WestStar Industrial

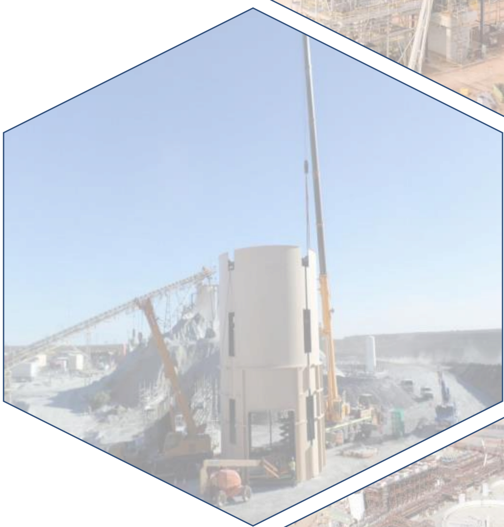
Annual Report 2023

CONTENTS

ABOUT

WestStar Industrial (ASX: WSI)
('WestStar' or the 'Company')

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



OPERATING COMPANIES

ALLTYPE ENGINEERING

SIMPEC

OUR SERVICES

- Construction Contracting
- Structural Mechanical Piping (SMP)
- Electrical and Instrumentation (E&I)
- Processing & Fabrication of Pipe Plate and Structural Steel
- Non-Process Infrastructure NPI
- Rotating Equipment Installation
- Asset Management Services
- Maintenance Shutdowns and Turnarounds
- Design and Construct / EPC Projects
- Multidiscipline Turnkey Projects

BOARD OF DIRECTORS

Philip Re

Non-Executive Chairman

Mr Philip Re is a Chartered Accountant, Chartered Secretary and a Member of the Institute of Company Directors who specialises in corporate advisory, corporate governance, mergers and acquisitions and investment banking for ASX listed Companies. Mr Re has held several board positions on various ASX listed companies over the years. Mr Re currently acts as chairman of ASX listed Corella Resources Ltd (ASX: CR9) and as a non-executive director of StreamPlay Studio Limited (ASX: SP8) and Caprice Resources Ltd (ASX:CRS).

Special responsibilities: Nil

Other current directorships of Listed companies: Corella Resources Ltd (ASX: CR9); StreamPlay Studio Limited (ASX: SP8) and Caprice Resources Ltd (ASX:CRS).

Former directorships of Listed Companies in the last 3 years: Nil

Robert Spadanuda

Group Chief Executive Officer & Managing Director

As the founding Group CEO of WestStar Industrial Limited (ASX:WSI), Mr Spadanuda oversaw the formation of the business and subsequent listing on the ASX in 2016. He has spent the last eight years establishing and successfully implementing the strategic and operational strategy of WSI. With 32 years industry experience in a variety of construction services roles he brings a wealth of technical and commercial understanding across multiple disciplines, geographies and market segments. With the Group's expansive footprint and ever-expanding positive industry reputation, Mr Spadanuda has been instrumental in positioning WSI to meet its objectives and successfully grow within its pre-determined strategic plan

Special responsibilities: Nil

Other current directorships of Listed companies: Nil

Former directorships of Listed Companies in the last 3 years: Nil

Lay Ann Ong

Non-Executive Director

Mr Lay Ann Ong is an experienced entrepreneur and executive, having held senior executive positions with both public and private companies globally over the last 20 years. Mr Ong has interests in various listed and unlisted companies in the property development, technology, commodities, energy, construction, and food and beverage sector in South-East Asia and Australia. Mr Ong has held Chairman and director positions within the WestStar Industrial Limited Group and is also director of ISDN Investments a wholly owned subsidiary of ISDN Holdings Limited, a company listed on the Singapore Exchange (SGX). Mr Ong holds a degree in Law from University of Manchester and a Master's in Business Administration from Manchester Business School.

Special responsibilities: Nil

Other current directorships of Listed companies: Nil

Former directorships of Listed Companies in the last 3 years: Nil

EXECUTIVE TEAM

Kelvin Andrijich
Managing Director
Alltype Engineering

Kelvin has 25 years of experience in strategy, leadership, management, project delivery, operations, business development and estimating. He has held multiple directorships and executive roles in companies of varying size, geography and diversity, both in Australia and internationally.

Predominantly having worked within the Oil and Gas Industry, Kelvin also has worked in complimentary industries including Petrochemical, Power Generation, Processing, Marine, Resources and Water Infrastructure.

Kelvin's management knowledge and experience is underpinned by practical multidisciplined construction and fabrication works, including EPC delivery models, and extends through whole of life service and maintenance businesses including packaged compression, power generation and Oil and Gas processing equipment.

Mark Dimasi
Managing Director
SIMPEC

After a highly successful and dedicated 22 years with UGL, a life-long goal was achieved in 2017 when Mark and his younger brother David founded SIMPEC. In the company's short history SIMPEC has successfully secured and completed a variety of projects in the Design and Construction space for projects involving Lithium, Mineral Sands, Iron Ore, Alumina and Communications.

Mark has over 25 years' experience in senior project construction roles within Oil and Gas, Mining, Power and Wastewater industries throughout Australia. He has significant experience across a variety of disciplines, including Civil, Mechanical, Electrical, Instrumentation and Controls

Mark is an inspirational and loyal leader who has a proven track record in developing technical strategy and improving share value by creating highly passionate and engaged teams that deliver excellent outcomes for clients whilst maintaining high standards of safety.

GROUP CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR REPORT

Overview

WestStar Industrial Limited (Company or WestStar) (ASX: WSI), an Australian industrial services company, operating in the energy, resources, utility and infrastructure sectors, in metropolitan and remote areas, across Australia, is pleased to report on the Company's FY23 Preliminary Final Report.

Performance Highlights

- Full Year Earnings (EBITDA) of $6,035,086
- Net Profit After Tax (NPAT) of $1,758,966
- New Record Revenue of $304,275,242, a significant achievement for a 6-year operating company.
- Cash Holdings of $16.1M
- Record FY23 Alltype Engineering Revenue increases 79% to $91,742,372 (FY22 $51,131,244)
- Record FY23 Alltype Engineering Net Operating Profit of $6,716,343 (FY22 $2,878,909)
- Record FY23 SIMPEC Revenue increases 63% to $212,532,870 (FY22 $130,667,316)
- FY24 Consolidated Contract Revenue Currently circa $155M
- Debt and Borrowings: NIL whilst funding security and cash flow for increased revenue growth, representing solid cash flow management and deployment of working capital.

Results of Operations

	Year ended 30 June 2023 $
EBITDA	**6,035,086**
Depreciation	(2,411,883)
EBIT	**3,623,203**
Share based payments	(182,413)
Interest costs	(804,121)
NPBT	**2,636,669**
Income tax expense	(877,703)
NPAT	**1,758,966**

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

Financial Performance

Having consistently maintained a strong order book of contracted revenue, with significant increases year on year, the Company has delivered another consolidated net profit.

Alltype Engineering delivered a record Net Operating Profit of $6,716,343, an increase of ~133% on FY22 Net Operating Profit of $2,878,909 by increasing revenue and maintaining margins and overhead costs across the diverse portfolio of projects within the business unit.

Despite the strong performance of Alltype Engineering, the consolidated results have been impacted with SIMPEC delivering a FY23 loss of ($1,212,418). The FY23 loss of ($1,212,418) was largely attributable to close out settlements on two projects combined with significant supplier and subcontractor cost inflation and skilled labour pressures on long term construction projects.

The Group, similar to the broader construction contracting industry, faced numerous challenging conditions across key markets during the year. Some of these factors included delay of the award of a number of key projects, and as previously stated, significant cost inflation impacts for long term projects and availability of skilled labour across the board for construction projects.

Deliberate, measured pre investment in strategic growth enabled the Group to continue to lift its revenue target in keeping with the overall strategic plan without having to raise debt or equity, but despite this revenue increasing, management of the cost pressures and labour shortages heavily affected earnings for the Group with profits funding shortfalls to deliver on commitments. These impacts to bottom line and cash flow have been seen across the industry as a whole leading to consolidation in the sector and presenting capacity challenges to the market going forward to deliver on the record levels of resource and infrastructure developments currently planned.

Despite these challenges, the Group was able to deliver its contracted revenue safely, on time and still profitably as well as demonstrate the capability to execute major projects that are a significant step change in size and complexity.

This achievement is the true underlying success of the Group, where customers have had confidence to contract with the Group businesses for significantly larger value projects located not only in Western Australia, but across the country.

With nil debt, WestStar continue to make the transition to focussing on Group profit for FY24 and with the completion of the Iron Bridge Wet Plant imminent and a significant secured order book of ongoing projects with a diverse and industry strong customer base, the Company is well positioned to capitalise upon this investment in growth and demonstrated capability, reliably continuing to operate profitably and now deliver improved bottom line financial performance commensurate with turnover.

Revenue

WestStar Industrial Limited achieved Group Revenue of $304,275,242 compared to $181,798,560 in the prior comparative period (FY22). This Revenue growth demonstrates another revenue increase of ~67% over the prior corresponding period (FY22).

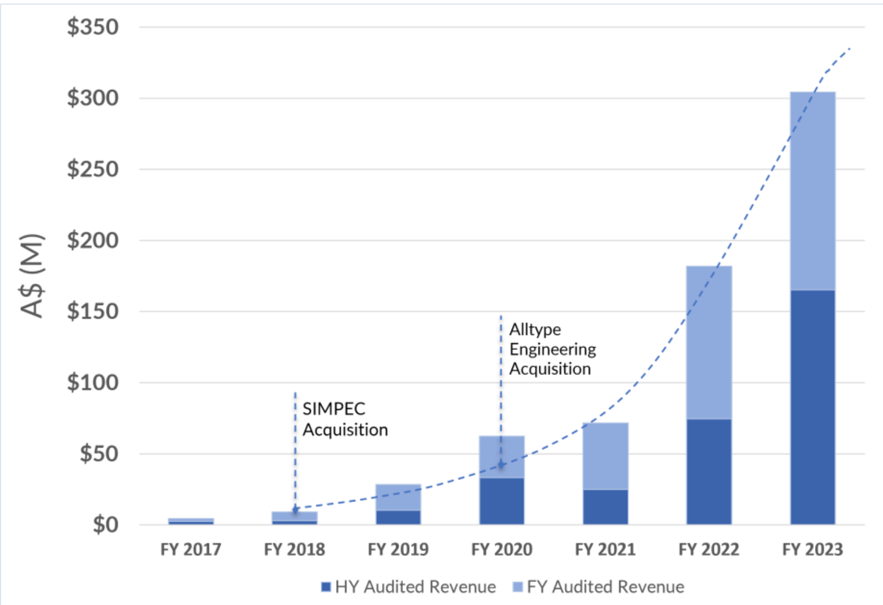
Alltype Engineering achieved record FY23 revenue result of $91,742,372, up 79.4% on the prior corresponding period (FY22 $51,131,244).

SIMPEC achieved record FY23 revenue of $212,532,870, up 62.6% on the prior corresponding period (FY22 $130,667,316).

The increased levels of market development, brand awareness and subsequent tendering activity previously signalled in prior periods has delivered the revenue in line with the Group's strategic growth plans. This achievement was evident in the award and conversion of significant works across both Alltype Engineering and SIMPEC which have now been delivered successfully.

Despite the profitability on initial face value not potentially meeting typical market expectations, history demonstrates that growth cycles in construction contracting businesses all go through similar sacrifice of initial earnings for the benefit of long-term sustainable performance which ultimately unlocks the underlying value of the business. The WestStar Industrial strategic goal is not about prioritisation of short-term performance and is instead focused on measured and deliberate growth, risk management and long-term return on investment for its stakeholders.

With a solid foundation and track record of project delivery performance across multiple industry sectors, a sustainable and strong pipeline of new projects across the Group, continued growth in revenue is expected for FY24 where it is anticipated that the benefits of previous investment in the delivery capacity across the Group should result in a much stronger bottom line financial result.



Earnings

Earnings before interest, tax, depreciation and amortization (EBITDA) for the period was $6,035,086, a decrease on the prior comparative period (FY22 $9.06M), delivering an EBITDA margin percentage of 2%, noting this margin is still comparable with major construction contracting entities. Net profit after tax was $1.76M, down 59.2% on the prior corresponding period (FY22 $4.31M).

The Group is particularly focused on continuous improvement of delivery of its projects with a defined objective to improve operational efficiency and contract administration discipline within SIMPEC with current focus on establishing fairer contractual terms and conditions, transparent cost control, forecasting, maintenance and improvement of gross margins.

Being a longer established operating business, the Company expects Alltype Engineering to continue its Earnings Growth during FY24, particularly through its expansion onto the east coast of the country which was paused during the COVID-19 pandemic.

Balance Sheet

The Company continues to strengthen its balance sheet with total equity of $25.6M increasing by 8.5% on the prior comparative period (FY22 $23.6M). The Group held cash of $16.1M and had a working capital surplus of $12.6M as at 30 June 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 in both the project and strategic acquisition space.

With nil long-term debt the Group continues to effectively use its balance sheet to manage new projects and growth.

Outlook and Strategy

Robert Spadanuda Managing Director and CEO commenting on the results and outlook for the Company.

> *"During the year we have completed and significantly advanced major milestones on key industry flagship projects.*
>
> *The Board's long term strategic vision is still on track to establish WestStar Industrial as a sustainable contracting business.*
>
> *In order to look forward to FY24 and beyond, we need to take account of all of the impacts of the FY23 period to implement requisite change within the Group and take accountability and responsibility to mitigate impacts to earnings moving forward. The 2023 Financial year has been another successful year for revenue growth but profitability for the Group has not been what we internally target or expect as a Consolidated business.*
>
> *After a record first half and with the ability to improve upon those results, the Group was disappointed to incur such a significant impact to our annual results due to the burden of significant cost inflation and skilled labour quality, combined with availability pressures on our major projects that eroded contract margins for SIMPEC.*
>
> *Material business risks exist within our industry. This includes risks such as:*
>
> - *labour availability.*
> - *supply chain risks;*
> - *contractual risks;*
> - *time delays on contracts;*
> - *liquidated damages;*
> - *margin erosion;*
> - *delayed approvals; and*
> - *variations to contract approvals.*
>
> *Pre-investment in strategic growth opportunities has demonstrably enabled the Group to lift its internal revenue target in keeping with its strategic plan. Despite the revenue increase it has been well documented within both the press and industry bodies that cost pressure escalation, supply chain shortages and delays, cash flow terms and labour shortages for experienced management, supervision and trades are heavily affecting the industry as a whole across the country.*
>
> *The Group has contended with very challenging conditions across each of our key markets during the year. Factors including difficult contracts, delays in the award of a number of key projects, significant cost inflation and limited availability of experienced and skilled labour have affected SIMPEC particularly.*
>
> *Impending changes to be made to SIMPEC management structure, project controls and contract administration systems, greater governance and contemporary contract models aligned with current market conditions we expect will deliver a much stronger financial performance over the coming period.*
>
> *These changes are already in progress with SIMPEC new works recently announced with Cockburn Cement Limited ("CCL") valued at $105M under a TCE Model (Target Cost Estimate) that will deliver a more stable return rather than the associated risk of a traditional Lump Sum Model with SIMPEC maintaining their commitment on delivering safe, reliable and timely project outcomes to their valued client base."*

SIMPEC - Iron Bridge Update

WestStar's subsidiary, SIMPEC, was originally awarded a project for FMG Ironbridge Operations (IBO) Iron Ore Processing Wet Plant SMPE&I construction in mid-2021, representing a step change in project award value for the Group.

The IBO Project team initially mobilised to site and commenced works during the COVID-19 pandemic Western Australian border closure, constraining resourcing within an emerging tight WA labour market.

Notably, project award was made prior to the subsequent levels of cost escalation, global logistics constraints and material and supply chain shortages experienced in late 2021 and throughout 2022. These macroeconomic issues also impacted the greater Ironbridge project as is well documented in the public domain with overall entire development CAPEX increasing significantly in line with other major resource development projects.

Subsequent border openings across the country including Western Australia in March 2022 introduced a period of sustained COVID-19 outbreaks and spread which at the time required isolation, both on and off site, as well as significantly constraining subcontractor availability and services.

Despite the novel market conditions, the project team and IBO team worked collaboratively to expedite the project through to completion, being dynamic and accommodating the above issues as well as specific project related challenges including:

- Coordination with multiple site contractors, including civil and earthworks and battery limit interfaces;
- Resequencing of modular installation plan to accommodate module arrival changes (driven by global logistics issues);
- Significant quantity growth in steel tonnage, piping, cables and E&I infrastructure;
- Compliance and modification work as required on the free issued modules and equipment, and
- Early completion of the first commissioned feed circuit as part of first ore on ship with balance of project works completed in brownfield conditions.

SIMPEC and WestStar Industrial working closely with the FMG IBO project team have been able to deliver a world class mineral processing plant in the remote North-west of Western Australia during one of the busiest periods seen in the state for over 15 years.

With the project nearing successful practical completion with exemplary HSE performance and outcomes, the capability of SIMPEC to deliver major projects of this size and technical complexity has been demonstrated.

Going forward, SIMPEC, WestStar Industrial and FMG have now established a solid working relationship which is already translating into new project works on the back of the IBO Wet Plant project.

WATMAR ACQUISITION

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.

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 announced to the market the proposed acquisition of WATMAR Engineering after completion of robust due diligence necessary for successful integration of a new business as has been demonstrated successfully in the past.

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 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.

The business and assets of WATMAR will be acquired on a cash and debt-free basis, and including assumption of transferring employee entitlements (~$235,000), for an upfront cash consideration amount of $1,400,000 (Purchase Price). The Purchase Price will be paid from existing cash reserves and is subject to customary completion adjustments and specifically in respect of working capital. The acquisition is subject to satisfying a number of conditions precedence and is expected to be completed in October 2023. Refer ASX Announcement dated 28 August 2023 for further details.

The acquisition is expected to provide WestStar with immediate diversification of its client base, services and geographic expansion both through WATMAR's existing channels to market and through opportunities presented by the existing WestStar businesses with no negative impacts to existing operations.

This strategic industry acquisition allows fast entry for WestStar into the high barrier to entry Defence sector with additional significant upside and potential for growth through complimentary offerings through our existing businesses and establishing a maintenance foothold in the market that is not subject to commodity cycle fluctuations with a significant future investment that is well publicised.

The acquisition is expected to be immediately earnings per share accretive, not including the expected synergy benefits to both SIMEPC and Alltype Engineering.

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

CLOSING

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

We take this opportunity to thank all of our people for their dedication and efforts in safely delivering all of our projects. We look forward to our continued development and improvement across SIMPEC and Alltype Engineering and look forward to welcoming WATMAR post completion of the acquisition which is expected to occur in October 2023.

Robert Spadanuda
Group Chief Executive Officer and Managing Director
WestStar Industrial Limited

REVIEW OF OPERATIONS

Alltype Engineering

Alltype Engineering has had an excellent year and built upon the strong finish to FY22. FY23 represented the first year of the renewed five-year strategic plan for Alltype Engineering focusing on measured, risk aware sustainable growth on the back of completion of the previous plan which was focused on consolidation, turnaround and implementation of structure, systems and processes to reinvent the business as a construction contractor with key internal supply chain control able to deliver complex projects nationwide.

Alltype Engineering was once again extremely pleased to deliver on and exceed its full year strategic plan KPI's being revenue growth (25% over target) and EBIT performance (120% over budget) whilst improving HSE performance metrics during a period of significant growth. By holding overhead costs steady and improving on revenue whilst maintaining project gross margins, a strong bottom line result was delivered.

Alltype Engineering is now being recognised as a serious Tier Two construction contractor with demonstrated success in execution of multiple remote area multidiscipline construction projects. Work continues within market awareness of this transformation given the extensive list of customers who have worked with the business for over 35 years.

Major structural changes in the management organisation were undertaken in FY22, underpinned by the expected continued growth in revenue, with completion of the transition from fabrication to construction focus and shift into major contract and project delivery. These changes have delivered better visibility on project progress, planning and scheduling, a reduction in quality related issues and significant reduction in commercial and contractual related items. More excitedly, it positions the organisation to continue to grow sustainably and profitably, with increasing revenue likely to translate into improved EBIT results in the future.

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 execute and is a record the company continues to break year on year. In early FY23 Alltype Engineering was awarded the Lynas Waste Gas Treatment project for circa $34M, then the largest award for the company whilst closing out the other major projects and business as usual works.

Alltype Engineering ultimately delivered segment revenue of $91.7M for the financial year contribution to the WestStar Industrial Group and an operating profit of $6,716,343.

Alltype Engineering overview of operational full year highlights:

- Practical Completion was achieved on the Ambania Compressor Station, a new two-unit Gas Turbine Centrifugal Gas Compressor Station in the Midwest region of Western Australia, 50km east of Geraldton, as part of the Northern Goldfields Interconnect (NGI) project. The project involved site establishment, camp provision and operation, earthworks, civil, concrete, structural, mechanical, piping, electrical and instrumentation scopes, for both workshop (structural steel, pipe spooling and skids) and onsite construction with remote area working conditions and logistics. The critical facilities scope was the first major contract to achieve PC on this major infrastructure development with Alltype Engineering subsequently assisting with completion of numerous facilities related works along the pipeline, enabling first gas to flow in FY23 as targeted by APA Group.

- Practical Completion was achieved on the high temperature rotary kiln erection and installation at the Lynas Rare Earths Processing Facility in Kalgoorlie. This major turnkey specialist multidisciplinary project demonstrated a niche service offering can be delivered by Alltype Engineering by successfully installing and welding the largest rotating kiln in the southern hemisphere, including fabrication and construction work and E&I installation with commissioning and performance testing assistance. The kiln was successfully handed over to allow refractory lining to be completed by others.

- Alltype Engineering were awarded a contract 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 valued at circa $33 Million. This major turnkey multidisciplinary project represented a continuation of the working relationship with Lynas Rare Earths based on successful execution of the rotary kiln contract and included workshop fabrication, SMP construction works and E&I installation works with commissioning and performance testing assistance. The Project value is the largest single contract award in the company's 37 year history. Offsite fabrication works are complete, major components on site and with installation works well progressed is on schedule to reach Practical Completion in FY24.

- Practical Completion was also achieved on the Cleanaway Maddington Tank Farm project, a multidisciplinary project that utilised our workshop fabrication capability to fabricate multiple tanks, process piping, structural steel, platforms and access ways, pipe supports and E&I steel infrastructure. The project team subsequently installed this equipment inclusive of electrical and instrumentation works on the metropolitan site ready for commissioning and start up.

- Leveraging off secured works in FY22, delivered numerous 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 as part of gas transmission infrastructure upgrades and gas delivery contracts. These facilities were spread remotely and geographically throughout the Goldfields, Mid West. Southwest and Pilbara regions, consisting of civil, concrete, earthworks, structural, mechanical, piping, electrical and instrumentation scopes in remote and inaccessible locations. Delivery of these complex projects safely and reliably is a testament to the experience of our project and construction teams.

- Secured and executed 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, including a major infrastructure upgrade on the Burrup Peninsula meeting key shutdown and tie in dates. Alltype Engineering leveraged off the systems and processes utilised for remote resources works to seamlessly deliver these infrastructure works. With Water and Infrastructure markets out of sync with typical commodities cycles and leveraging off the major project delivery success of the company, a dedicated Operations Manager and segmented business unit has now been created within the business to target continued focused sector growth in this area.

- With the Australia wide opening in 2022 complete and the COVID-19 pandemic travel constraints gone, Alltype Engineering were enabled to seriously refocus on building brand and company capability awareness resulting in tendering numerous offerings in the eastern states including upstream gas compression, processing and production in Queensland, gas compression, metering and delivery infrastructure projects in New South Wales, South Australia and the Northern Territory. Alltype Engineering was also shortlisted for a significant EPC Hydrogen production facility project in Queensland, with the prospective client recognising the niche project capability and experience of the company. Ultimately Alltype Engineering were the runner up to a Tier One supported contractor with a longer resume of experience with the emerging technology but still demonstrated a compelling offering against multiple other businesses. As of June 30th, many of these proposals were still in evaluation, negotiation or delayed due to the changes in the east coast gas pricing legislated by the government in 2022. In FY24, it is expected many of these tendered projects will be converted into revenue for the business as energy demand continues to grow.

- As part of business as usual, Alltype Engineering continued to undertake general supply and 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 also accumulated a new company record backlog of secured pipeline of opportunities heading into FY24 across a broad range of industries including energy, renewables, mineral processing, water infrastructure, petrochemical and infrastructure.

Alltype Engineering Managing Director; Kelvin Andrijich stated:

> *"After achieving our five-year strategic plan objectives in FY22, it has been a fantastic start to the new 5 year plan with the team beating every KPI and metric set for FY23 across the board. To successfully deliver multiple projects in parallel that individually were more than the value of the entire company annual revenue just 6 years ago, demonstrates the transformation of Alltype Engineering from workshop fabrication company into a true multidisciplinary construction contractor is complete.*
>
> *At the start of the financial year, we had a massive backlog of work, needed to recruit heavily across the board and scale the business across multiple work fronts to deliver the variety of projects we had on our order book across the state. Despite the cost escalation pressures and labour constraints and, in an environment, where people have many employment options, it was pleasing to see our team grow and expand in line with our culture, our core values and commit to delivering our projects successfully and safely.*
>
> *Whilst every financial metric was exceeded, the significant growth of the company also was achieved with an improvement on our HSE performance and employee engagement which is a compliment to every member of our team.*
>
> *In FY22 we were awarded multiple major projects which was the start of our delivery challenge and test of the capacity of the company. This year, after completing these projects as per our contract commitments, it is with great pride that we have demonstrated the project execution capability we promised.*
>
> *We intend to leverage off this success to continue to grow whilst not compromising safety, reliability in delivery, risk management and sustainability of the business in the long term.*
>
> *Once again, I would personally like to thank our clients for providing us an opportunity to work with them and their confidence to award further significant major contracts to Alltype Engineering. We trust that we have demonstrated our commitment to successful project delivery and followed through via safe reliable outcomes across the board and pleased that we are seeing new opportunities as a result of this success.*
>
> *I again commend our leadership group and our team of exceptional people, both existing and new, office, workshop and site based, who all have worked together to get the job done safely and reliably within a tough execution market.*
>
> *Heading into FY24 with our secured backlog and a strong pipeline of diverse and exciting project opportunities across the country that our teams continue to pursue, we expect some exciting project awards to be announced in the near future."*

APA Ambania Compressor Station – Completed 2023

SIMPEC

FY2023 commenced with strong performances within our current construction projects, which has been supported by the establishment of new opportunities within the sustaining capital markets.

Along with ongoing business development and tendering within Western Australia, SIMPEC has expanded its reach into the East Coast of Australia and established a small team of key employees focussed on the development of opportunities and the support of ongoing SIMPEC projects across Australia.

The current outlook for SIMPEC for FY2024 and beyond is looking very exciting. A very solid business development and tendering team have ensured that SIMPEC is abreast of opportunities across the country. Our live tender portfolio includes some great opportunities that are being worked through final reviews. The ongoing relationship with Pilbara Minerals has provided us with a great springboard into the Sustaining Capital market. The team has commenced their first on site project and is performing strongly.

In support of our construction project stream of business, the sustaining capital focus aims to provide the business with additional streams of income that will ensure consistent and reliable revenue. SIMPEC is currently targeting other potential clients with the same model, receiving positive responses from the market. With Iron Bridge Project coming to conclusion, we are focussed on maintaining as many of our key people as possible. SIMPEC has identified our high performers and is working closely with them as we transition into the next phase of projects within the business.

SIMPEC ultimately delivered segment revenue of $212.5M for the financial year contribution to the WestStar Industrial Group, but disappointingly contributed an operating loss of $1,212,418.

SIMPEC overview of operational full year highlights

- Tianqi Lithium – Continued labour support to the site is ongoing with both white- and blue-collar resources being provided to supplement client numbers. The SIMPEC team are currently finalising an order for the provision of 1 Supervisor and 5 Maintenance Technicians for an initial period of 6 months to support the day-to-day operation of the site. These resources are expected to be in place by early October '23.

- Pilbara Minerals – The team have recently completed the installation of the sulphuric acid tanks at the Pilgangoora project site and engineering support with the sustaining capital team. The team was also involved in a paid ECI for the P680 project assisting Pilbara minerals with constructability's, budgets, and detailed scheduling.

- Acciona Kwinana Waste Energy Project – The Acciona Waste Energy Project continues to provide a positive opportunity to our business. SIMPEC currently has blue collar personnel on site supporting the remaining scope on the construction phase. Recently, our service offering has been expanded to include white collar support, in seconded positions within the clients' team. Additional opportunities are expected to be realised as the commissioning phase of the project commences in early 2024.

- Services & Maintenance Department – During the first 6 months of 2023, SIMPEC has been working on expanding our business by offering a "Services & Maintenance" business model. The geographical focus area is the Kwinana strip as well as other key Metro clients across Perth. Our primary objective is to offer a diverse range of E&I and SMP services within the maintenance sector to both existing and new clients. Recently BHP Nickel West awarded the team a specific Electrical support project.

- Sydney – East Coast Initiative **-** SIMPEC has commenced the establishment of their Sydney based "East Coast Initiative". This new department is focussed on the development of new business opportunities across multiple states, New South Wales, Queensland, Northern Territory and South Australia, as well as providing support to our Perth based business and current projects. The departmental team currently consists of a business development, estimating and proposals manager and a cost engineering and planning manager. To date the team has already developed a quality opportunity pipeline with several current live tenders in play.

- Sydney Systems Connect - SIMPEC has ongoing work on this key infrastructure project and continues to perform well against schedule and cost. Over the past 6 months, our labour force has reduced slightly due to the completion of specific scopes of work, however it is anticipated that these labour resource requirements may increase again based on new tender opportunities.

- Cockburn Cement – SIMPEC has been awarded a $105M contract for work with Cockburn Cement for the Major Kwinana Plant Upgrade Project. This is SIMPEC's third major project in the Kwinana Region having successfully delivered projects at Tianqi Lithium and Acciona Kwinana waste to energy project. SIMPEC will focus on low-risk contract models which allows for improved synergies with our client(s) during construction and beyond. SIMPEC has continued to deliver strong performances across the work scope this year to date. At present, SIMPEC has approximately 175 people on the project, with plans to ramp up significantly over the next 2-3 months.

- Iron Bridge Wet Processing Plant – The Project Team have completed and handed over all scope systems on the project. With a current team of ~120 personnel and subcontractors onsite and an imminent practical completion, a demobilisation plan has been established to ensure that key SIMPEC people are retained and mobilised into our current and upcoming projects. This significant milestone project has allowed the business to be invited to a new level of projects across Australia. With safety at the forefront the project reached over 1,750,000 hours worked (June 30) resulting with an industry leading Total Recordable Injury Frequency Rate (TRIFR).

Health and Safety Performance

At SIMPEC, all our actions are guided by Our Values and SIMSafe Culture Framework. We prioritize the safety and well-being of our employees, ensuring that everyone feels safe when they come to work. We have a long-standing commitment to creating and maintaining a work environment that is free from any kind of discrimination or inappropriate behaviour, including sexual harassment. Our Code of Conduct outlines the expected conduct for all SIMPEC employees. We also have key company policies in place to support the psychological safety of our workforce.

Safeguarding the health and safety of our people, contractors, and host communities is crucial for our future success. Our values and SIMSafe Culture Framework serve as our compass, enabling us to prioritize safety and care for our communities. We foster a positive safety culture by empowering everyone to speak up and take action regarding safety issues.

In 2023, we achieved zero Lost Time Injuries (LTI's), demonstrating our unwavering commitment to providing a safe working environment for our employees. However, our Total Recordable Injury Frequency Rate (TRIFR) slightly increased from 0.95 in 2022 to 1.75 in 2023. This increase can be attributed to the higher number of workforce exposure hours, which grew by 64% compared to 2022. The rise in exposure hours is primarily due to our scope of work on the Ironbridge Project and other significant projects throughout the country.

Furthermore, in 2023, our business successfully obtained ISO 14001 Environmental Management certification and recertification for ISO 9001 Quality Management System and ISO 45001 Occupational Health and Safety Management.

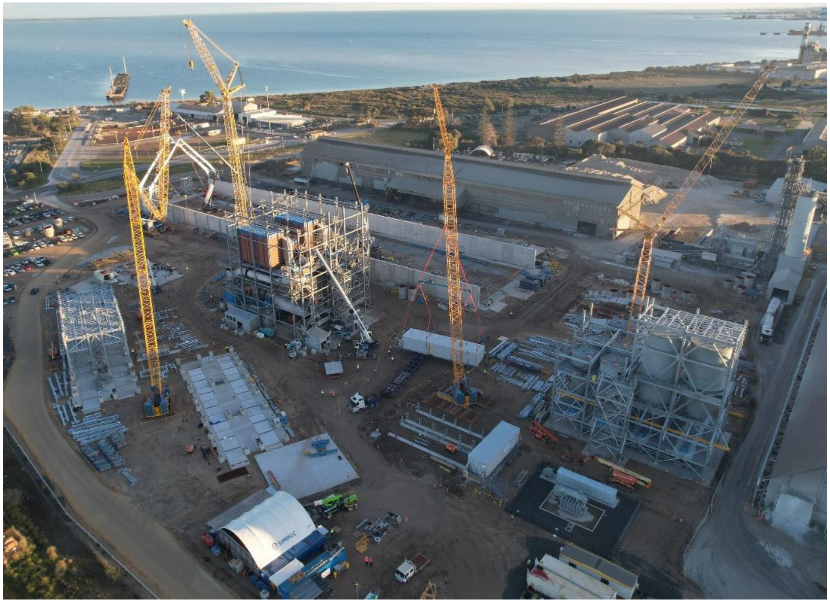
Throughout the auditing process, our company received zero non-conformances or opportunities for improvement, highlighting the robustness and effectiveness of our systems and processes. Building on the success of the ISO auditing program, we also obtained accreditation from the Office of the Federal Safety Commission (OFSC), which aligns with our strategic goals. This OFSC accreditation enables us to act as a head contractor on government-funded projects, diversify our potential revenue streams, and expand into key industries such as defence, infrastructure and renewable energy.

Indigenous Engagement

SIMPEC has continued to increase its meaningful support of Indigenous Australians and majority owned Indigenous companies with expenditure of over $20M over the past 2 years (1 July 21-30 June 23) whilst Indigenous Australians make up 3% of our total workforce numbers, although this % does fluctuate dependent upon project cycles, volume of work and location of projects. With the new Employment Hero platform, identification of SIMPEC's workforce who identify as Indigenous will be able to be captured more efficiently and accurately.

SIMPEC values the relationships it has built up with the Indigenous communities and businesses across Western Australia and will leverage off those relationships for future collaborative arrangements on upcoming major projects across Australia.

A key focus and initiative of the HR team and the recruiters for financial year 2023/24 will be to identify how the business can best position itself and implement appropriate processes and campaigns to increase the number of directly employed indigenous employees and trainees for future projects.



Current Progress photo of Kwinana Cockburn Cement upgrade – performed by SIMPEC under a LNTP

WATMAR

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.

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 announced to the market the proposed acquisition of WATMAR Engineering after completion of robust due diligence necessary for successful integration of a new business as has been demonstrated successfully in the past.

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 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.

HMAS Hobart - Fluid systems supported and maintained by WATMAR

FINANCIAL REPORT

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 year ended 30 June 2023. 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 the 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

Appointed 28 March 2017

Mr Philip Re is a Chartered Accountant, Chartered Secretary and a Member of the Institute of Company Directors who specialises in corporate advisory, corporate governance, mergers and acquisitions and investment banking for ASX listed Companies. Mr Re has held several board positions on various ASX listed companies over the years. Mr Re currently acts as chairman of ASX listed Corella Resources Ltd (ASX: CR9) and as a non-executive director of StreamPlay Studio Limited (ASX: SP8) and Caprice Resources Ltd (ASX:CRS).

Special responsibilities: Nil
Other current directorships of Listed companies: Corella Resources Ltd (ASX: CR9); StreamPlay Studio Limited (ASX: SP8) and Caprice Resources Ltd (ASX:CRS)
Former directorships of Listed Companies in the last 3 years: Nil

Mr Robert Spadanuda
Group Chief Executive Officer and Managing Director

Appointed 24 September 2021

As the founding Group CEO of WestStar Industrial Limited (ASX: WSI), Mr Spadanuda oversaw the formation of the business and subsequent listing on the ASX in 2016. He has spent the last nine years establishing and successfully implementing the strategic and operational strategy of WSI.

With 32 years industry experience in a variety of construction services roles he brings a wealth of technical and commercial understanding across multiple disciplines, geographies and market segments.

With the Group's expansive footprint and ever-expanding positive industry reputation, Mr Spadanuda has been instrumental in positioning WSI to meet its objectives and successfully grow within its pre-determined strategic plan.

Special responsibilities: Nil
Other current directorships of Listed companies: Nil
Former directorships of Listed Companies in the last 3 years: Nil

Mr Lay Ann Ong
Non-Executive Director

Appointed 10 September 2015

Mr Lay Ann Ong is an experienced entrepreneur and executive, having held senior executive positions with both public and private companies globally over the last 20 years. Mr Ong has interests in various listed and unlisted companies in the property development, technology, commodities, energy, construction, and food and beverage sector in South-East Asia and Australia. Mr Ong has held Chairman and director positions within the WestStar Industrial Limited Group and is also director of ISDN Investments a wholly owned subsidiary of ISDN Holdings Limited, a company listed on the SGX. Mr Ong holds a degree in Law from University of Manchester and a Master's in Business Administration from Manchester Business School.

Special responsibilities: Nil
Other current directorships of Listed companies: Nil
Former directorships of Listed Companies in the last 3 years: Nil

Mr Daniel Coletta
Company Secretary

Appointed 5 February 2021

Mr Coletta is a Member of the Governance Institute of Australia and a Chartered Accountant specialising in providing company secretarial, corporate governance and CFO services.

INTERESTS IN THE SECURITIES OF THE COMPANY

At the date of this report, the interests of the Directors in the securities of WestStar Industrial Limited are:

Director	Ordinary Shares	Performance Rights
Mr Lay Ann Ong	7,754,369	1,500,000
Mr Philip Re	345,255	1,500,000
Mr Robert Spadanuda	3,430,322	1,500,000

RESULTS OF OPERATIONS

WestStar Industrial Limited posted a net profit after taxation of $1,758,966 for the year to 30 June 2023 (2022: $4,310,468). Based on this profit, the Company posted an underlying EBITDA of $6,035,086 (2022: $9,060,241) as calculated below.

	Year ended 30 June 2023 $
EBITDA *	**6,035,086**
Less:	
Income tax expense	(877,703)
Interest and financing costs	(804,121)
Depreciation	(2,411,883)
Share Based Payments	(182,413)
Net Profit after Income tax	**1,758,966**

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

WestStar Industrial Limited achieved Group Revenue of $304,275,242 compared to $181,798,560 in the prior comparative period (FY22). This Revenue growth demonstrates another revenue increase of ~67% over the prior corresponding period (FY22).

Alltype Engineering achieved record FY23 revenue result of $91,742,372, up 79.4% on the prior corresponding period (FY22 $51,131,244).

SIMPEC achieved record FY23 revenue of $212,532,870, up 62.6% on the prior corresponding period (FY22) $130,667,316.

Earnings before interest, tax, depreciation and amortization (EBITDA) for the period was $6,035,086, a decrease on the prior comparative period (FY22 $9.06M), delivering an EBITDA margin percentage of 2%, noting this margin is still comparable with major construction contracting entities. Net profit after tax was $1.76M, down 59.2% on the prior corresponding period (FY22 $4.31M).

CORPORATE

On 29 November 2022, 3,000,000 unlisted options exercisable at $0.40 expired unexercised.

In addition to the above, 7,608,712 unlisted options exercisable at $0.30 expired unexercised on 18 May 2023.

As at 30 June 2023 WestStar had a net cash position of $16.1 million with no material debt or borrowings.

Subsequent to year end, WestStar's wholly owned subsidiary Watmar Engineering Pty Ltd executed an agreement to purchase the business and assets of Watmarine Engineering Pty Ltd ("WATMAR"). WATMAR is a fluid system engineering specialist predominantly operating within defence, industrial and marine industries. WestStar will pay WATMAR $1,400,000 in upfront consideration from existing cash reserves and the acquisition is subject to customary working capital adjustments and satisfaction of conditions precedent.

DIVIDENDS

No dividend was paid or declared by the Company during the year and up to the date of this report.

CORPORATE STRUCTURE

WestStar Industrial Limited is a company limited by shares, which is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of companies within the Group during the financial year was the provision of an industrial services company providing engineering, construction and mining services to the resources, energy and infrastructure sectors. The Company's key operating subsidiaries are SIMPEC, a construction contractor with specialist experience in both Structural, Mechanical and Piping (SMP), and Electrical and Instrumentation (E&I) works) and Alltype Engineering offering complete project solutions including SMP and E&I site installation, construction and maintenance services across almost every industry in Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than disclosed elsewhere in this Directors report, there have been no significant changes in the state of affairs of the Group which occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to year end, WestStar's wholly owned subsidiary SIMPEC was awarded a contract for the Kwinana Plant Upgrade Project valued at circa $105 million.

In addition to the above, WestStar's wholly owned subsidiary Watmar Engineering Pty Ltd executed an agreement to purchase the business and assets of Watmarine Engineering Pty Ltd ("WATMAR"). WATMAR is a fluid system engineering specialist predominantly operating within defence, industrial and marine industries. WestStar will pay WATMAR $1,400,000 in upfront consideration from existing cash reserves and the acquisition is subject to customary working capital adjustments and satisfaction of conditions precedent.

Apart from the above, there were no other matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Group and the results of those operations or the state of the affairs of the Group in the financial period subsequent to 30 June 2023.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company are set out in the above review of operations in this Annual Report.

Any future prospects are dependent upon the success of the Company's operational subsidiaries.

INDEMNIFYING OFFICERS OR AUDITOR

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above), the Company Secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

DIRECTORS' MEETINGS

During the financial year, in addition to regular Board discussions, the number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Mr Lay Ann Ong	4	4
Mr Philip Re	4	4
Mr Robert Spadanuda	4	4

NON-AUDIT SERVICES

No non-audit services were provided by the Company's auditor, Armada Audit & Assurance Pty Ltd.

SHARE OPTIONS

As at the date of this report, the Company has Nil options on issue.

PERFORMANCE RIGHTS

Nil performance rights were issued during the year. As at the date of this report, the Company has 6,000,000 performance rights on issue of which 4,500,000 expire on 30 November 2023 and 1,500,000 expire on 10 January 2025.

The value of performance rights recognised at 30 June 2023 was $182,413 (2022: $274,420).

AUDITOR INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of the Company with an Independence Declaration in relation to the audit of the full year financial report. The Independence Declaration forms part of this Directors' Report. A copy of that declaration is included in this annual report.

AUDITED REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and executives of WestStar Industrial Limited in accordance with the requirements of the *Corporation Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Details of Key Management Personnel

The Directors and other key management personnel of the Group during or since the end of the financial year were:

Mr Philip Re	Non-Executive Chairman
Mr Lay Ann Ong	Non-Executive Director
Mr Robert Spadanuda	Group CEO / Managing Director
Mr Mark Dimasi	Managing Director (SIMPEC Pty Ltd)
Mr Kelvin Andrijich	Managing Director (Alltype Engineering Pty Ltd)

Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors and, if required, senior executives of the Company ("the Directors and senior executives"). These arrangements will be competitively set to attract and retain appropriately qualified and experienced Directors and senior executives.

The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Board may obtain independent advice on the appropriateness of remuneration packages given trends in comparative companies both locally and internationally and the objectives of the Company's remuneration strategy. No such advice was obtained during the current year.

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and number of directors, the board has elected not to create a separate Remuneration Committee but has instead decided to undertake this function as a full Board under the guidance of the charter.

The rewards for Directors' have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted.

Non-executive Director Remuneration

Non-executive Directors are remunerated by way of fees, in the form of cash, non-cash benefits, where applicable superannuation contributions or salary sacrifice into equity and do not normally participate in schemes designed for the remuneration of executives.

Shareholders' approval must be obtained in relation to the overall limit set for the non-executive Directors' fees. The maximum aggregate remuneration approved by shareholders for non-executive Directors is $300,000 per annum. The Directors set the individual non-executive Director fees within the limit approved by shareholders.

Employment Contracts of Directors and Senior Executives

The employment contracts typically stipulate 3-month resignation periods. The Company may also at its sole discretion terminate an employment contract immediately by making a payment equal to the salary for the relevant period of notice. There are no employment contracts relating to Non-Executive Directors or the Company Secretary other than those outlined above.

Relationship between the remuneration policy and Company performance

The Directors considers that at this time, evaluation of the Company's financial performance using generally accepted measures such as total shareholder return or per Company comparison are not relevant as the Company has a limited trading history and is continuing to establish itself as outlined in the Directors' report. Fees for non-executive directors are not linked to the performance of the Group.

The earnings of the listed entity for the five years to 30 June 2023 are summarised below:

WestStar Industrial Limited	2023	2022	2021	2020	2019
Revenue ($'000)	304,275	181,799	71,764	62,473	28,943
NPAT ($'000)	1,759	4,310	837	3,458	984

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

WestStar Industrial Limited	2023	2022	2021	2020	2019
Dividends	-	-	-	-	-
Basic EPS (cents per share)	1.59	4.04	0.091[1]	0.046[1]	0.021[1]

[1] EPS has been restated adjusted for the 10:1 consolidation which occurred on 25 May 2022 as per AASB 133.

Loans to Directors and Executives

There were no loans to directors and executives during the financial year ended 30 June 2023.

Share-based Compensation

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options
There were no grants of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year. No options vested, lapsed or were exercised during the year.

Voting and comments made at the Company's 2022 Annual General Meeting

WestStar Industrial Limited received 95% of votes in favour of the remuneration report for the 2022 Financial Year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Remuneration Expense Details for the Year Ended 30 June 2023

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the Company. Such amounts have been calculated in accordance with Australian Accounting Standards.

		Short Term Employee Benefits		Post-Employment Benefits		Share Based Payments	Total	
Director		Base Salary Fees $	Other $	Superannuation $	Termination benefits $	Shares, Options & Rights $	$	Percentage related to Performance
Lay Ann Ong	2023	48,000	-	-	-	53,623 [1]	101,623	52.8%
	2022	48,000	-	-	-	53,623 [1]	101,623	52.8%
Philip Re	2023	120,000	-	12,600	-	53,623 [1]	186,223	28.8%
	2022	120,000	-	12,000	-	53,623 [1]	185,623	28.9%
Robert Spadanuda	2023	434,000	24,000	25,305	-	75,167 [1]	558,472	13.5%
	2022	413,000	24,000	23,556	-	37,584 [1]	498,140	7.5%
Bert Mondello	2023	-	-	-	-	-	-	-
	2022	30,000	-	3,000	-	129,590 [1]	162,590	79.7%
Management								
Mark Dimasi	2023	363,447	24,000	25,292	-	-	412,739	-
	2022	539,231	24,000	23,568	-	-	586,799	-
Kelvin Andrijich	2023	374,039	-	27,030	-	-	401,069	-
	2022	350,000	-	25,000	-	-	375,000	-
Total	**2023**	**1,339,486**	**48,000**	**90,227**	**-**	**182,413**	**1,660,126**	**11.0%**
	2022	**1,500,231**	**48,000**	**87,124**	**-**	**274,420**	**1,909,775**	**14.4%**

1. Total value of Performance Rights recognised during each financial year as allocated to each key management personnel. On 30 November 2020 shareholders approved the grant of up to 45,000,000 (pre-consolidation) Performance Rights to Directors (or their nominees) pursuant to the WestStar pursuant to the Performance Rights Plan. On 5 January 2022 shareholders approved the grant of a further 15,000,000 Performance Rights (pre-consolidation) to Directors (or their nominees pursuant to the WestStar pursuant to the Performance Rights Plan. 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 total value of performance rights recognised at 30 June 2023 was $182,413 (2022: $274,420).

Shareholdings of Key Management Personnel

The number of shares in the Company held during the financial year held by each director of WestStar Industrial Limited, including their personally related parties, is set out below. There were no shares granted during the year as compensation.

Director	Held at 30 June 2022	Granted as compensation	Net change other	Held at 30 June 2023
Lay Ann Ong	7,754,369	-	-	7,754,369
Philip Re	345,255	-	-	345,255
Robert Spadanuda	3,430,322	-	-	3,430,322
Management				
Mark Dimasi	2,895,834	-	-	2,895,834
Kelvin Andrijich	6,435,932	-	-	6,435,932

For the previous year ended 30 June 2022:

Director	Held at 30 June 2021	Granted as compensation	Net change other [1]	Held at 30 June 2022
Lay Ann Ong	77,543,686	-	(69,789,317)	7,754,369
Philip Re	3,452,537	-	(3,107,282)	345,255
Bert Mondello (resigned 24 Sep 2021)	3,268,571	-	(2,941,713)	326,858
Management				
Robert Spadanuda	34,303,214	-	(30,872,892)	3,430,322
Mark Dimasi	28,958,333	-	(26,062,499)	2,895,834
Kelvin Andrijich	64,359,320	-	(57,923,388)	6,435,932

1. At the general meeting held on 10 May 2022 shareholders approved a share consolidation which reduced the number of WestStar securities on issue by converting every ten shares to one. This column represents the reduction in Executive KMP ordinary share holding as a result of the consolidation.

Rights Holdings of Key Management Personnel

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). 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**.** On 5 January 2022 1,500,000 Performance Rights were issued to Robert Spadanuda resulting in a total balance of Performance Rights being 6,000,000 on a post-consolidation basis.

The table below shows the class and number of Performance Rights issued to each Key Management Personnel during the year ended 30 June 2023. Each Performance Right converts into 1 fully paid ordinary shares upon vesting.

Director	Held at 30 June 2022	Granted as compensation	Net change other	Held at 30 June 2023	Vested and Exercisable at 30 June 2023
Lay Ann Ong	1,500,000	-	-	1,500,000	-
Philip Re	1,500,000	-	-	1,500,000	-
Robert Spadanuda	1,500,000	-	-	1,500,000	-
Total	**4,500,000**	**-**	**-**	**4,500,000**	**-**

The terms and conditions for the performance rights issued in current and prior years are as follows:

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	Total Value of Tranche
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	$180,000
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	$165,000
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	$150,000

On 5 January 2022 shareholders approved the grant of up to 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	Fair value	Total Value of Tranche
Tranche 1 Performance Rights - 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"**)	10 January 2025	$0.16	$80,000
Tranche 2 Performance Rights - 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"**)	10 January 2025	$0.15	$75,000
Tranche 3 Performance Rights - 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"**)	10 January 2025	$0.14	$70,000

For the previous year ended 30 June 2022:

Key Management Personnel	Tranche 1	Tranche 2	Tranche 3	Total Held at 30 June 2022
Lay Ann Ong	500,000	500,000	500,000	**1,500,000**
Philip Re	500,000	500,000	500,000	**1,500,000**
Bert Mondello	500,000	500,000	500,000	**1,500,000**
Robert Spadanuda	-	-	-	-
Mark Dimasi	-	-	-	-
Kelvin Andrijich	-	-	-	-
Total	**1,500,000**	**1,500,000**	**1,500,000**	**4,500,000**

The following table summarises the total value of Performance Rights recognised from issue date to 30 June 2023, as allocated to key management personnel:

Key Management Personnel	Total Expense Recognised $
Lay Ann Ong	53,623
Philip Re	53,623
Robert Spadanuda	75,167
Mark Dimasi	-
Kelvin Andrijich	-
Total	**182,413**

For the previous year ended 30 June 2022:

Key Management Personnel	Total Expense Recognised $
Lay Ann Ong	53,623
Philip Re	53,623
Bert Mondello	129,590
Robert Spadanuda	37,584
Mark Dimasi	-
Kelvin Andrijich	-
Total	**274,420**

Other transactions with Key Management Personnel

Dimasi Family Trust
During the year, The Dimasi Family Trust, an entity related to Mr Mark Dimasi, was paid $87,643 (2022: $99,339) in relation to provision of administrative services for the Group.

Directors Fees
As at 30 June 2023 the amount outstanding from the Company to Mr Phillip Re in relation to Directors' fees was $Nil (2022: $33,000).

End of Remuneration Report.

This Directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Philip Re
Non-Executive Chairman
Perth, Western Australia

29 September 2023

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

I declare that to the best of my knowledge and belief, in relation to the audit of WestStar Industrial Limited for the year ended 30 June 2023 there have been:

(i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Armada Audit & Assurance

Armada Audit & Assurance Pty Ltd

Nigel Dias
Director

Dated this 29 September 2023, at Perth Western Australia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 $	30 June 2022 $
Revenue	4(a)	304,275,242	181,798,560
Other income	4(b)	1,145,290	1,006,587
		305,420,532	182,805,147
Expenses:			
Cost of goods sold		(284,865,711)	(161,663,324)
Occupancy expenses		(267,029)	(290,083)
Administration expenses	5(a)	(14,080,685)	(12,043,247)
Depreciation and amortisation	11 (b)	(2,411,883)	(1,943,633)
Finance costs	5(b)	(804,121)	(607,295)
Doubtful debts expense / (reversal)		(156,080)	260,951
Share based payments expense	22	(182,413)	(478,864)
Loss on sale of plant and equipment		(15,941)	(9,203)
Expenses		(302,783,863)	(176,774,698)
Profit before income tax		**2,636,669**	**6,030,449**
Income tax expense	6(a)	(877,703)	(1,719,981)
Profit after income tax		**1,758,966**	**4,310,468**
Discontinued Operations			
Profit after income tax from discontinued operations		-	-
Other Comprehensive Income			
Items that may be reclassified to profit or loss		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive income		**1,758,966**	**4,310,468**
Earnings per share			
Basic and Diluted Earnings per share for the year attributable to the members of WestStar Industrial Limited (cents per share)	23	1.59	4.04

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 $	30 June 2022 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	16,114,782	20,308,635
Trade and other receivables	8	22,004,949	17,957,801
Inventories		532,695	681,211
Financial assets	25	833,880	2,114,273
Contract assets	9	23,201,751	6,650,627
Total Current Assets		**62,688,057**	**47,712,547**
Non-Current Assets			
Financial assets	25	1,633,284	2,413,665
Trade and other receivables	8(c)	293,904	680,121
Investments		283,075	283,075
Property, plant & equipment	10	5,019,260	5,184,972
Right of Use Asset	11	1,022,638	1,838,458
Deferred tax asset, net	6(d)	1,922,792	441,349
Intangible Assets	12	4,508,116	4,508,116
Total Non-Current Assets		**14,683,069**	**15,349,756**
Total Assets		**77,371,126**	**63,062,303**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	37,460,260	29,259,457
Income tax payable	6(c)	4,520,476	2,161,330
Provisions	14	6,529,940	2,995,242
Borrowings	15	-	68,216
Lease liabilities	16	960,588	943,926
Contract liabilities	9	609,447	2,168,504
Total Current Liabilities		**50,080,711**	**37,596,675**
Non-Current Liabilities			
Provisions	14	726,491	194,571
Lease liabilities	16	973,391	1,621,903
Total Non-Current Liabilities		**1,699,882**	**1,816,474**
Total Liabilities		**51,780,593**	**39,413,149**
Net Assets		**25,590,533**	**23,649,154**
EQUITY			
Issued capital	20(a)	24,455,791	24,455,791
Reserves	21	755,117	860,394
Accumulated losses		379,625	(1,667,031)
Total Equity		**25,590,533**	**23,649,154**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 $	30 June 2022 $
Cash flows from operating activities			
Receipts from customers		310,554,978	191,074,314
Payments to suppliers and employees		(316,270,094)	(184,631,033)
Interest received		55,223	8,874
Interest paid		(659,106)	(461,964)
Other income		1,090,066	997,713
Net cash flows (used in) / provided by operating activities	7	**(5,228,933)**	**6,987,904**
Cash flows from investing activities			
Payment for financial assets		(604,386)	(2,317,523)
Proceeds from return of financial assets		2,665,161	814,553
Purchase of property, plant & equipment		(1,032,513)	(1,625,567)
Proceeds from disposal of property, plant & equipment		6,818	-
Payments for investments		-	(283,075)
Net cash flows provided by / (used in) investing activities		**1,035,080**	**(3,411,612)**
Cash flows from financing activities			
Proceeds from share issues	20(a)	-	4,150,000
Share issue costs	20(a)	-	(134,388)
Proceeds from borrowings		-	165,000
Amounts loaned		-	(75,000)
Repayment of borrowings		-	(525,527)
Net cash provided by financing activities		**-**	**3,580,085**
Net (decrease) / increase in cash and cash equivalents		(4,193,853)	7,156,377
Cash and cash equivalents at the beginning of the period		20,308,635	13,152,258
Cash and cash equivalents at the end of the period	7	**16,114,782**	**20,308,635**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Issued capital $	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 year		-	1,758,966	-	1,758,966
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	1,758,966	-	1,758,966
Transactions with owners in their capacity as owners					
Transfer of expired options value	21	-	287,690	(287,690)	-
Recognition of share-based payments	22	-	-	182,413	182,413
Transactions with owners in their capacity as owners		-	287,690	(105,277)	182,413
Balance at 30 June 2023		**24,455,791**	**379,625**	**755,117**	**25,590,533**

	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 year		-	4,310,468	-	4,310,468
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	4,310,468	-	4,310,468
Transactions with owners in their capacity as owners					
Issue of shares, net of costs	20	4,027,829	-	-	4,027,829
Options issued	21	-	-	204,444	204,444
Recognition of share-based payments	22	-	-	274,420	274,420
Transactions with owners in their capacity as owners		4,027,829	-	478,864	4,506,693
Balance at 30 June 2022		**24,455,791**	**(1,667,031)**	**860,394**	**23,649,154**

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

1. Corporate

The financial report of WestStar Industrial Limited ("the Company") and its controlled entities ("the Group" or "Consolidated Entity") for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on 29 September 2023.

WestStar Industrial Limited is a for-profit 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 year ended 30 June 2023 of $1,758,966 (2022: profit of $4,310,468) and net operating cash outflows of $5,228,933 (2022: inflows $6,987,904). The Group achieved total net cash outflows of $4,193,853 (2022: inflows $7,156,377). The Group had cash of $16,114,782 (2022: $20,308,635) and a working capital surplus of $12,607,346 as at 30 June 2023 (2022: surplus of $10,115,872). Notwithstanding the cash out flow from operating activities of $5,228,933, the directors believe the going concern basis of preparation is appropriate based on the forecast order book of work, the recovery of its debtors and contract assets post year and the detailed cash flow forecasts prepared.

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) Basis of Consolidation

The consolidated financial statements comprise the financial statements of WestStar Industrial Limited ('the Company') and its subsidiaries as at 30 June each year ('the Group').

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full.

(iv) Parent Information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in the notes.

(v) New, revised or amended Accounting Standards or Interpretations adopted

The Company 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 2022. The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Company accounting policies.

(vi) 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.

(vii) Foreign Currency Translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of WestStar Industrial Limited is Australian dollars.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit of loss.

(iii) Group entities
On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(viii) Plant and Equipment

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation
The depreciable amount of all fixed assets is depreciated both on a diminishing value and straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset Depreciation Rate

- Plant and equipment 5% - 50%
- Motor Vehicles 12.5% - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Derecognition
Plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the profit of loss.

(ix) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(x) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(xi) Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

(xii) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, it makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group and the asset's value in use cannot be estimated to be close to its fair value.

In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the profit of loss.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(xiii) Trade and Other Receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Assessments of the collectability of trade receivables, including contract retentions are made on an ongoing basis. An allowance account for impaired trade receivables is made when there is objective evidence that the Group will not be able to collect the amounts owed according to the original terms. When a trade receivable is deemed uncollectible for which an impairment allowance has been recognised, it is written off against the allowance account.

Intercompany loans are impaired based on the ability of the subsidiaries to generate future cash flows to repay the loans. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified

(xiv) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the statement of financial position. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as described above and bank overdrafts.

(xv) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xvi) Trade and other payables

Liabilities for trade creditors and other amounts are initially measured at fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group and subsequently measured at amortised cost using the effective interest rate method.

(xvii) 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.

(xviii) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(xix) Revenue

Revenue recognition accounting policy

The Group applies two approaches to recognising revenue to contracts with customers: either at a point in time or over time, depending on the manner the customer obtains control of the goods or services. Revenue is recognised over time if one of the following is met:

- The customer simultaneously receives and consumes the benefits as the Group performs;
- The customer controls the asset as the Group creates or enhances it; or
- The Group's performance does not create an asset for which the Group has an alternative use and there is a right to payment for the performance to date.

Revenue from contracts is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services. The following are the steps in determining revenue from contracts as prescribed by Five (5) Step Revenue Recognition Model introduced by AASB 15.

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation. Judgement is required in determining the timing of the transfer of control, at a point in time or over time, as well as in each of the five enumerated steps in the revenue recognition model above.

Performance obligations

Revenue is allocated to each performance obligation and recognised as the performance obligation is satisfied which may be at a point in time or over time. AASB 15 requires a detailed and technical approach to identify the different revenue streams (i.e. performance obligations) in a contract. This is done by identifying the different activities that are being undertaken and then aggregating only those where the different activities are significantly integrated or highly interdependent. Revenue is to be continuously recognised, on certain contracts over time, as a single performance obligation when the services are part of a series of distinct goods and services that are substantially integrated with the same pattern of transfer. The term over which revenue may be recognised is limited to the period for which the parties have enforceable rights and obligations. The Group performs engineering design and project delivery services. Construction and engineering contracts are assessed to identify the performance obligations contained in the contract. The total transaction price is allocated to each individual performance obligation. Typically, the Group's construction contracts contain a single performance obligation. The Group performs engineering design, construction and project delivery services. These activities in the contracts tend to be highly integrated and accordingly where appropriate will be accounted for as a single performance obligation.

Variable consideration

Variable consideration includes performance or other incentive fees or penalties associated with contracts. 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 variable consideration is estimated at contract inception and constrained to the extent that it is highly probable that a significant reversal in the amount recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. All revenue is stated net of the amount of goods and services tax (G

Construction and Engineering revenue (Satisfaction of the performance obligations)

The benefits being provided by the Group's construction work transfer to the customer as the work is performed and as such revenue is recognised over the duration of the project based on percentage complete. Percentage complete is generally measured according to the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs (input method). If this would not be representative of the stage of completion, then it is measured by reference to surveys of work performed (output method). When it is probable that total contract costs will exceed total contract revenue, the unavoidable loss is recognised as an expense immediately.

Forecast Cost to Complete

Forecast costs to complete construction contracts are regularly updated and are based on costs expected to be incurred when the related activity is undertaken. Key assumptions regarding costs to complete contracts include estimation of labour costs, technical costs, impact of delays and productivity. Construction contracts may incur additional costs in excess of original cost estimates. Liability for such costs may rest with the customer if considered to be a change to the original scope of works. Any additional contractual obligations, including liquidated damages, are also assessed to the extent these are due and payable under the contract. When it is considered probable that total contract costs will exceed total contract revenue, the contract is considered onerous and the present obligation under the contract is recognised immediately as a provision.

Contract modifications

Revenue in relation to modifications, such as a change in the scope or price (or both) of the contract, are to be included in the contract price when it is approved by the parties to the contract and the modification is enforceable. Approval of a contract modification can be in writing, by oral agreement or implied by customary business practices. Revenue estimated and recognised in relation to claims and variations is only included in the contract price to the extent that it is highly probable that a significant reversal in the amount recognised will not occur. In making this assessment the Group considers a number of factors, including the nature of the claim, formal or informal acceptance by the customer of the validity of the claim, the stage of negotiations, assessments by independent experts and the historical outcome of similar claims to determine whether the enforceable and "highly probable" thresholds have been met.

Services revenue

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest income
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Contract assets
Contract assets represents 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. The timing of cash inflows for contract assets is dependent on the status of processes underway to gain acceptance from customers as to the enforceability of recognised modifications resulting from contractual claims and variations. The Group pursues various options with customers to accelerate the inflow of cash including, but not limited to, negotiations, security of payment adjudications and arbitration involving the support of legal counsel and external consultants. Accordingly, there remains a risk that settlement of contract assets takes longer than 12 months.

Contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

(xx) 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.

(xxi) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share
Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares,

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(xxii) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the cash flow statement on a gross basis and the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

(xxiii) Inventories

Inventories are measured at the lower of cost and net realisable value on weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(xxiv) Investment in Associates

Associates are companies in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group’s share of net assets of the associate company. In addition, the Group’s share of the profit or loss of the associate company is included in the Group’s profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group’s share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised. Details of the Group's investments in associates are provided in notes.

(xxv) Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial assets recognised by the Company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial liabilities classified as held-for-trading, contingent consideration payable by the Company for the acquisition of a business, and financial liabilities designated at fair value through profit and loss (FVtPL), are subsequently measured at fair value.

All other financial liabilities recognised by the Company are subsequently measured at amortised cost.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 30 days.

Consistent with both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables is subsequently measured at amortised cost.

Impairment

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- contract assets (e.g. amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the following approach to impairment, as applicable under AASB 9: *Financial Instruments*:

- the simplified approach

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groupings of historical loss experience, etc).

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. The Group's non-derivative financial liabilities comprise Lease liability, Deferred acquisition consideration and Trade and other payables.

(xxvi) Share based payment transactions

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the Group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

The cost of these equity settled transactions with employees is measured by reference to the fair value 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.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of WestStar Industrial Limited ('market conditions'). The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share.

(xxvii) Critical 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 Company, with the Company 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 Company estimates the amount of the consideration to which it is entitled in exchange for transferring the goods and services to the customer. The Company 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. The key estimate in the recognition of contract revenue is the Forecast Cost to Complete. Forecast costs to complete construction contracts are regularly updated and are based on costs expected to be incurred when the related activity is undertaken. Key assumptions regarding costs to complete contracts include estimation of labour costs, technical costs, impact of delays and productivity. Construction contracts may incur additional costs in excess of original cost estimates. Liability for such costs may rest with the customer if considered to be a change to the original scope of works. Any additional contractual obligations, including liquidated damages, are also assessed to the extent these are due and payable under the contract. When it is considered probable that total contract costs will exceed total contract revenue, the contract is considered onerous and the present obligation under the contract is recognised immediately as a provision.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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.

Additionally, management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made:
- trade and other receivables, refer note 2 (xiii);
- recovery of deferred taxes, refer note 2 (xvii); and
- revenue recognition, refer note 2 (xix).

Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported 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.

(xxviii) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

(xxix) Non-current assets (or disposal Groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal Group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal Groups) and the sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a complete sale within one year from the date of classification.
When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary, after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with AASB 139 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method.

Non-current assets (and disposal Groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell.

(xxx) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent nonconvertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(xxxi) Parent entity financial information

The financial information for the parent entity, WestStar Industrial Limited, disclosed in Note 18 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Share-based payments
The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

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 is 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;
- 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 $**	**Group $**
Year ended 30 June 2023			
Segment revenue	212,532,870	91,742,372 [1]	304,275,242
Segment operational expense	(208,291,317) [2]	(76,574,394)	(284,865,711)
Segment gross margin	4,241,553	15,167,978	19,409,531
Segment overheads	(6,370,748)	(8,630,722)	(15,001,470)
Segment operating profit (loss)	**(2,129,195)**	**6,537,256**	**4,408,061**
Other Income - operational	916,777	179,087	1,095,864
Net operating Profit/(Loss) before tax & Corporate Administration expenses	**(1,212,418)**	**6,716,343**	**5,503,925**
Other income			49,426
Corporate & administration			(2,916,682)
Net operating Profit (Loss) before Tax			**2,636,669**
Income tax expense			(877,703)
Net operating Profit (Loss) after Tax			**1,758,966**

1. Alltype Engineering segment revenue excludes $4,940 intercompany revenue
2. SIMPEC segment operational expense excludes $4,940 intercompany cost of sales

Year ended 30 June 2022			
Segment revenue	130,667,316	51,131,244 [1]	181,798,560
Segment operational expense	(120,250,583) [2]	(41,412,741)	(161,663,324)
Segment gross margin	10,416,733	9,718,503	20,135,236
Segment overheads	(5,412,493)	(7,127,570)	(12,540,063)
Segment operating profit (loss)	**5,004,240**	**2,590,933**	**7,595,173**
Other Income - operational	718,600	287,976	1,006,576
Net operating Profit/(Loss) before tax & Corporate Administration expenses	**5,722,840**	**2,878,909**	**8,601,749**
Other income			11
Corporate & administration			(2,571,311)
Net operating Profit (Loss) before Tax			**6,030,449**
Income tax expense			(1,719,981)
Net operating Profit (Loss) after Tax			**4,310,468**

1. Alltype Engineering segment revenue excludes $320,462 intercompany revenue
2. SIMPEC segment operational expense excludes $320,462 intercompany cost of sales

Year ended 30 June 2023			
Segment assets	42,389,703	29,223,601	71,613,304
Segment liabilities	(33,327,203)	(13,396,702)	(46,723,905)
Segment asset & liabilities	**9,062,500**	**15,826,899**	**24,889,399**
Cash and corporate assets			4,489,469
Corporate liabilities			(3,342,309)
Total asset & liabilities			**26,036,559**
Year ended 30 June 2022			
Segment assets	30,474,871	22,728,197	53,203,068
Segment liabilities	(20,055,905)	(16,163,403)	(36,219,308)
Segment asset & liabilities	**10,418,966**	**6,564,794**	**16,983,760**
Cash and corporate assets			9,859,235
Corporate liabilities			(3,193,841)
Total asset & liabilities			**23,649,154**

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

4. Revenue and Other Income

	2023 $	2022 $
(a) Revenue		
Construction and Engineering services	304,275,242	181,798,560
	304,275,242	**181,798,560**

Disaggregated revenue information per AASB 15 as follows:
Timing of revenue recognition

Construction and Engineering services transferred over time	304,275,242	181,798,560

Contract amounts to be delivered in future years

Construction and Engineering services	51,045,454	93,208,904

(b) Other Income		
Interest Income	55,223	8,874
Scrap metal sales	76,043	147,179
Insurance recoveries	970,698	763,825
Sundry Income	43,326	86,709
	1,145,290	**1,006,587**

5. Expenses

	2023 $	2022 $
(a) Administrative expenses		
- Employee wages and salaries	8,901,140	7,898,429
- Professional services and consultant fees	2,516,216	2,159,169
- Insurance	425,575	590,446
- Motor vehicle costs	47,641	39,961
- ASX and Share registry fees	47,203	78,074
- General administrative costs	2,142,910	1,277,168
	14,080,685	**12,043,247**
(b) Finance costs		
- Interest and associated costs to unrelated third parties	804,121	607,295
	804,121	**607,295**

6. Income Tax

(a) Income tax expense

	2023 $	2022 $
Major component of tax expense for the year		
Current tax	2,359,146	1,931,956
Deferred tax	(1,481,443)	(211,975)
	877,703	1,719,981

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

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

	2023 $	2022 $
Profit / (Loss) from continuing operations before income tax expense	2,636,669	6,030,449
Tax at the Group rate of 30% (2022: 30%)	791,001	1,809,135
Other non-deductible expenses	93,156	162,911
Prior period under/(over) provision	(6,454)	33,582
Deferred tax assets not previously recognised	-	(285,647)
Recoupment of prior period losses	-	-
Income tax expense	877,703	1,719,981

(c) Income tax liability

	2023 $	2022 $
Current tax payable	4,520,476	2,161,330

(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:

	2023 $	2022 $
Liabilities		
Net deferred income	-	168,617
Plant and Equipment	805,627	769,839
Accrued income	238,371	-
Other non-depreciable assets	306,792	-
Debt Write-Off	336,767	336,767
Deferred tax liability	1,687,557	1,275,223
Assets		
Losses available to offset against future taxable income	336,767	336,763
Provisions & accruals	2,764,861	1,348,032
Net deferred income	182,834	-
Capital raising costs	-	11,736
Borrowing costs	473	473
Lease Asset	325,414	19,568
Deferred tax asset	3,610,349	1,716,572
Net deferred tax asset recognised	**1,922,792**	**441,349**
Net deferred tax asset not recognised	**-**	**-**

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.

7. Cash and Cash equivalents

	2023 $	2022 $
Cash at bank and on hand	**16,114,782**	**20,308,635**

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

	2023 $	2022 $
Profit after income tax	1,758,966	4,310,468
Non Cash Items		
Depreciation and amortisation expenses	2,411,883	1,943,633
Share-based payments	182,413	478,864
Doubtful debts expense / (reversal)	156,080	(260,951)
Loss / (Profit) on sale of plant and equipment	15,941	9,203
(Decrease) / increase in working capital		
(Increase) / decrease in receivables	(2,709,656)	(3,148,637)
(Increase) / decrease in contract assets	(16,551,125)	(2,079,168)
(Increase) / decrease in deferred tax asset	(1,481,443)	(441,349)
Increase / (decrease) in payables	6,121,301	4,120,007
Increase / (decrease) in income tax payable	2,359,146	2,161,330
Increase / (decrease) in contract liabilities	(1,559,057)	(1,801,048)
Increase / (decrease) in provisions	4,066,618	1,695,552
Net cash inflow/(outflow) from operating activities	(5,228,933)	6,987,904

8. Trade and Other Receivables

	2023 $	2022 $
(a) Trade receivables (Current)		
Trade receivables	21,813,489	15,191,532
Less Allowance for doubtful debts	-	(2,567)
	21,813,489	15,188,965
(b) Other receivables (Current)		
Retentions	120,413	2,702,876
Other receivables	25,181	23,214
Prepayments	45,866	42,746
	191,460	**2,768,836**
	22,004,949	**17,957,801**

	2023 $	2022 $
<30 days	19,039,253	12,196,911
30-60 days	254,343	957,551
60-90 days	41	105,464
90+ days	2,519,852	1,929,039
Total (Note 8 (a))	**21,813,489**	**15,188,965**

There are no impairment losses on trade receivables over 90 days.

	2023 $	2022 $
(c) Other receivables (Non-Current)		
Retentions	218,904	605,121
Loan receivable	75,000	75,000
	293,904	**680,121**

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 as a proportion of the total forecast contract costs.

	2023	2022
Contract Assets	**$**	**$**
Contract assets	23,201,751	6,650,627
	23,201,751	**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.

	2023	2022
Contract Liabilities	**$**	**$**
Contract liabilities	609,447	2,168,504
	609,447	**2,168,504**

10. Property, Plant and Equipment

	2023 $	2022 $
Gross carrying value at cost	8,613,522	7,249,941
Accumulated depreciation	(3,594,262)	(2,064,969)
Net carrying value at cost	**5,019,260**	**5,184,972**

Gross carrying value at cost	Note	Plant & Equipment $	Motor Vehicles $	Total $
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	11(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**

Gross carrying value at cost	Note	Plant & Equipment $	Motor Vehicles $	Total $
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	2023	2022
(a) Right of Use Asset		**$**	**$**
Lease asset		4,041,736	4,041,736
Accumulated depreciation		(3,019,098)	(2,203,278)
		1,022,638	**1,838,458**

	Note	Right of Use Asset
Gross carrying value		**$**
At 1 July 2022		4,041,736
Additions		-
At 30 June 2023		4,041,736
Accumulated depreciation		
At 1 July 2022		(2,203,278)
Depreciation charge	11(b)	(815,820)
At 30 June 2023		(3,019,098)

	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	11(b)	(815,821)
At 30 June 2022		(2,203,278)

	Note	2023	2022
(b) Depreciation and Amortisation expense		**$**	**$**
Depreciation expense - Property, Plant & Equipment (i)	10	1,596,063	1,127,813
Amortisation - Right of Use Assets	11(a)	815,820	815,820
		2,411,883	**1,943,633**

12. Intangible assets

	2023	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

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

12. Intangible assets (cont….)

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. The carrying amount of the operating segments were determined to be lower than their recoverable amounts and therefore no impairment charge has been recognised. We have considered the effect of the pandemic on our clients' activities which may include resources commodity prices, commercial construction activity, awards of new contracts, deferrals of existing contracts, disruptions to supply chain and disruptions to existing operations.

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% (2022: 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 respectively, was applied. This discount rate was estimated based on past experience and industry average weighted cost of capital.

13. Trade and Other Payables

	2023 $	2022 $
Trade payables	19,342,308	18,942,784
Other creditors and accruals	18,117,952	10,316,673
	37,460,260	**29,259,457**

14. Provisions

	2023 $	2022 $
Current		
Annual Leave	3,051,911	2,239,697
Long Service Leave	121,579	130,680
Other provisions	3,356,450	624,865
	6,529,940	**2,995,242**
Non-Current		
Long Service Leave	726,491	194,571
	726,491	**194,571**

15. Borrowings

	2023 $	2022 $
Short term loan Facility (i)	-	68,216
	-	**68,216**

(i) Short term loan facilities were retired in September 2022. The loans were unsecured and bore interest at between 6.3% p.a. and 7.75% p.a.

16. Lease Liabilities

	2023 $	2022 $
Current		
Right of Use Lease liability	742,886	818,965
Other lease liabilities	217,702	124,961
	960,588	**943,926**

	2023 $	2022 $
Non-Current		
Right of Use Lease liability	341,828	1,084,715
Other lease liabilities	631,563	537,188
	973,391	**1,621,903**

Interest expense on leases for the year ended 30 June 2023 amounted to $70,730 (2022: $96,062).

17. Related Party Transactions and Key Management Personnel

(a) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of the Group the key management personnel of the Group for the year ended 30 June 2023 are as follows:

Mr Philip Re	Non-Executive Chairman
Mr Lay Ann Ong	Non-Executive Director
Mr Robert Spadanuda	Group CEO / Managing Director
Mr Mark Dimasi	Managing Director (SIMPEC Pty Ltd)
Mr Kelvin Andrijich	Managing Director (Alltype Engineering Pty Ltd)

The total shares and performance rights held by Key Management personnel are disclosed in the director's remuneration report. The table below discloses the details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year as follows:

	2023 $	2022 $
Short term employee benefits	1,387,486	1,548,231
Post-employment benefits	90,227	87,124
Share based payments	182,413	274,420
	1,660,126	**1,909,775**

The consolidated financial statements include the financial statements of the Group and the subsidiaries listed in the following table:

Name	Country of Incorporation	Principal Activities	% Equity Interest 2023	% Equity Interest 2022
SIMPEC Pty Ltd	Australia	Construction contracting	100%	100%
Alltype Engineering Pty Ltd	Australia	Fabrication & Construction	100%	100%
Icon Gold Pty Ltd	Australia	Mineral exploration	100%	100%

(b) Transactions with related parties

Dimasi Family Trust

During the year, The Dimasi Family Trust, an entity related to Mr Mark Dimasi, was paid $87,643 (2022: $99,339) in relation to provision of administrative services for the Group.

Directors Fees

As at 30 June 2023 the amount outstanding from the Company to Mr Phillip Re in relation to Directors' fees was $Nil (2022: $33,000).

(c) Outstanding balances with related parties

	2023 $	2022 $
Amount owing to Director related entities	-	33,000
	-	**33,000**

18. Parent Entity Information

The following detailed information related to the parent entity, WestStar Industrial Limited, at 30 June 2023. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2023 $	2022 $
Current Assets	616,149	2,438,615
Non-current Assets	7,515,550	7,609,362
Total Assets	**8,131,699**	**10,047,977**
Current Liabilities	1,983,375	2,603,369
Non-current Liabilities	394,884	494,325
Total Liabilities	**2,378,259**	**3,097,694**
Contributed equity	44,272,258	44,272,258
Reserves	1,042,807	784,428
Accumulated Losses	(39,561,625)	(38,106,403)
Total Equity	**5,753,440**	**6,950,283**
Total Comprehensive Profit / (Loss) for the Year	**(2,852,634)**	**(2,040,909)**

The Parent Entity has no contingent liabilities and commitments under Regulation 2M.3.01(1).

19. Auditor's Remuneration

The auditor of WestStar Industrial Limited is Armada Audit & Assurance Pty Ltd.

	2023 $	2022 $
Auditor of the Company		
Audit and review of the financial report	76,000	72,500
	76,000	72,500

20. Issued Capital

(a) Issued and paid up capital

	2023 $	2022 $
Ordinary shares fully paid	24,455,791	24,455,791

(b) Movements in shares on issue

	Year to 30 June 2023	
	No.	$
Movements in ordinary shares on issue		
Opening balance	110,765,239	24,455,791
Details of the Company shares issued during the period:		
Shares issued, net of issue costs	-	-
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

20. Issued Capital (cont…)

(c) Share options

(i) Movements in options on issue

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

	Year to 30 June 2022 No.	$
Movements in options 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 issued

Nil options were issued during the year.
The following options were issued during the year ended 30 June 2022:

Series	Number	Exercise price	Expiry date	Grant date	Vesting date
WSIAB[2]	7,608,712	$0.30	18 May 2023	18 November 2021	18 November 2021
WSIAC[3]	3,000,000	$0.30	10 July 2023	10 January 2022	10 January 2022

1 Issue one (1) free attaching unlisted option (exercisable at $0.03 expiring 18 months from issue) for every two (2) shares subscribed under the Placement by institutional and sophisticated investors. As 76,086,946 free attaching options (pre-consolidation) were issued as part of the placement of 152,173,913 shares (per, the deemed value of option series WSIAB has been included in the increase to Share Capital of $3,377,829 before costs pertaining to the Placement in Note 15(b) above.

2 30,000,000 unlisted options (pre-consolidation) exercisable at $0.03 expiring 18 months from issue, issued as consideration for corporate advisory services approved by shareholders on 5 January 2022. The deemed value of option series WSIAC has been included in share based payments expense of $204,444 was recognised.

(iii) Options on issue

The following options expired during the financial year:

Series	Number	Exercise price	Expiry date
WSIAA	3,000,000	$0.40	29 November 2022
WSIAB	7,608,712	$0.30	18 May 2023

(iv) Options on issue

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

Series	Number[1]	Exercise price	Expiry date
WSIAC	3,000,000	$0.30	10 July 2023

20. Issued Capital (cont…)

(d) Performance shares

Movements in performance rights on issue

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

	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

20. Issued Capital (cont…)

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 30 June 2023. The following assumptions were used in the valuation of these performance rights.

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 year ended 30 June 2023 was $182,413 (2022: $274,420).

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

21. 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.

	2023 $	2022 $
Share based payments reserve	755,117	860,394
	755,117	**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 20 (d))	182,413	274,420
Options issued (ii)	-	204,444
	755,117	**860,394**

(i) During 2023, 10,608,712 options expired out of the money. The value recognised for options issued in this expired class was transferred to accumulated losses ($287,690)
(ii) On 5 January 2022 shareholders approved the issue of 3,000,000 Options (post consolidation) to corporate advisors.

22. Share Based Payments

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

	2023 $	2022 $
Performance rights recognised (Refer Note 20c)	182,413	274,420
Options issued (i)	-	204,444
	182,413	478,864

(i) On 5 January 2022 shareholders approved the issue of 30,000,000 Options to corporate advisors.

23. Reconciliation of Earnings / (Loss) Used in Calculating Earnings / (Loss) Per Share

	2023 $	2022 $
Earnings attributable to owners of the Company	1,758,966	4,310,468
	Number of Shares	**Number of Shares**
Weighted average number of ordinary shares for the purposes of basic and diluted Earnings / (loss) per share	110,765,329	106,623,552

Of the Company's options on issue, there were no in-the-money options as at 30 June 2023. Therefore, no options have been included in the calculation of diluted earnings per share.

24. Contingent Liabilities & Commitments

During the year ended 30 June 2023 the Group entered into $2.222M, and had returned $2.577M respectively, worth of bond facilities ("the Facilities") with Export Finance Australia. As at 30 June 2023, the total value of bond facilities available to the Group amounted to $13.5M, of which $7.7M has been committed with the balance of $5.8M uncommitted.

25. Financial Assets

As at 30 June 2023, the Group has provided bank guarantees which are held in term deposits of $2,467,164(2022: $4,527,938) to various customers and suppliers of which $833,880 is in current assets (30 June 2022: $2,114,273) and $1,633,284 is in non-current assets (30 June 2022: $2,413,665).

26. Financial Risk Management

Exposure to interest rate, liquidity and credit risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments. The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares and derivatives. The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	2023 $	2022 $
Financial assets – Current		
Cash and cash equivalents	16,114,782	20,308,635
Trade and other receivables	21,959,083	17,915,055
Financial assets	833,880	2,114,273
Contract assets	23,201,751	6,650,627
	62,109,496	46,988,590
Financial assets – Non-Current		
Financial assets	1,633,284	2,413,665
Trade and other receivables	293,904	680,121
Investments	283,075	283,075
	2,210,263	3,376,861

	2023 $	2022 $
Financial liabilities – Current		
Trade and other payables	37,460,260	29,220,172
Borrowings	-	68,216
Lease Liabilities	960,588	943,926
Contract liabilities	609,447	2,168,504
	39,030,295	32,400,818
Financial liabilities – Non-Current		
Lease Liabilities	973,391	1,621,903
	973,391	1,621,903

(a) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments. The responsibility for liquidity risk management rests with the Board of Directors. Alternatives for sourcing future capital needs include the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for the Group's capital needs. We expect that, absent a material adverse change in a combination of the Group's sources of liquidity, present levels of liquidity along with future capital raising will be adequate to meet the Group's expected capital needs.

Maturity analysis for financial liabilities
Financial liabilities of the Group comprise trade and other payables and short-term borrowings. The following table discloses the contractual maturity analysis at the reporting date:

2023	**Up to 6 months $**	**6 months to 1 year $**	**Over 1 to 5 years $**	**More than 5 years $**	**Total $**
Financial assets					
Cash and cash equivalents	16,114,782	-	-	-	16,114,782
Trade and other receivables	21,959,083	-	218,904	-	22,177,987
Loan receivable	-	-	75,000	-	75,000
Financial assets	833,880	-	1,633,284	-	2,467,164
Contract assets	23,201,751	-	-	-	23,201,751
	62,109,496	-	1,927,188	-	64,036,684
Financial liabilities					
Trade and other payables	37,460,260	-	-	-	37,460,260
Lease Liabilities	497,337	463,251	973,391	-	1,933,979
Contract liabilities	609,447	-	-	-	609,447
	38,567,044	463,251	973,391	-	40,003,686

2022	**Up to 6 months $**	**6 months to 1 year $**	**Over 1 to 5 years $**	**More than 5 years $**	**Total $**
Financial assets					
Cash and cash equivalents	20,308,635	-	-	-	20,308,635
Trade and other receivables	17,915,055	-	605,121	-	18,520,176
Loan receivable	-	-	75,000	-	75,000
Financial assets	2,114,273	-	2,413,665	-	4,527,938
Contract assets	6,650,627	-	-	-	6,650,627
	46,988,590	-	3,093,786	-	50,082,376
Financial liabilities					
Trade and other payables	28,380,529	559,762	279,881	-	29,220,172
Borrowings	68,216	-	-	-	68,216
Lease Liabilities	471,208	472,718	1,621,903	-	2,565,829
Contract liabilities	2,168,504	-	-	-	2,168,504
	31,088,457	1,032,480	1,901,784	-	34,022,721

(b) Interest Rate Risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.
The following table sets out the carrying amount of the financial instruments exposed to interest rate risk:

	2023 $	**2022 $**
Financial assets		
Interest bearing		
Cash and cash equivalents	16,114,782	20,308,635
Weighted average interest rate	0.01%	0.01%

The following table summarises the sensitivity of financial assets held at balance date to interest rate risk, following a movement of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below.

Consolidated Post-tax gain (loss)/ equity increase (decrease)

	2023 $	**2022 $**
+1% (100 basis points)	161,148	203,086

(c) Credit Risk Exposures
Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligations resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

There is no concentration of credit risk with respect to current and non-current receivables as the Group has a number of large customers which are Australian listed as well as internationally dispersed. Group policy is that sales are only made to customers that are credit worthy. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recognised in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. The Group holds financial instruments with credit worthy third parties.

Trade receivable and contract assets

The Group's maximum exposure to credit risk for trade receivables and contract assets at the reporting date by geographic region was:

	Carrying amount 2023 $	Carrying amount 2022 $
Australia	45,500,604	25,288,549
	45,500,604	**25,288,549**

	Carrying amount 2023 $	Carrying amount 2022 $
Contract assets – not past due	23,201,751	6,650,627
Trade receivables		
Not past due	-	-
Past due 0 – 30 days	19,110,300	12,220,125
Past due 30 – 60 days	254,343	957,551
Past due 60 days and less than 1 year	2,640,306	4,782,692
More than 1 year	293,904	680,121
Allowance for impairment	-	(2,567)
	22,298,853	18,637,922
	45,500,604	**25,288,549**

(d) Foreign Currency Risk
At 30 June 2023, based on its review the Group has no significant exposure to foreign currency risk.

(e) Carrying Value of Financial Instruments
At 30 June 2023, the carrying value of all financial assets and liabilities is considered to approximate their fair values.

27. Company details

The registered office of the business is:

52 Hope Valley Road, Naval Base, WA 6165

The principal places of business are:

52 Hope Valley Road, Naval Base, WA 6165
3/21 Kintail Road, Applecross, WA 6153

28. Events after Reporting Date

Subsequent to year end, WestStar's wholly owned subsidiary SIMPEC was awarded a contract for the Kwinana Plant Upgrade Project valued at circa $105 million.

In addition to the above, WestStar's wholly owned subsidiary Watmar Engineering Pty Ltd executed an agreement to purchase the business and assets of Watmarine Engineering Pty Ltd ("WATMAR"). WATMAR is a fluid system engineering specialist predominantly operating within defence, industrial and marine industries. WestStar will pay WATMAR $1,400,000 in upfront consideration from existing cash reserves and the acquisition is subject to customary working capital adjustments and satisfaction of conditions precedent.

Apart from the above, there were no other matters or circumstances arising since the end of the reporting period that have significantly affected or may significantly affect the operations of the Group and the results of those operations or the state of the affairs of the Group in the financial period subsequent to 30 June 2023.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of WestStar Industrial Limited, I state that:

1. In the Directors' opinion, the financial statements and accompanying notes set out on pages 25 to 53 are in accordance with the Corporations Act 2001 and:
   a. comply with Accounting Standards and the Corporations Regulations 2001; and
   b. give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date;

2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

3. The remuneration disclosures included in pages 19 to 22 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2023, comply with section 300A of the Corporations Act 2001; and

4. The Directors have been given the declarations by the Chief Executive Officer (or equivalent) and Chief Financial Officer required by section 295A of the Corporations Act 2001.

On behalf of the Board

Philip Re
Non-Executive Chairman
Perth, Western Australia

29 September 2023

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Independent Auditor's Report
To the Members of WestStar Industrial Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of WestStar Industrial Limited and its subsidiaries ('the "Group') which, comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2023, and of its financial performance for the year then ended and;

- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separated opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Revenue from Contracts with Customers (Revenue, Contract Assets and Contract Liabilities) Recognition of Contract revenue is a key audit matter due to the: • Significance of revenue to the financial statements; and • Large number of customer contracts with numerous estimation events that may occur over the course of the contract's life. This results in complex and judgemental revenue recognition from rendering of engineering services and construction contracts. Therefore, significant audit effort is required to gather sufficient appropriate audit evidence for revenue recognition.	Our Procedures, amongst others, included: • Understanding the Group's contract revenue accounting process and testing that the revenue recognition process was in accordance with AASB 15 *Revenue from Contracts with Customers';* For a sample of customer contracts, we performed the following procedures: • We read the contracts and other underlying documentation such as customer correspondence to evaluate the inputs to the Group's calculation of revenue. • We verified the revenue in the contract schedule to customer contracts, and approved purchase orders from the customer; • Where variations and claims were included in contract revenue, we assessed the Group's estimation of variations and claims on contracts by verifying underlying evidence including customer correspondence, customer approved variation orders, subsequent payments by the customer. We also verified the customer approval of contract variations and claims post reporting date reporting date to assess management's estimates of variations and claims at the reporting date;

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- We agreed contract costs on a sample basis to supporting documentation;

- We assessed percentage completion on contracts via testing the total forecast cost to complete as follows (1) Obtaining an understanding of the activities required to complete the customer contract from the Group's contract teams (2) Testing a sample of committed expenditure to underlying documentation such as supplier purchase orders, supplier quotes and other supporting documents (3) We evaluated the accuracy of the estimated cost to complete process by comparing the estimated contract costs and contract margins on a sample of previously completed projects to the actual contracts costs and margins.

- For material open contracts, where applicable we compared the estimated contract revenue and margins at the reporting date to the contract revenue and margins post reporting date to test the accuracy of management's estimates;

- For labour hire and cost-plus contract, we verified the revenue earned for the year on a sample basis to the approved claims from the customer and payments by the customer as evidence of the work performed. For the unbilled revenue (i.e., contract assets) at 30 June 2023 we verified approval and payment of these claims post reporting date; and

- We checked the appropriateness of the disclosures in the financial report.

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Impairment Testing of Goodwill – Note 12

This has been assessed as key audit matter due to the size of the goodwill balance and because the directors' assessment of the "value in use" of each cash generating unit ("CGU") involves significant estimation and judgement about the probability of future contracts to be secured, profit margin on contracts, growth rates, terminal values and the discount rates applied to them.

Our Procedures, amongst others, included:

- Considering the Group's determination of the level at which goodwill is tested based on our understanding of the operations of the Group's business and how independent cash inflows were generated, against the requirements of the accounting standards;

- We compared the budgeted financial results in the value in use calculations to the board approved budget and strategic plans for each CGU;

- Comparing the forecast revenue in each CGU against the forecast order book of work. We compared the budgeted revenue and earnings to historical evidence and results for each cash generating unit. We compared the growth rates to historical evidence. We compared the terminal value growth rate to market evidence.

- We compared the financial results for each CGU in the current financial year to previous forecasts and budgets. We applied increased scepticism to current period forecasts in areas where previous forecasts were not achieved.

- We compared the financial results in the forecast to the actual results post reporting date to test the accuracy of the forecasts;

- We engaged an independent third-party valuation specialist to calculate the discount rate range. Evaluating the independence, expertise and qualifications of the expert.

- We challenged managements impairment models by performing a detailed sensitivity analysis of the impairment models by varying key assumptions, such as net earnings, growth rates, terminal growth rates and discount rates, within a reasonably possible range.

- Assessing the Group's disclosures of the in accordance the requirements of the Australian accounting standards.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, is the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 22 of the directors' report for the year ended 30 June 2023.

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

Responsibilities

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

Armada Audit & Assurance

ARMADA AUDIT & ASSURANCE PTY LTD

Nigel Dias
Director Perth, 29 September 2023

ADDITIONAL ASX INFORMATION

Additional information required by the Australian Stock Exchange and not shown elsewhere in this report is as follows. This information is prepared as at 11 September 2023.

Distribution of Shareholders	Number of Holders	Fully Paid Ordinary Shares Number of Shares	% Issued Share Capital
1 – 1,000	124	663,276	0.01%
1,001 – 5,000	207	969,156	0.60%
5,001 – 10,000	147	10,566,808	0.87%
10,001 – 100,000	341	98,553,327	9.54%
100,001 – and over	157	663,276	88.98%
Total	**863**	**110,765,239**	**100.00%**

Based on share price of $0.14 there were 208 holders of ordinary shares, with a combined total of 205,461 ordinary shares, holding less than a marketable parcel which amounts to 0.19% of the shares on issue.

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All fully paid ordinary shares carry one vote per share without restriction.

Substantial Shareholders as at 11 September 2023

The names of substantial shareholders the Company is aware of from the register, or who have notified the Company in accordance with Section 671B of the Corporations Act are:

Substantial Shareholder	Holding	% held
Mr Colin Stanley Heitman <The C & D Heitman A/C>	10,283,024	9.28%
Mr Lay Ann Ong and associated entities	7,754,369	7.00%
Econ (WA) Pty Ltd <Rechichi Family A/C>	7,563,547	6.83%
Mr Kelvin Geoffrey Andrijich <LCS A/C>	6,435,932	5.81%

Top twenty shareholders of ordinary shares:

	Holder Name	Holding	% IC
1	Mr Colin Stanley Heitman <C & D Heitman A/C>	10,283,024	9.28%
2	ECON (WA) Pty Ltd <Rechichi Family A/C>	7,563,547	6.83%
3	Mr Kelvin Geoffrey Andrijich <LCS A/C>	6,435,932	5.81%
4	Weststar Precast Pte Ltd	6,000,000	5.42%
5	Frank Johan Gran <The F&C Gran A/C>	3,677,676	3.32%
6	Mr Mark Dimasi + Mrs Julianne Dimasi <The Dimasi Family A/C>	2,895,834	2.61%
7	Superhero Securities Limited <Client A/C>	2,031,341	1.83%
8	Passpa Pty Ltd <The PS Unit A/C>	2,000,000	1.81%
9	Mr Peter Hall	1,750,000	1.58%
10	Mr Jon Paul Re <J P RE Family A/C>	1,662,022	1.50%
11	BNP Paribas Nominees Pty Ltd <IB AU NOMS Retail Client DRP>	1,646,551	1.49%
12	HSBC Custody Nominees (Australia) Limited	1,453,032	1.31%
13	Lay Ann Ong	1,434,369	1.29%
14	PS Corporate Pty Ltd	1,430,322	1.29%
15	David Dimasi <David Dimasi Family A/C>	1,250,000	1.13%
16	Mr John Anthony Andrew <Ineffable A/C>	1,200,000	1.08%
17	Zeppelin Investments Pty Limited <Zeppelin Investment A/C>	1,150,000	1.04%
18	Morgan Stanley Australia Securities (Nominee) Pty Limited <No 1 Account>	1,101,731	0.99%
19	Mandel Pty Ltd <Mandel Super Fund A/C>	1,100,000	0.99%
20	Hampshire Assets And Services Pty Ltd	1,000,000	0.90%
	Total	**57,065,381**	**51.52%**
	Total issued capital – Fully Paid Ordinary Shares	**110,765,239**	**100.00%**

Unquoted Equity Securities

As at 11 September 2023 there is Nil unlisted options on issue.

Restricted Securities

The Company has no restricted securities on issue as at 11 September 2023.

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

52 Hope Valley Road, Naval Base WA 6165
3/21 Kintail Road, Applecross, WA 6153

AUDITOR

Armada Audit & Assurance Pty Ltd
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WSI

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