
	663,911	**860,394**

Movement in reserves		
Share based payments reserve		
Opening balance	860,394	381,530
Transfer of expired options value (i)	(287,690)	-
Performance Rights expensed (Refer Note 18)	91,207	274,420
Options issued (ii)	-	204,444
	663,911	**860,394**

(i) 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 accumulated losses ($287,690) during the period 31 December 2022.

(ii) On 5 January 2022 shareholders approved the issue of 3,000,000 Options (post consolidation) to corporate advisors.

18. 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 2022 $	30 June 2022 $
Performance rights recognised (i) (Refer Note 16 (d))	91,207	274,420
Options issued (ii)	-	204,444
	91,207	478,864

(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. Refer to Note 16 (d) for further details.

(ii) On 5 January 2022 shareholders approved the issue of 3,000,000 Options (post consolidation) to corporate advisors.

19. Contingent Liabilities & Commitments

During the financial period ended 31 December 2022 the Group entered into ~$0.2M bond facilities (“the Facilities”) with Export Finance Australia. As at 31 December 2022 the total value of bond facilities available to the Group amounted to $15.7M, of which $9.9M has been committed with the balance of $5.8M uncommitted.

20. Financial Assets

As at 31 December 2022, the Group has provided bank guarantees which are held in term deposits of $2,678,433 (30 June 2022: $4,527,938) to various customers and suppliers of which $951,237 is in current assets (30 June 2022: $2,114,273) and $1,727,196 is in non-current assets (30 June 2022: $2,413,665).

DIRECTORS' DECLARATION

For the half-year ended 31 December 2022

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 2022 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

28 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

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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 2022, 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 2022 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.

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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 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a 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

NDias

NIGEL DIAS

DIRECTOR

Perth, Dated 28 February 2023

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