WestStar Industrial

Annual Report 2024

CONTENTS

ABOUT

WestStar Industrial (ASX: WSI)

('WestStar' or the 'Company')

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

OPERATING COMPANIES

ALLTYPE ENGINEERING

SIMPEC

WATMAR

OUR SERVICES

- Multidiscipline Construction Contracting
- Structural Mechanical Piping (SMP)
- Electrical and Instrumentation (E&I)
- Fabrication of Pipe Plate and Structural Steel
- Non-Process Infrastructure (NPI)
- Rotating Equipment Installation
- Fluid Systems Solutions, Equipment & Services
- Department of Defence, Supply & Maintenance
- Asset Management Services
- OEM Equipment, Technical Support, Parts and 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 nine years establishing and successfully implementing the strategic and operational strategy of WSI. With 33 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 23 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 26 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 26 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.

Stephen Harris
General Manager
Watmar Engineering

Stephen has a strong track record of achieving business growth organically, through strategic alliances and partnerships, and mergers and acquisitions, by building strong win-win relationships, delivering innovative solutions for clients, and fostering high-performance teams.

He has 26 years of experience in strategy, leadership, general management, commercial management, marketing, business development, innovation and Research & Development, and commercialisation.

His expertise spans Maintenance & Repairs Services, Original Equipment Manufacture, Technical Equipment & Componentry Sales, Professional Engineering Services, and industrial asset Construction. Stephen has held multiple executive roles in companies of varying size and geographic spread in Australia and internationally across various sectors, including Energy & Utilities, Mining & Mineral Processing, Defence & Marine, Infrastructure & Industrial, and Chemical Processing.

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, defence, marine, utility and infrastructure sectors, in metropolitan and remote areas, across Australia, is pleased to report on the Company's FY24 Annual Report.

FULL YEAR FINANCIAL HIGHLIGHTS

- Full Year Earnings (EBITDA) of $8,236,458
- Net Profit After Tax (NPAT) of $3,293,761
- Revenue of $205,599,451
- FY24 Alltype Engineering revenue $91,948,615
- FY24 SIMPEC revenue $110,645,572
- Completion of strategic acquisition of Watmar Engineering Pty Ltd ('WATMAR')
- FY24 WATMAR revenue $3.0M (eight months contribution amid initial challenges of integration into the Group)
- Cash Holdings of $13.7M
- Cash Backed Bonds of $2.9M
- Continued to build Pipeline of Opportunities, Secure Awards and Project Upgrades
- Projects continue to deliver profitability in a highly competitive market
- Debt NIL

RESULTS OF OPERATIONS

	Year ended 30 June 2024 $	**Year ended 30 June 2023 $**
EBITDA*	**8,236,458**	**6,035,086**
Depreciation and amortisation	(2,453,633)	(2,411,883)
EBIT	**5,782,825**	**3,623,203**
Share based payments	(1,099,853)	(182,413)
Interest costs	(672,797)	(804,121)
Bargain purchase on Acquisition of subsidiary	582,655	-
NPBT	**4,592,830**	**2,636,669**
Income tax expense	(1,299,069)	(877,703)
NPAT	**3,293,761**	**1,758,966**

* 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; the Company has once again delivered another full year profit.

WestStar Industrial achieved Group Revenue of $205.6M compared to $304.3M in FY23. The reduction in revenue was primarily due to the reduced revenue stream through SIMPEC after having achieved Practical Completion on the Iron Bridge Wet Plant Project, being the largest project completed in the Group's history.

Pleasingly, an increase in gross margins delivered solid earnings to turnaround the FY23. This strong turnaround is testament to the commitment shown by all teams to achieve greater reward for effort, despite cost pressures and labour shortages heavily affecting the industry. The Group was able to continue delivery of revenue safely, on time and also profitably.

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

REVENUE

WestStar Industrial recorded revenue for the full year of $205.6M, a decrease of 32.4% on the previous corresponding period.

Alltype Engineering achieved full year revenue of $91.9M, up marginally by 0.2% on the prior corresponding period (FY23 $91.7M) with the Lynas Rare Earths project nearing completion and the Kurri Kurri Facilities project advanced.

SIMPEC achieved full year revenue of $110.6M, down 48.0% on the prior corresponding period (FY23 $212.5M).

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

The successful integration of WATMAR contributed eight months' revenue to the Group's performance, having delivered $3.0M.

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

EARNINGS

Earnings before interest, tax, depreciation and amortization (EBITDA) for the year ended 30 June 2024 was $8.2M an increase of 36.7% on the prior year (FY23 $6.0M), delivering an EBITDA margin percentage of 4.0%, an increase on the prior year (FY23 2.0%).

Net profit after tax was $3.3M, up 87% on the previous financial year (FY23 $1.76M).

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

BALANCE SHEET

The Company continues to strengthen its balance sheet with total equity of $30.0M increasing by 17.2% on the prior comparative year (FY23 $25.6M). The Group held cash of $13.7M and had a working capital surplus of $16.0M as at 30 June 2024. Strengthening of the balance sheet enables the Group to demonstrate and deliver the financial capacity appropriate for its growth targets, current commitments and potential opportunities. With nil long-term debt the Group continues to effectively use its balance sheet to manage new projects, growth and explore strategic and earnings accretive acquisitions.

OPERATIONS

SIMPEC has achieved several milestones this year, notably completing the Iron Bridge Wet Plant, its largest project to date. The company also finalised its scope at the Cockburn Cement facility in Kwinana and expanded into new sectors and clients, delivering a segmented revenue of $110.6M with an EBITDA of $5.97M.

SIMPEC expanded its national footprint with a new office in Sydney, securing projects across New South Wales, Northern Territory, Queensland and Victoria.

Health, Safety, and Environment (HSE) Performance

SIMPEC maintained an excellent safety record, achieving no lost time injuries for seven consecutive years. Its Total Recordable Injury Frequency Rate (TRIFR) remains well below industry benchmarks, reflecting the company's commitment to employee well-being.

In a competitive labour market, SIMPEC recognises that its success depends on maintaining a highly skilled workforce. The company is dedicated to improving employee engagement and fostering a culture aligned with its values.

Efforts to make SIMPEC an employer of choice go beyond competitive remuneration. The company is focused on continuous development, employee interaction improvements, and the implementation of systems that enhance workplace efficiency and overall employee satisfaction.

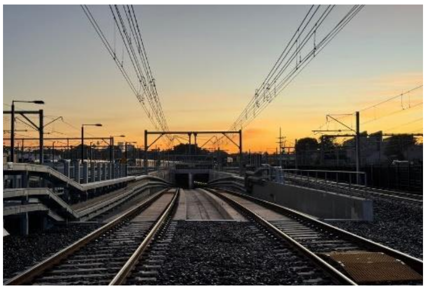
Some of the year's key operational highlights include:

- Iron Bridge Wet Plant Project: SIMPEC achieved practical completion, maintaining its strong safety commitment and delivering the plant segment to a high standard.
- Tianqi TLK Minor Works: As a longstanding partner, SIMPEC continued to perform various SMP works for Tianqi throughout the year, demonstrating excellent project execution.
- Acciona Kwinana Avertas Energy Project: SIMPEC provided professional and trade personnel for ongoing construction and commissioning work at the waste energy project.
- Sydney Infrastructure Projects: Aligned with its strategy to grow on the East Coast, SIMPEC successfully completed finishing works for the Sydney Metro City & Southwest Line-Wide Works Project and continues the Hitachi (Thales) GTSA Metronet project.
- Cockburn Cement Facility: SIMPEC completed its work at the Kwinana-based facility, leveraging its skilled local workforce to further its presence in the region.
- East Coast Projects: The team has undertaken various new construction and maintenance projects in Newcastle and Victoria, contributing to a steady stream of business opportunities.
- Territory Generation Katherine Tank Repairs: This project was completed safely, on time, and within budget, marking SIMPEC's second project in the Northern Territory and solidifying a promising client relationship.

The company has received numerous expressions of interest and new tender opportunities, not only from existing clients but also from new clients across all states and territories of Australia.

In alignment with the Business Strategy plan, these new opportunities are enabling the company to expand into emerging sectors, thereby opening avenues for additional projects and growth.

By nurturing a culture of safety, innovation, and collaboration, SIMPEC is well-positioned to lead in the evolving green energy market and continue expanding its footprint across Australia.



ALLTYPE ENGINEERING

Alltype Engineering has steadied in revenue growth in FY24, with a segmented revenue of $91.9M, slightly more than FY23 ($91.7M) and delivering an EBITDA of $4.86M.

In July 2023, Alltype Engineering was awarded the Kurri Kurri Storage Station, an offtake and compression facility to power a new gas fired peak power generation station in the Hunter Valley, New South Wales. This project of circa $50M in value not only demonstrated the technical capability of the company, but the ability to rapidly commence works on the eastern seaboard, utilising a national supply chain to deliver the project. The project will achieve practical completion in FY25.

Becoming an industry recognised construction contractor for projects with challenging, remote and multidisciplinary complexity and value up to $100M has aligned well with the company's strategic plan.

Alltype Engineering continues to establish its Queensland footprint by securing works in Gas Processing and Compression Facilities.

In Western Australia, the workshop continued to perform admirably with consistent, reliable fabrication services for piping, tanks, steel, pressure vessels, skids and modules across a multitude of industries and clients.

Notably, the company completed the Lynas Rare Earths Waste Gas Treatment project in December 2023 and successfully demobilised from site prior to the traditional Christmas shutdown period, after almost 2 years of working on the plant in Kalgoorlie.

Infrastructure works including road, rail and water continued to drive revenue and backlog with contracts across the metropolitan area including the Woodman Point Wastewater Treatment Plant, the Point Peron SDOOL project and the new Alkimos Desalination plant.

The Western Australian domestic gas industry continued to provide revenue opportunities for new gas laterals and offtakes for various clients, as well as critical upgrades and debottlenecking to existing gas infrastructure and facilities.

Health, Safety, and Environment (HSE) Performance

Alltype Engineering maintained a steady safety record with a Total Recordable Injury Frequency Rate (TRIFR) remains well below industry benchmarks, including the manufacturing sector.

This outcome reflects the company's successful roll out of the in house developed “Our Safe Behaviours” and management High Risk Hazards which focuses on mitigating risk associated with serious consequence tasks and exposures which ultimately are part of industrial fabrication and construction.

Given the large number of kilometres driven by the teams to remote and metropolitan areas, it is a testament to our employees commuting and travelling to work and home safely every day, all over the country.

The Company heads into FY25 with a solid backlog of secured work and pipeline of new opportunities. Near term focus on rebuilding the order book and secured revenue is a priority for the business development teams as well as completing committed projects safely, on schedule and on budget.

The company continues to consider and field numerous new opportunities across the country despite the softening of commodities pricing. Many of these opportunities are via strategic alliances with technology providers and specialists as well as partnering with complimentary services providers.

WATMAR

The Royal Australian Navy and its Naval Construction Branch – representing the Department of Defence, and correspondingly the Commonwealth of Australia – and their Prime Contractors including Thales Australia, Babcock International, BAE Systems Australia, Navantia Australia and ASP Ships Group are Watmar Engineering’s most critical clients today. A major engagement plan was enacted for maintaining and strengthening relationships across a breadth of stakeholders in New South Wales, South Australia and Western Australia. This engagement plan shall continue into FY2025, with successes to date including:

- the expansion of the Standing Offer Contract for Pumps and Pump Parts to apply now for all major Navy vessel platforms; and
- execution of a Mechanical Services subcontract with Thales Australia for Regional Maintenance Provider – East operations. 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.

Key projects completed from the acquisition date of 3rd November 2023 through to 30th June 2024 include:

- Fire Pump Skids assembly to Zone II Hazardous Area classification for supply and integration for a FPSO construction project in Dubai, UAE;
- BAE Commercial Marine’s final vessel maintenance project of the Rio Tinto tugboat Wamalhanha for various fluid systems; and
- RMP-E Initial Campaign Corrective and Preventative Maintenance Spares supply for (i) Pumps and Pump-related Parts, (ii) Valves and Valve-related Parts, (iii) Motors and Motor-related Parts, and (iv) General Mechanical Parts.

At the end of the period Watmar Engineering’s organisational structure was realigned with a clear focus for its two primary business activities:

1) Product and Equipment Sales; and
2) Maintenance Services and Projects,

led by dedicated and experienced senior managers, backed by a streamlined Support Services team. Rightsizing the leadership team enables critical gaps in operational support roles to be filled so as to target improvement in business line productivity.

Health, Safety, and Environment (HSE) Performance

Watmar Engineering maintained a steady safety record with no reportable incidents, no lost time injuries, and HSE measures below industry benchmarks.

Operational Outlook

The engagement plan for key Defence clients has uncovered additional and emerging demand for increased materials supply, fluid system supply, and maintenance services for the market sector. Price escalation variations for existing Standing Offer Contracts are imminent, with the prospect that additional contract categories shall also be expanded to apply across all major Navy vessel platforms.

Complementary business development efforts have identified further business opportunities, not only from existing clients but also from new clients, particularly in Western Australia, New South Wales and Northern Territory. These new opportunities are aligned to the Business Strategy Plan, shall enable greater diversification into the Mining & Mineral Processing, Energy and the Industrial market sectors for additional projects and growth.

CLOSING

Whilst commodity price volatility over the past year has resulted in some projects tendered by both Alltype Engineering and SIMPEC to be placed on hold, we remain optimistic that development of the Australian energy transition and sustaining capital works tendered will open further opportunities over the medium to longer term.

Whilst strong fundamentals to long-term resources and energy demand will continue to fuel contract opportunities Group wide, diversity remains the key to a sustainable earnings profile.

SIMPEC has been successful in turning around its previous year’s results with a disciplined approach to contracts and earnings focus, whilst Alltype Engineering continues to deliver profit in a competitive market through its diverse client base both locally and nationally.

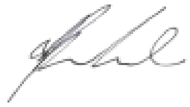
With the successful acquisition of Watmar Engineering in November 2023, the company’s diversification strategy is being rolled out in new markets, particularly its defence-based contract profile. Watmar’s initial eight months’ earnings were impacted by the timing of delivery of parts supply contracts to a major client by year end.

WestStar is demonstrating that it can diversify and deliver earnings stability through strategic accretive acquisitions, stabilised earnings, not restricted to revenue from mining and resource-based projects. These investment opportunities continue to be delivered with existing cash reserves and without the necessity of debt funding.

Post June 30, 2024, the Company has circa $70M of work-in-hand with existing contracts, contract extensions and new projects secured across its subsidiaries.

The Company continues to progress its construction works primarily in Western Australia, New South Wales and Queensland, maintaining its strong reputation with its valued customer base now on a national footprint.

We would like to thank all teams for their individual contributions to each company and thank our long term supportive shareholders, for their investment and commitment.



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

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 2024. 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 33 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 23 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 Stuart Third, Company Secretary

Appointed 3 June 2024

Mr Third is an Associate Member of the Governance Institute of Australia and a Fellow of Chartered Accountants Australia and New Zealand having experience in providing company secretarial, corporate governance, financial reporting and taxation services.

Mr Daniel Coletta, Company Secretary

Resigned 3 June 2024

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	-
Mr Philip Re	345,255	-
Mr Robert Spadanuda	3,430,322	1,500,000

RESULTS OF OPERATIONS

WestStar Industrial Limited posted a net profit after taxation of $3,293,761 for the year to 30 June 2024 (2023: $1,758,966). Based on this profit, the Company posted an underlying EBITDA of $8,236,458 (2023: $6,035,086) as calculated below.

	Year ended 30 June 2024 $	Year ended 30 June 2023 $
EBITDA *	**8,236,458**	**6,035,086**
Less:		
Income tax expense	(1,299,069)	(877,703)
Interest and financing costs	(672,797)	(804,121)
Depreciation and amortisation	(2,453,633)	(2,411,883)
Share Based Payments	(1,099,853)	(182,413)
	(5,525,352)	(4,276,120)
Add:		
Bargain purchase on Acquisition of subsidiary	582,655	-
Net Profit after Income tax	**3,293,761**	**1,758,966**

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

WestStar Industrial recorded revenue for the full year of $205.6M, a decrease of 32.4% on the previous corresponding period.

Alltype Engineering achieved full year revenue of $91.9M, up marginally by 0.2% on the prior corresponding period (FY23 $91.7M) with the Lynas Rare Earths project nearing completion and the Kurri Kurri Facilities project advanced.

SIMPEC achieved full year revenue of $110.6M, down 48.0% on the prior corresponding period (FY23 $212.5M).

The successful integration of WATMAR contributed eight months' revenue to the Group's performance, having delivered $3.0M.

Earnings before interest, tax, depreciation and amortization (EBITDA) for the year ended 30 June 2024 was $8.2M an increase of 36.7% on the prior year (FY23 $6.0M), delivering an EBITDA margin percentage of 4.0%, an increase on the prior year (FY23 2.0%).

Net profit after tax was $3.3M, up 87% on the previous financial year (FY23 $1.76M).

CORPORATE

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

As at 30 June 2024 WestStar had a cash position of $13.7 million with no material debt or borrowings.

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, fabrication, construction and maintenance services within the resources, energy, oil and gas, petrochemical, water, defence 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), Alltype Engineering offering complete project solutions including SMP and E&I site installation, construction and maintenance services across almost every industry in Australia and Watmar Engineering, a fluid systems engineering specialist providing services to the Defence and Marine sectors.

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

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 2024.

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	6	6
Mr Philip Re	6	6
Mr Robert Spadanuda	6	6

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 1,500,000 performance rights on issue which expire on 10 January 2025.

The value of performance rights recognised at 30 June 2024 was $119,853 (2023: $182,413).

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)
Mr Stephen Harris	General Manager (Watmar Engineering Pty Ltd)
Mr Chris Manea	Director (Watmar 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 2024 are summarised below:

WestStar Industrial Limited	2024	2023	2022	2021	2020
Revenue ($'000)	205,599	304,275	181,799	71,764	62,473
NPAT ($'000)	3,294	1,759	4,310	837	3,458

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

WestStar Industrial Limited	2024	2023	2022	2021	2020
Dividends	-	-	-	-	-
Basic EPS (cents per share)	2.96	1.59	4.04	0.09[1]	0.046[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 2024.

Share-based Compensation

On 31 May 2024, 7,000,000 ordinary shares at an issue price of $0.14 per share were issued to employees of the Group of which 4,500,000 were granted to Key Management Personnel (refer table below).

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 2023 Annual General Meeting

WestStar Industrial Limited received 78% of votes in favour of the remuneration report for the 2023 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 2024

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	
		Base Salary $	Directors Fees $	Other $	Superannuation $	Term. benefits $	Shares, Options & Rights $	$	Percentage related to Performance %
Lay Ann Ong	2024	-	48,000	-	-	-	22,343 [1]	70,343	31.8%
	2023	-	48,000	-	-	-	53,623 [1]	101,623	52.8%
Philip Re	2024	-	120,000	-	13,200	-	22,343 [1]	155,543	14.4%
	2023	-	120,000	-	12,600	-	53,623 [1]	186,223	28.8%
Robert Spadanuda	2024	350,000	84,000	24,000	27,405	-	75,167 [1]	560,572	13.4%
	2023	350,000	84,000	24,000	25,305	-	75,167 [1]	558,472	13.5%
Management									
Mark Dimasi	2024	350,000	-	24,000	27,399	-	-	401,399	-
	2023	363,447	-	24,000	25,292	-	-	412,739	-
Kelvin Andrijich	2024	400,000	-	-	27,399	-	560,000	987,399	-
	2023	374,039	-	-	27,030	-	-	401,069	-
Stephen Harris [2]	2024	78,122	-	-	8,468	-	-	86,590	-
Chris Manea	2024	180,000	12,000	-	21,120	-	70,000	283,120	-
Total	**2024**	**1,358,122**	**264,000**	**48,000**	**124,991**	**-**	**749,853**	**2,544,966**	**15.2%**
	2023	**1,087,486**	**252,000**	**48,000**	**90,227**	**-**	**182,413**	**1,660,126**	**11.0%**

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 4,500,000 Performance Rights to Directors (or their nominees) pursuant to the WestStar Performance Rights Plan. On 5 January 2022 shareholders approved the grant of a further 1,500,000 Performance Rights to Directors (or their nominees pursuant to the WestStar 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 2024 was $119,853 (2023: $182,413).
2. Stephen Harris commenced employment with Watmar Engineering on 16 January 2024.

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.

Director	Held at 30 June 2023	Granted as compensation	Net change other	Held at 30 June 2024
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	4,000,000	-	10,435,932
Chris Manea	-	500,000	-	500,000

For the previous year ended 30 June 2023:

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

Rights Holdings of Key Management Personnel

On 30 November 2020 shareholders approved the grant of up to 4,500,000 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.

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 4,500,000 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

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 $92,745 (2023: $87,643) in relation to provision of administrative services for the Group.

Directors Fees
As at 30 June 2024 the amount outstanding from the Company to Mr Philip Re in relation to Directors' fees was $132,000 (2023: $Nil).

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

24 September 2024

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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 2024 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 24 September 2024, at Perth Western Australia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Note	30 June 2024 $	30 June 2023 $
Revenue	4(a)	205,599,451	304,275,242
Cost of goods sold		(180,970,191)	(284,865,711)
Gross Margin		24,629,260	19,409,531
Other income	4(b)	2,006,933	1,145,290
Bargain purchase on business combination	6	582,655	-
Expenses:			
Occupancy expenses		(429,264)	(267,029)
Administration expenses	5(a)	(17,343,461)	(14,080,685)
Depreciation and amortisation	12(b)	(2,319,458)	(2,411,883)
Amortisation of customer relationships acquired	13	(134,175)	-
Finance costs	5(b)	(672,797)	(804,121)
Expected credit loss		(585,321)	(156,080)
Share based payments expense	23	(1,099,853)	(182,413)
Foreign exchange gain / (loss)		(6,778)	-
Loss on sale of plant and equipment		(34,911)	(15,941)
Expenses		(22,626,018)	(17,918,152)
Profit before income tax		**4,592,830**	**2,636,669**
Income tax expense	7(a)	(1,299,069)	(877,703)
Profit after income tax		**3,293,761**	**1,758,966**
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		**3,293,761**	**1,758,966**
Earnings per share			
Basic and Diluted Earnings per share for the year attributable to the members of WestStar Industrial Limited (cents per share)	24	2.96	1.59

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 2024

	Note	30 June 2024 $	30 June 2023 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	13,678,160	16,114,782
Trade and other receivables	9	22,338,776	22,004,949
Inventories		876,347	532,695
Financial assets	26	1,177,843	833,880
Contract assets	10	18,125,416	23,201,751
Total Current Assets		**56,196,542**	**62,688,057**
Non-Current Assets			
Financial assets	26	1,750,502	1,633,284
Trade and other receivables	9(c)	411,901	293,904
Investments		283,075	283,075
Property, plant & equipment	11	5,788,879	5,019,260
Right of Use Asset	12(a)	2,339,382	1,022,638
Deferred tax asset	7(d)	713,290	1,922,792
Intangible Assets	13	5,782,779	4,508,116
Total Non-Current Assets		**17,069,808**	**14,683,069**
Total Assets		**73,266,350**	**77,371,126**
LIABILITIES			
Current Liabilities			
Trade and other payables	14	28,315,995	37,460,260
Income tax payable	7(c)	5,032,694	4,520,476
Provisions	15	2,743,749	6,529,940
Lease liabilities	16	1,067,821	960,588
Contract liabilities	10	3,067,938	609,447
Total Current Liabilities		**40,228,197**	**50,080,711**
Non-Current Liabilities			
Provisions	15	473,921	726,491
Lease liabilities	16	2,580,085	973,391
Total Non-Current Liabilities		**3,054,006**	**1,699,882**
Total Liabilities		**43,282,203**	**51,780,593**
Net Assets		**29,984,147**	**25,590,533**
EQUITY			
Issued capital	21(a)	25,435,791	24,455,791
Reserves	22	187,916	755,117
Retained profits		4,360,440	379,625
Total Equity		**29,984,147**	**25,590,533**

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 2024

	Note	30 June 2024 $	30 June 2023 $
Cash flows from operating activities			
Receipts from customers		237,011,634	310,554,978
Payments to suppliers and employees		(238,230,373)	(316,270,094)
Interest received		341,576	55,223
Interest paid		(277,663)	(659,106)
Other income		1,665,357	1,090,066
Net cash flows provided / (used in) by operating activities	8	**510,531**	**(5,228,933)**
Cash flows from investing activities			
Payment for financial assets		(1,721,165)	(604,386)
Proceeds from return of financial assets		1,318,278	2,665,161
Purchase of property, plant & equipment		(838,490)	(1,032,513)
Proceeds from disposal of property, plant & equipment		7,182	6,818
Acquisition of subsidiary, net of cash acquired		(801,057)	-
Net cash flows (used in) / provided by investing activities		**(2,035,252)**	**1,035,080**
Cash flows from financing activities			
Loan to Unrelated parties as part of the Watmar acquisition		(911,901)	-
Net cash used in financing activities		**(911,901)**	**-**
Net decrease in cash and cash equivalents		(2,436,622)	(4,193,853)
Cash and cash equivalents at the beginning of the period		16,114,782	20,308,635
Cash and cash equivalents at the end of the period	8	**13,678,160**	**16,114,782**

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 2024

	Note	Issued capital $	Retained earnings/ (Accumulated losses) $	Share based payment reserve $	Total $
At 1 July 2022		**24,455,791**	**(1,667,031)**	**860,394**	**23,649,154**
Profit for the 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	22	-	287,690	(287,690)	-
Recognition of share-based payments	23	-	-	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 $	Retained earnings $	Share based payment reserve $	Total $
At 1 July 2023		**24,455,791**	**379,625**	**755,117**	**25,590,533**
Profit for the year		-	3,293,761	-	3,293,761
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	3,293,761	-	3,293,761
Transactions with owners in their capacity as owners					
Transfer of expired performance rights value	22	-	482,610	(482,610)	-
Transfer of expired options value	22	-	204,444	(204,444)	-
Recognition of share-based payments	23	980,000	-	119,853	1,099,853
Transactions with owners in their capacity as owners		980,000	687,054	(567,201)	1,099,853
Balance at 30 June 2024		**25,435,791**	**4,360,440**	**187,916**	**29,984,147**

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 2024 was authorised for issue in accordance with a resolution of the directors on 24 September 2024.

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 2024 of $3,293,761 (2023: profit of $1,758,966) and net operating cash inflows of $510,531 (2023: outflows $5,228,933). The Group reported total net cash outflows of $2,436,622 (2023: outflows $4,193,853). The Group had cash of $13,678,160 (2023: $16,114,782) and a working capital surplus of $15,968,345 as at 30 June 2024 (2023: surplus of $12,607,346). 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 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 2023. 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 2024. As a result of this review the Directors have determined that there is no material impact, of the Standards and Interpretations on issue but not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

(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 (GST).

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

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.

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

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 AASB9 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.
- Watmar Engineering Pty Ltd is a fluid systems engineering specialist providing services to the Defence and Marine sectors.

Segment reporting	**SIMPEC $**	**Alltype $**	**Watmar $**	**Group $**
Year ended 30 June 2024				
Segment revenue	110,645,572	91,948,615 [1]	3,005,264	205,599,451
Segment operational expense	(98,621,005)	(80,196,024)	(2,153,162) [2]	(180,970,191)
Segment gross margin	12,024,567	11,752,591	852,102	24,629,260
Segment overheads	(8,005,681)	(9,093,398)	(1,308,392)	(18,407,471)
Segment operating profit / (loss)	**4,018,886**	**2,659,193**	**(456,290)**	**6,221,789**
Other Income - operational	1,297,730	678,076	16,085	1,991,891
Net operating Profit/(Loss) before tax & Corporate Administration expenses	**5,316,616**	**3,337,269**	**(440,205)**	**8,213,680**
Bargain purchase on business combination				582,655
Other income				15,041
Corporate & administration [3]				(4,218,546)
Net operating Profit before Tax				**4,592,830**
Income tax expense				(1,299,069)
Net operating Profit after Tax				**3,293,761**

1 Alltype Engineering segment revenue excludes $381,913 intercompany revenue
2. Watmar Engineering segment operational expense excludes $381,913 intercompany cost of sales
3 Includes Share Based Payments expense of $1,099,853

	SIMPEC $	Alltype $	Watmar $	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

	SIMPEC $	Alltype $	Watmar $	Group $
Year ended 30 June 2024				
Segment assets	27,455,056	38,023,271	5,852,211	71,330,538
Segment liabilities	(13,934,250)	(18,611,037)	(3,653,509)	(36,198,796)
Segment asset & liabilities	**13,520,806**	**19,412,234**	**2,198,702**	**35,131,742**
Cash and corporate assets				1,935,812
Corporate liabilities				(7,083,407)
Total asset & liabilities				**29,984,147**
Year ended 30 June 2023				
Segment assets	43,381,901	32,739,519	-	76,121,420
Segment liabilities	(33,327,203)	(13,396,702)	-	(46,723,905)
Segment asset & liabilities	**10,054,698**	**19,342,817**	**-**	**29,397,515**
Cash and corporate assets				1,249,705
Corporate liabilities				(5,056,687)
Total asset & liabilities				**25,590,533**

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

4. Revenue and Other Income

	2024 $	2023 $
(a) Revenue		
Construction and Engineering services recognised over time	204,462,372	304,275,242
Sale of goods recognised at a point in time	1,137,079	-
	205,599,451	**304,275,242**

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

	2024 $	2023 $
Construction and Engineering services recognised over time	204,462,372	304,275,242
Sale of goods recognised at a point in time	1,137,079	-
	205,599,451	**304,275,242**
Contract amounts to be delivered in future years		
Construction and Engineering services	49,376,392	51,045,454

	2024 $	2023 $
(b) Other Income		
Interest Income	341,576	55,223
Scrap metal sales	64,051	76,043
Insurance recoveries	1,438,712	970,698
Sundry Income	162,594	43,326
	2,006,933	**1,145,290**

5. Expenses

	2024 $	2023 $
(a) Administrative expenses		
- Employee wages and salaries	12,711,198	8,901,140
- Professional services and consultant fees	2,006,791	2,516,216
- Insurance	389,499	425,575
- Motor vehicle costs	91,943	47,641
- ASX and Share registry fees	50,702	47,203
- General administrative costs	2,093,328	2,142,910
	17,343,461	**14,080,685**
(b) Finance costs		
- Interest and associated costs to unrelated third parties	672,797	804,121
	672,797	**804,121**
(c) Share Based Payments expense		
- Share based payments expense [1]	1,099,853	182,413
	1,099,853	**182,413**

[1] Includes an amount of $980,000 relating to the issue of 7M ordinary shares on 31 May 2024.

6. Acquisition of Watmar Engineering Pty Ltd

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

(i) Business Acquisition Consideration

The consideration for the acquisition comprised:

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

(ii) Fair value of consideration transferred

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

(iii) Discount / Bargain purchase on Business Combination

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

	Fair Value **$**
Consideration	
Cash	874,053
Payment of finance leases	91,201
Total consideration	**965,254**
Fair value of assets and liabilities held at acquisition date:	
Cash	72,996
Trade and other receivables	630,078
Prepayments	44,734
Plant and equipment	695,055
Right of Use Asset	1,625,400
Inventories	360,600
Contract Assets	649,565
Trade and other payables	(886,916)
Provisions	(284,735)
Right of Use Liability	(1,641,978)
Contract Liabilities	(703,076)
Customer relationships acquired on a business combination	1,408,838
Deferred tax liability on intangible assets recognised	(422,652)
Fair value of identifiable assets and liabilities assumed	1,547,909
Bargain purchase on business combination	**(582,655)**

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

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

7. Income Tax

	2024 $	2023 $
(a) Income tax expense		
Major component of tax expense for the year		
Current tax	512,218	2,359,146
Deferred tax	786,851	(1,481,443)
	1,299,069	877,703

(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:

	2024 $	2023 $
Profit / (Loss) from continuing operations before income tax expense	4,592,830	2,636,669
Tax at the Group rate of 30% (2023: 30%)	1,377,849	791,001
Other non-deductible expenses	206,731	93,156
Prior period under/(over) provision	-	(6,454)
Temporary difference on prior years tax losses recognised	(731,423)	-
Temporary difference arising from capital losses derecognised	336,767	-
Temporary difference arising from business combination	(40,855)	-
Temporary differences not brought to account	150,000	-
Income tax expense	1,299,069	877,703

(c) Income tax liability

	2024 $	2023 $
Current tax payable	5,032,694	4,520,476

(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:

	2024 $	2023 $
Liabilities		
Plant and Equipment	604,725	805,627
Accrued income	167,610	238,371
Other non-depreciable assets	701,815	306,792
Intangibles	382,399	-
Debt Write-Off	336,767	336,767
Deferred tax liability	2,193,316	1,687,557
Assets		
Transferred losses	731,423	-
Losses available to offset against future taxable income	-	336,767
Provisions & accruals	1,448,324	2,764,861
Net deferred income	-	182,834
Provision for doubtful debts	22,500	-
Borrowing costs	6,759	473
Lease Asset	697,600	325,414
Deferred tax asset	2,906,606	3,610,349
Net deferred tax asset recognised	**713,290**	**1,922,792**
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.

8. Cash and Cash equivalents

	2024 $	2023 $
Cash at bank and on hand	**13,678,160**	**16,114,782**

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

	2024 $	2023 $
Profit after income tax	3,293,761	1,758,966
Non Cash Items		
Depreciation and amortisation expenses	2,453,633	2,411,883
Share-based payments	1,099,853	182,413
Expected credit loss	585,321	156,080
Loss / (Profit) on sale of plant and equipment	34,911	15,941
Bargain purchase on business combination	(582,655)	-
(Decrease) / increase in working capital		
(Increase) / decrease in receivables	387,338	(2,709,656)
(Increase) / decrease in contract assets	5,725,900	(16,551,125)
(Increase) / decrease in deferred tax asset	786,850	(1,481,443)
Increase / (decrease) in payables	(11,362,770)	6,121,301
Increase / (decrease) in income tax payable	512,218	2,359,146
Increase / (decrease) in contract liabilities	1,755,414	(1,559,057)
Increase / (decrease) in provisions	(4,179,243)	4,066,618
Net cash inflow/(outflow) from operating activities	510,531	(5,228,933)

9. Trade and Other Receivables

	2024 $	2023 $
(a) Trade receivables (Current)		
Trade receivables	19,857,279	21,813,489
Less Allowance for doubtful debts	-	-
	19,857,279	**21,813,489**
(b) Other receivables (Current)		
Retentions	1,085,656	120,413
Other receivables	1,047,542	25,181
Prepayments	348,299	45,866
	2,481,497	**191,460**
	22,338,776	**22,004,949**

	2024 $	2023 $
<30 days	17,383,618	19,039,253
30-60 days	2,215,231	254,343
60-90 days	2,438	41
90+ days	255,992	2,519,852
Total (Note 9 (a))	**19,857,279**	**21,813,489**

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

(c) Other receivables (Non-Current)	2024 $	2023 $
Retentions	-	218,904
Other receivables	986,901	75,000
Provision for expected credit loss	(575,000)	-
	411,901	**293,904**

10. 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.

	2024	2023
Contract Assets	**$**	**$**
Contract assets	18,125,416	23,201,751
	18,125,416	**23,201,751**

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

	2024	2023
Contract Liabilities	**$**	**$**
Contract liabilities	3,067,938	609,447
	3,067,938	**609,447**

11. Property, Plant and Equipment

	2024 $	2023 $
Gross carrying value at cost	10,640,321	8,613,522
Accumulated depreciation	(4,851,442)	(3,594,262)
Net carrying value at cost	**5,788,879**	**5,019,260**

Gross carrying value at cost	Note	Plant & Equipment $	Motor Vehicles $	Total $
1 July 2023		7,257,658	1,355,864	8,613,522
Additions		816,091	639,086	1,455,177
Additions from acquisition via business combination		353,702	341,353	695,055
Disposals		(123,433)	-	(123,433)
At 30 June 2024		8,304,018	2,336,303	10,640,321
Accumulated depreciation				
At 1 July 2023		(3,070,279)	(523,983)	(3,594,262)
Disposals		80,763	-	80,763
Depreciation	12(b)	(1,031,690)	(306,253)	(1,337,943)
At 30 June 2024		(4,021,206)	(830,236)	(4,851,442)
Total At 30 June 2024		**4,282,812**	**1,506,067**	**5,788,879**

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	12(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**

12. Right of Use Asset

	Note	2024	2023
(a) Right of Use Asset		**$**	**$**
Lease asset		6,339,995	4,041,736
Accumulated depreciation		(4,000,613)	(3,019,098)
		2,339,382	**1,022,638**

	Note	Right of Use Asset $
Gross carrying value		
At 1 July 2023		4,041,736
Additions		170,129
Lease modifications		502,730
Additions from acquisition via business combination		1,625,400
At 30 June 2024		6,339,995
Accumulated depreciation		
At 1 July 2023		(3,019,098)
Depreciation charge	12(b)	(981,515)
At 30 June 2024		(4,000,613)

	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	12(b)	(815,820)
At 30 June 2023		(3,019,098)

	Note	2024	2023
(b) Depreciation and Amortisation expense		**$**	**$**
Depreciation expense - Property, Plant & Equipment	11	1,337,943	1,596,063
Amortisation - Right of Use Assets	12(a)	981,515	815,820
		2,319,458	**2,411,883**

13. Intangible assets

	2024	2023
	$	$
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**
Customer relationships acquired in a business combination	1,408,838	-
Less: Amortisation of Customer relationships acquired	(134,175)	-
Total Other Intangibles [1]	**1,274,663**	**-**
Total Intangibles	**5,782,779**	**4,508,116**

[1] Other Intangibles relate to Customer relationships acquired in a Business Combination (see Note 6) and will be amortised over a period of 7 years.

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

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 2024. 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 effects of 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 2025.
- Growth assumptions thereafter are Alltype Engineering 2%; SIMPEC 2% per annum for each future year.
- The terminal value assumes perpetual growth of 2.0% (2023: 2.0%).
- The margins included in the projected cash flow are the same rate that has been achieved by projects commencing in 2024.
- A pre-tax discount rate between 15% and 19% was applied. This discount rate was estimated based on past experience and industry average weighted cost of capital.

14. Trade and Other Payables

	2024	2023
	$	$
Trade payables	17,784,000	19,342,308
Other creditors and accruals	10,531,995	18,117,952
	28,315,995	**37,460,260**

15. Provisions

	2024	2023
Current	$	$
Annual Leave	2,068,141	3,051,911
Long Service Leave	145,804	121,579
Other provisions	529,804	3,356,450
	2,743,749	**6,529,940**
Non-Current		
Long Service Leave	473,921	726,491
	473,921	**726,491**

16. Lease Liabilities

	2024 $	2023 $
Current		
Right of Use Lease liability	548,940	742,886
Other lease liabilities	518,881	217,702
	1,067,821	**960,588**

	2024 $	2023 $
Non-Current		
Right of Use Lease liability	1,776,396	341,829
Other lease liabilities	803,689	631,562
	2,580,085	**973,391**

Interest expense on leases for the year ended 30 June 2024 amounted to $97,822 (2023: $70,730).

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 2024 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)
Mr Stephen Harris	General Manager (Watmar Engineering Pty Ltd)
Mr Chris Manea	Director (Watmar 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:

	2024 $	2023 $
Short term employee benefits	1,670,122	1,387,486
Post-employment benefits	124,991	90,227
Share based payments	749,853	182,413
	2,544,966	**1,660,126**

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 2024	% Equity Interest 2023
SIMPEC Pty Ltd	Australia	Construction contracting	100%	100%
Alltype Engineering Pty Ltd	Australia	Fabrication & Construction	100%	100%
Watmar Engineering Pty Ltd	Australia	Fluid Systems & Engineering	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 $92,745 (2023: $87,643) in relation to provision of administrative services for the Group.

Directors Fees
As at 30 June 2024 the amount outstanding from the Company to Mr Phillip Re in relation to Directors' fees was $132,000 (2023: $Nil).

(c) Outstanding balances with related parties

	2024 $	2023 $
Amount owing to Director related entities	132,000	-
	132,000	**-**

18. Consolidated Entity Disclosure

Entity Name	Entity Type	Place formed / Country of Incorporation	Ownership Interest	Tax Residency
WestStar Industrial Limited	Body Corporate	Australia	N/A	Australia *
SIMPEC Pty Ltd	Body Corporate	Australia	100%	Australia *
Alltype Engineering Pty Ltd	Body Corporate	Australia	100%	Australia *
Watmar Engineering Pty Ltd	Body Corporate	Australia	100%	Australia *

* WestStar Industrial Limited (the 'head entity') and its wholly owned Australian subsidiaries are part of the same tax consolidated group

19. Parent Entity Information

The following detailed information related to the parent entity, WestStar Industrial Limited, at 30 June 2024. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2024 $	2023 $
Current Assets	507,634	616,149
Non-current Assets	10,469,444	9,438,342
Total Assets	**10,977,078**	**10,054,491**
Current Liabilities	9,696,734	6,503,851
Non-current Liabilities	555,896	394,884
Total Liabilities	**10,252,630**	**6,898,735**
Contributed equity	45,252,258	44,272,258
Reserves	187,917	1,042,807
Accumulated Losses	(44,715,728)	(42,159,309)
Total Equity	**724,447**	**3,155,756**
Total Comprehensive Loss for the Year	**(3,108,399)**	**(2,256,959)**

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

20. Auditor's Remuneration

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

	2024 $	2023 $
Auditor of the Company		
Audit and review of the financial report	91,500	76,000
	91,500	76,000

21. Issued Capital

(a) Issued and paid up capital

	2024 $	2023 $
Ordinary shares fully paid	25,435,791	24,455,791

21. Issued Capital (cont...)

(b) Movements in shares on issue

	Year to 30 June 2024 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 (i)	7,000,000	980,000
Closing balance	117,765,239	25,435,791

	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

(i) 7M ordinary shares at an issue price of $0.14 per share were issued to employees of the Group on 31 May 2024.

(c) Share options

(i) Movements in options on issue

	Year to 30 June 2024 No.
Movements in options on issue	
Opening balance	3,000,000
Expired during the year	(3,000,000)
Closing balance	-

	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

(ii) Options issued

Nil options were issued during the year.

(iii) Options on issue

The following options expired during the financial year:

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

21. Issued Capital (cont…)

(d) Performance shares

Movements in performance rights on issue

	Year to 30 June 2024 No.
Movements in performance rights on issue	
Opening balance	6,000,000
Expired during the year	(4,500,000)
Closing balance	1,500,000

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

(i) On 5 January 2022 shareholders approved the grant of up to 1,500,000 Performance Rights to Directors (or their nominees) under the WestStar Performance Rights Plan.

The principal terms of the Performance Rights are summarised below:

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

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

The table below shows the class, number and fair value ascribed to Performance Rights on issue (on a post-consolidation basis) at 30 June 2024. 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 2024 was $119,853 (2023: $182,413).

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

22. 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.

	2024 $	2023 $
Share based payments reserve	187,916	755,117
	187,916	**755,117**

Movement in reserves		
Share based payments reserve		
Opening balance	755,117	860,394
Transfer of expired performance rights value (i)	(482,610)	-
Transfer of expired options value (i)	(204,444)	(287,690)
Performance Rights expensed (Refer Note 21 (d))	119,853	182,413
	187,916	**755,117**

(i) During 2024, 3,000,000 options expired out of the money. The value recognised for options issued in this expired class was transferred to retained earnings ($204,444).

23. Share Based Payments

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

	2024 $	2023 $
Performance rights recognised (Refer Note 21 (d))	119,853	182,413
Shares issued (i)	980,000	-
	1,099,853	182,413

(i) 7M ordinary shares at an issue price of $0.14 per share were issued to employees of the Group on 31 May 2024.

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

	2024 $	2023 $
Earnings attributable to owners of the Company	3,293,761	1,758,966
	Number of Shares	**Number of Shares**
Weighted average number of ordinary shares for the purposes of basic and diluted Earnings / (loss) per share	111,340,671	110,765,329

Of the Company's options on issue, there were no in-the-money options as at 30 June 2024. Therefore, no options have been included in the calculation of diluted earnings per share.

25. Contingent Liabilities & Commitments

During the year ended 30 June 2024 the Group entered into $1.721M, and had returned $1.318M respectively, worth of bond facilities ("the Facilities") with Export Finance Australia. As at 30 June 2024, the total value of bond facilities available to the Group under this facility amounted to $15.0M, of which $6.4M has been committed with the balance of $8.6M uncommitted.

In addition, on 9 May 2024 the Group entered into a contract performance bond facility of $7M with Assetinsure as agent for Swiss Re International SE. The term of the facility is 12 months renewable annually. As at 30 June 2024 the bond facility was drawn to the value of $4.519M.

26. Financial Assets

As at 30 June 2024, the Group has provided bank guarantees which are held in term deposits of $2,928,345 (2023: $2,467,164) to various customers and suppliers of which $1,177,843 is in current assets (30 June 2023: $833,880) and $1,750,502 is in non-current assets (30 June 2023: $1,633,284).

27. 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:

	2024 $	2023 $
Financial assets – Current		
Cash and cash equivalents	13,678,160	16,114,782
Trade and other receivables	22,338,776	22,004,949
Financial assets	1,177,843	833,880
Contract assets	18,125,416	23,201,751
	55,320,195	62,155,362
Financial assets – Non-Current		
Financial assets	1,750,502	1,633,284
Trade and other receivables	411,901	293,904
Investments	283,075	283,075
	2,445,478	2,210,263

	2024 $	2023 $
Financial liabilities – Current		
Trade and other payables	28,315,995	37,460,260
Lease Liabilities	1,067,821	960,588
Contract liabilities	3,067,938	609,447
	32,451,754	39,030,295
Financial liabilities – Non-Current	2,580,085	973,391
Lease Liabilities	2,580,085	973,391

(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:

2024	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	13,678,160	-	-	-	13,678,160
Trade and other receivables	22,338,776	-	411,901	-	22,750,677
Financial assets	1,177,843	-	1,750,502	-	2,928,345
Contract assets	18,125,416	-	-	-	18,125,416
	55,320,195	-	2,162,403	-	57,482,598
Financial liabilities					
Trade and other payables	28,315,995	-	-	-	28,315,995
Lease Liabilities	538,529	529,292	2,580,085	-	3,647,906
Contract liabilities	3,067,938	-	-	-	3,067,938
	31,922,462	529,292	2,580,085	-	35,031,839

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	22,004.949	-	293,904	-	22,298,853
Financial assets	833,880	-	1,633,284	-	2,467,164
Contract assets	23,201,751	-	-	-	23,201,751
	62,155,362	-	1,927,188	-	64,082,550
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

(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:

	2024 $	2023 $
Financial assets		
Interest bearing		
Cash and cash equivalents	13,678,160	16,114,782
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)

	2024 $	2023 $
+1% (100 basis points)	136,782	161,148

(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 2024 $	Carrying amount 2023 $
Australia	37,982,695	45,015,240
	37,982,695	**45,015,240**

	Carrying amount 2024 $	Carrying amount 2023 $
Contract assets – not past due	18,125,416	23,201,751
Trade receivables		
Not past due	-	-
Past due 0 – 30 days	17,383,618	19,039,253
Past due 30 – 60 days	2,215,231	254,343
Past due 60 days and less than 1 year	258,430	2,519,893
More than 1 year	-	-
Allowance for impairment	-	-
	19,857,279	21,813,489
	37,982,695	**45,015,240**

(d) Foreign Currency Risk

At 30 June 2024, based on its review the Group has no significant exposure to foreign currency risk.

(e) Carrying Value of Financial Instruments

At 30 June 2024, the carrying value of all financial assets and liabilities is considered to approximate their fair values.

28. 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
34 Hope Valley Road, Naval Base, WA 6165

29. Events after Reporting Date

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 2024.

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 19 to 48 are in accordance with the Corporations Act 2001 and:
   a. comply with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   b. give a true and correct view of the Group's financial position as at 30 June 2024 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. The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;

3. The remuneration disclosures included in pages 14 to 17 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2024, 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.

5. The information disclosed in the attached consolidated entity disclosure statement is true and correct.

On behalf of the Board

Philip Re
Non-Executive Chairman
Perth, Western Australia

24 September 2024

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 2024, 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 material 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 2024, 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) (Note 4(a), Note 10) 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 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 the variations and claims to underlying evidence including customer correspondence, customer issued site instructions, customer approved variation orders. We also checked the contractual entitlement to variations with reference to the contract's terms with the relevant customer.

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- We agreed contract costs including labour and non-labour cost on a sample basis to supporting documentation to test the accuracy of contract costs and margins.

- We tested a sample of post year end contract payments to check the completeness of contract costs.

- We assessed percentage completion for a sample of open contracts via testing the total estimated cost to complete as follows:

  a) We verified the calculation of the percentage complete on each contract by agreeing the total cost to date as a percentage of the total estimated contract costs.

  b) We obtained an understanding of the activities required to complete the customer contract via inspection of the contracts. We compared activities per the contract to the estimated contract cost reports to test the completeness of the estimated contract costs.

  c) We checked the estimated contract costs on a sample basis to underlying documentation such as supplier purchase orders, supplier quotes and other supporting documents. We compared the estimated labour rates to actual labour rates.

  d) We evaluated the accuracy and reliability 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 contract's costs and margins.

- Where applicable we compared the contract revenue and contract 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 contracts, we verified the revenue earned for the year to the approved claims and payments by the customer on a sample basis.
- For the unbilled revenue on a sample basis (i.e., contract assets) at 30 June 2024 we verified the subsequent billing post reporting date; and
- We evaluated the appropriateness of the disclosures in the financial report.

Impairment Testing of Goodwill – Note 13

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 financial results in the value-in-use calculations to the approved budget 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 for each cash generating unit. We compared the growth rates to historical evidence and market information.
- We compared the revenue and earnings 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 and/or where future uncertainty is greater, or volatility is expected.
- We engaged an independent third-party valuation specialist to calculate the discount rate range after evaluating the independence, expertise and qualifications of the expert.

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- 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 quantitative and qualitative considerations in relation to the valuation of goodwill, by comparing these disclosures to our understanding obtained from our testing and the requirements of the accounting standards.

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Key Audit Matter	How our audit addressed the key audit matter
Business Combination – Acquisition of Watmar (Note 6) The business combination has been identified as a key audit matter due to • The complex nature of the accounting treatment of such transactions; and • Complex estimation and judgement involved in determining the fair value of the net assets and consideration transferred. Therefore, significant audit effort is required to gather sufficient appropriate audit evidence for this key audit matter.	Our Procedures, amongst others, included: • Reading the terms and conditions of the purchase agreement. • Verifying that the acquisition met the met the requirements of a business as defined in *AASB 3 Business Combinations*. • We engaged our own independent expert to assess management accounting treatment regarding the application of *AASB 3 Business Combinations*. • We verified the key details of the acquisition including the date of acquisition, acquiree and the acquirer to the contract and other supporting documents. • We verified the purchase consideration to the agreement. • We performed specific procedures on the net assets of the acquiree on date of acquisition. • We tested the objectivity, independence and expertise of management's expert regarding the valuation of the intangible assets identified as part of the business combination. We evaluated the appropriateness of the disclosures in the financial report.

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 2024 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:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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.

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

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14-17 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of WestStar Industrial Limited for the year ended 30 June 2024 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, 24 September 2024

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 2 September 2024.

Distribution of Shareholders	Number of Holders	Fully Paid Ordinary Shares Number of Shares	% Issued Share Capital
1 – 1,000	122	10,993	0.01%
1,001 – 5,000	163	588,011	0.50%
5,001 – 10,000	106	845,886	0.72%
10,001 – 100,000	341	9,549,470	8.11%
100,001 – and over	137	106,770,879	90.66%
Total	**776**	**117,765,239**	**100.00%**

Based on share price of $0.13 there were 195 holders of ordinary shares, with a combined total of 195,434 ordinary shares, holding less than a marketable parcel which amounts to 0.17% 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 2 September 2024

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 Kelvin Geoffrey Andrijich and associated entities	10,435,932	8.86%
Mr Colin Stanley Heitman <The C & D Heitman A/C>	10,283,024	8.73%
Mr Lay Ann Ong and associated entities	7,754,369	6.58%
Econ (WA) Pty Ltd <Rechichi Family A/C>	7,563,547	6.42%

Top twenty shareholders of ordinary shares:

	Holder Name	Holding	% IC
1	Mr Colin Stanley Heitman <C & D Heitman A/C>	10,283,024	8.73%
2	ECON (WA) Pty Ltd <Rechichi Family A/C>	7,563,547	6.42%
3	Mr Kelvin Geoffrey Andrijich <LCS A/C>	6,435,932	5.46%
4	WestStar Precast Pte Ltd	6,000,000	5.09%
5	Mr Kelvin Geoffrey Andrijich	4,000,000	3.40%
6	Frank Johan Gran <The F&C Gran A/C>	3,677,676	3.12%
7	Mr Mark Dimasi + Mrs Julianne Dimasi <The Dimasi Family A/C>	2,895,834	2.46%
8	Mrs Maria Luisa Mosole <M & M Mosole Family A/C>	2,358,711	2.00%
9	BNP Paribas Nominees Pty Ltd <IB AU NOMS Retail Client DRP>	2,326,884	1.98%
10	HSBC Custody Nominees (Australia) Limited	2,265,032	1.92%
11	Finclear Services Pty Ltd <Superhero Securities A/C>	2,022,037	1.72%
12	Mr Peter Hall	2,000,000	1.70%
13	Passpa Pty Ltd <The PS Unit A/C>	2,000,000	1.70%
14	Maria Luisa Mosole <The M & M Mosole Family A/C>	2,000,000	1.70%
15	MilW Pty Ltd	1,831,821	1.56%
16	Mr Jon Paul Re <J P RE Family A/C>	1,662,022	1.41%
17	Hampshire Assets And Services Pty Ltd	1,500,000	1.27%
18	Lay Ann Ong	1,434,369	1.22%
19	PS Corporate Pty Ltd	1,430,322	1.21%
20	David Dimasi <David Dimasi Family A/C>	1,250,000	1.06%
	Total	**64,937,211**	**55.14%**
	Total issued capital – Fully Paid Ordinary Shares	**117,765,239**	**100.00%**

Unquoted Equity Securities

As at 2 September 2024 there is Nil unlisted options on issue.

Restricted Securities

The Company has 7,000,000 restricted securities, subject to escrow until 30 November 2025, on issue as at 2 September 2024.

CORPORATE DIRECTORY

WESTSTAR INDUSTRIAL LIMITED

ABN 38 119 047 693

DIRECTORS

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

AUDITOR

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

COMPANY SECRETARY

Mr Stuart Third

ASX CODE

WSI

REGISTERED OFFICE

52 Hope Valley Road
Naval Base WA 6165

SHARE REGISTRY

Xcend Registry Pty Ltd
Level 1, 139 Macquarie Street
Sydney NSW 2000
P: +61 2 7208 8033
W: www.xcend.co

PRINCIPAL PLACE OF BUSINESS

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

WestStar Industrial

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