



Half-Yearly Report
31 December 2024

CONTENTS

ABOUT	3
DIRECTOR REPORT	4
AUDITOR'S INDEPENDENCE DECLARATION	10
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	11
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	12
CONSOLIDATED STATEMENT OF CASH FLOWS	13
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	14
DIRECTORS' DECLARATION	25
INDEPENDENT AUDITOR'S REVIEW REPORT	26
CORPORATE DIRECTORY	28

ABOUT

WestStar Industrial Limited (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



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



DIRECTOR REPORT

The Directors of WestStar Industrial Limited submit the financial report of WestStar Industrial Limited ("the Company") and its controlled entities ("the Group" or "Consolidated Entity") for the half-year ended 31 December 2024. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

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

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

The qualifications and experience of the Company's Directors are outlined in the 30 June 2024 Annual 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 31 December 2024 Half-Yearly Report.

FIRST HALF-YEAR FINANCIAL HIGHLIGHTS

- Half-Year Earnings (EBITDA) of \$1,562,583
- Net Loss After Tax (NLAT) of \$1,360,109 - (\$1,137,584 attributable to non-cash Share Based payments expense during the half-year)
- Revenue of \$77,381,195
- 1HY25 Alltype Engineering revenue \$56,184,310
- 1HY25 SIMPEC revenue \$18,328,556
- 1HY25 Watmar Engineering revenue \$2,868,329
- Cash Holdings of \$11.8M
- Cash Backed Bonds of \$0.8M
- Surety bond facilities totalling \$22M available to the Group.
- Debt NIL (excluding short term annual insurance premium funding finance and asset leases)

RESULTS OF OPERATIONS

	Half-year ended 31 December 2024 \$	Half-year ended 31 December 2023 \$
EBITDA*	1,562,583	5,040,690
Depreciation and amortisation	(1,274,252)	(1,067,512)
EBIT	288,331	3,973,178
Share based payment expense	(1,137,584)	(82,269)
Interest costs	(549,853)	(124,525)
Bargain purchase on Acquisition of subsidiary	-	582,655
(NLBT) / NPBT	(1,399,106)	4,349,039
Income tax benefit / (expense)	38,997	(1,448,582)
(NLAT) / NPAT	(1,360,109)	2,900,457

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

FINANCIAL PERFORMANCE

WestStar Industrial achieved Group Revenue of \$77.4M for the half-year ended 31 December 2024 compared to \$110.0M for the previous half-year 31 December 2023. The reduction in revenue was primarily due to the reduced revenue stream through SIMPEC after having achieved Practical Completion at the Cockburn Cement Project, being one of the largest projects completed in the Group's history. Despite these challenges the Group reported an EBITDA for the half-year of \$1,562,583, was able to maintain a balance sheet equity position of \$29.8M and achieve a working capital surplus of \$16.5M.

REVENUE

WestStar Industrial recorded revenue for the half-year of \$77.4M, a decrease of 29.7% on the previous corresponding period.

The reduction in revenue was primarily due to delayed awards of projects for SIMPEC and the substantial completion of the Cockburn Cement Project in FY24 contributing to reduced half-year revenue of \$18.3M, down 72.4% on the prior corresponding half-year (31 December 2023: \$66.5M).

Alltype Engineering achieved half-year revenue of \$56.2M, an increase of 133% on the prior corresponding half-year (31 December 2023: \$42.2M). With the Kurri Kurri Facilities project nearing completion, Alltype will look to seek further revenue growth from newly tendered projects in the coming period.

Watmar Engineering achieved half-year revenue of \$2.9M, having contributed \$3.0M revenue in the first eight months to 30 June 2024 as part of the WestStar Group.

EARNINGS

Earnings before interest, tax, depreciation and amortization (EBITDA) for the half-year ended 31 December 2024 was \$1.56M, a decrease of 69.0% on the prior half-year (31 December 2023: \$5.0M).

Net loss after tax was \$1.36M, down 147% on the previous half-year (31 December 2023: NPAT \$2.9M).

BALANCE SHEET

The Company continues to maintain its balance sheet with total equity of \$29.8M decreasing by 0.7% on the prior comparative year (30 June 2024: \$30.0M). The Group held cash of \$11.8M and had a working capital surplus of \$16.5M at 31 December 2024 (30 June 2024: \$16.0M). Strengthening of the balance sheet enables the Group to display and to deliver the financial capacity appropriate for its growth targets, current commitments and potential opportunities. With nil long-term debt, excluding asset lease finance, the Group continues to effectively use its balance sheet to manage new projects, growth and explore strategic and earnings accretive acquisitions, that will ultimately drive long-term sustainable growth and create improved value for shareholders.

OPERATIONS



OPERATIONS UPDATE

The first half of FY25 has presented challenges for SIMPEC. The major construction market in Western Australia has softened considerably, with numerous projects either postponed or indefinitely cancelled. Given SIMPEC's strategic focus on lithium, rare earths, and mineral processing projects, the business has been particularly affected by these market shifts. This downturn has resulted in an intensely competitive contracting landscape, with bidding activity at its most aggressive levels in recent years.

Despite these challenges, the business has remained highly active in the tendering space, with several previously delayed projects now re-entering the market for pricing. SIMPEC is optimistic that some of these opportunities will convert into secured contracts in the second half of the financial year.

Encouragingly, the Tank Division has experienced a surge in tender opportunities nationwide. To capitalise on this growth, we have engaged industry specialists to expand their capabilities and market presence across Australia.

In operational developments, the Cockburn Cement Project was successfully closed out in December 2024, with all MDR and quality documentation handed over and accepted by the client.

Given the current market conditions and project challenges, the business has recorded a loss for the first half of FY25 of \$1.44M. However, with an increasing number of opportunities emerging and key projects moving towards execution, SIMPEC remains focused on securing sustainable growth in the coming months.

OPERATIONAL HIGHLIGHTS

Tianqi TLK Minor Works: Continuing on from its existing works, SIMPEC has secured a panel service agreement for ongoing support of the Tianqi Lithium Kwinana Train 1 works, further building on its strong relationship with Tianqi.

Acciona Kwinana Avertas Energy Project: Continuing on from its existing works, SIMPEC is providing construction and commissioning personnel for Australia's first large-scale waste-to-energy plant, contributing to innovative energy solutions.

SEPD Wagerup BESS Project: SIMPEC continues its ongoing works on the Wagerup Battery Energy Storage Systems project under the direction of SEPD, with opportunities to further expand its service offering.

Sydney Infrastructure Projects: In alignment with its East Coast growth strategy, SIMPEC continues works on both the Southwest Line-Wide Works Project and the Hitachi (Thales) GTSA Metronet project.

East Coast Expansion: The team is actively seeking new construction and maintenance projects in Newcastle, Brisbane, Sydney, and Victoria.

National Expansion: SIMPEC has successfully expanded its national footprint, now operating out of a newly established office in Sydney. By strengthening its presence on the East Coast, SIMPEC is poised to leverage opportunities in both traditional and emerging markets, solidifying its position as a leading player in the Australian construction and maintenance sector.

Health, Safety, and Environment (HSE) Performance

SIMPEC continues to uphold its strong commitment to safety and well-being. The company has achieved an exemplary milestone of seven consecutive years with no lost time injuries (LTIs). Its Total Recordable Injury Frequency Rate (TRIFR) remains significantly below industry benchmarks, underscoring SIMPEC's dedication to fostering a culture of safety excellence and prioritising employee health.

Human Resources and Industrial Relations

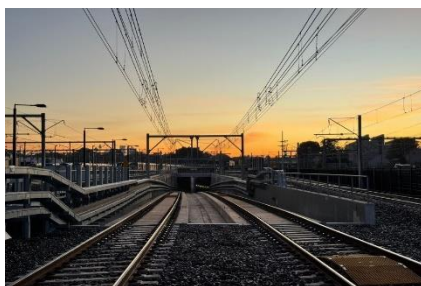
In a highly competitive labour market, SIMPEC recognises that its workforce is its greatest asset. The company is actively working to enhance employee engagement through targeted initiatives, aligning with its core values. Beyond offering competitive remuneration, SIMPEC focuses on professional development, fostering a culture of continuous improvement, and implementing systems that enhance workplace efficiency and satisfaction. These efforts aim to position SIMPEC as an employer of choice in the industry.

Pipeline and Future Opportunities

SIMPEC's strategic focus on client relationships and market diversification has resulted in numerous new tender opportunities and expressions of interest. These include both existing and new clients across all Australian states and territories.

CONCLUSION

With a strong commitment to safety, collaboration, and innovation, SIMPEC is well-positioned to lead in Australia's rapidly evolving energy and infrastructure markets. The company's strategic expansion into emerging sectors, including green energy, is unlocking new growth avenues and reinforcing its reputation as a trusted partner in delivering complex projects.



Alltype Engineering had an excellent start to FY25, posting a record first half year of revenue and continues to tender, source and negotiate new opportunities.

Adjusted domestic gas policies and medium-term acceptance of gas as a transition energy source is indicating a strong resurgence within the oil and gas sector which Alltype Engineering is well positioned across the country to capitalise upon, particularly given the strong resume of experience developed through recent contract deliveries.

The Kurri Kurri Storage Station, a natural gas offtake and compression facility to power a new gas fired peak power generation station in the Hunter Valley, New South Wales is on target to achieve practical completion in FY25.

Alltype Engineering continues to grow its Queensland footprint in Gas Processing and Compression Facilities in the Coal Seam Gas Sector. A number of gas producers have shown great interest in the successful delivery of these previous projects as a catalyst to engage with Alltype Engineering on current and future developments.

In Western Australia, the workshop continued to deliver consistent, reliable fabrication services for piping, tanks, steel, pressure vessels, skids and modules across a multitude of industries and clients, however with international supply chains and logistics restored post COVID-19, competition from international fabricators has increased again, resulting in some reductions in revenue within the fabrication segment. WA is experiencing a decline in shop fabrication

demand and we anticipate the conditions will remain soft in the short term. However, we expect the workshop to maintain requisite throughputs in this time frame as the delivery of long lead materials is realised on secured projects.

Health, Safety, and Environment (HSE) Performance

Alltype Engineering maintained a steady safety record with a Total Recordable Injury Frequency Rate (TRIFR) remaining well below industry benchmarks (including the manufacturing sector), despite the hazardous nature of the works undertaken, particularly in remote areas.

As the Company celebrates 40 years of operation later this year, Alltype's reputation continues to grow, with new opportunities across the country being explored and the Company heads into 2H FY25 with a solid pipeline of new opportunities that can underpin works for FY26.

Near term focus on rebuilding the order book and secured revenue continues to be a priority for the business development teams as well as completing committed projects safely, on schedule and on budget with acceptable commercial outcomes.



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 continue to be Watmar Engineering's most critical clients.

The client engagement plan initiated in early 2024 to maintain and strengthen relationships across the business' breadth of stakeholders in New South Wales, South Australia and Western Australia is advancing and resulting in additional orders and commitments. This engagement plan is now evolving to a broader Business Development campaign and diversification to the:

- Mining & Mineral Processing;
- Energy & Power Generation; and
- Chemical & Industrial Processing

Sectors, and the business' continuing progression into maintenance services and sustaining capital works, delivering alternate longer term predictable revenue streams.

Key projects completed during the period include:

- Installation supervision of the Quantum Stabilizers' Stabilising Fin Systems for Offshore Patrol Vessel's OPV3 and OPV4 for Luerssen Australia;
- Preservation, packaging, and supply of used specialist Liquid Fuel Forwarding Skid componentry and instrumentation to Rio Tinto Iron Ore;
- RMP-W Maintenance Campaigns for Defence Australia Vessels in WA for Babcock International; and
- RMP-E Maintenance Campaigns for Defence Australia Vessels in NSW for Thales Marine Systems.

All key positions for the new organisation structure (implemented late June 2024) have now been recruited to support efficient and effective performance of the two primary business activities:

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

positioning the business for its continuing development and growth.

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. HSEQ leading and lagging indicators demonstrate continuing improvement and a positive trend.

ISO9001, ISO14001, ISO45001, ISO17025 (NATA), ISO3834 (Welding / factory production control system), and client audits were successfully completed during the period.

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. Likewise, significant demand for delivering Watmar Engineering's specialist Products and Services is developing – and being effected – for the broader Resources sector. Price escalation variations for existing Defence Australia Standing Offer Contracts are imminent, with the prospect that additional contract categories shall also be expanded to apply across all major Navy vessel platforms.

Business development efforts continue to identify further business opportunities with new and emerging clients in Western Australia, New South Wales, South Australia, and Northern Territory. These new opportunities are aligned to the Business Strategy and Plan for diversified and recurring revenue streams.



SUMMARY

In review of our half-year results, SIMPEC has experienced a reduction in new contract awards that have either been completed or are nearing completion on their existing contracted works.

The deferred or delays to contracts are generally across a range of industry sectors, but more specifically in the Mining and Mineral processing sector. Whilst this market broadly speaking for SIMPEC has softened, significant targeted projects have remained. Despite these challenges we still look for efficiencies across the business and look to maintain our existing management and workforce in readiness for project commencement.

SIMPEC is well positioned heading into the second half with a strong brand and the proven skill and expertise to move imminently on any awards received.

Alltype Engineering had an excellent start to FY25, posting record first half of revenue. Alltype Engineering continued to deliver on existing contract works at the APA Kurri Kurri project, which is nearing Practical Completion in FY25. The company has a defined near-term focus on rebuilding the order book and secured revenue. This continues to be a priority for the business development teams as well as completing committed projects safely, on schedule and on budget with acceptable commercial outcomes.

Watmar Engineering achieved half-year revenue of \$2.9M. As at 31 December 2024 Watmar Engineering had approx. \$0.4M in net revenue on Parts supply contracts which it has not been able to recognise to this point as the parts and materials have not yet been delivered to the end client as part of Watmar Engineering's performance obligations under Accounting Standard AASB 15: *Revenue From Contracts with Customers*.

Watmar Engineering is continuing the progression into maintenance services and sustaining capital works and through this aims to deliver alternate longer term predictable revenue streams.

Whilst traditionally the largest percentage of our forward pipeline across the Group has been in Western Australia, the business continues to develop opportunities across the country.

This has been a direction set by Board and management two years ago and is demonstrative of the transition to become a national company over time delivering diverse revenue streams throughout varying geographical markets to deliver less fluctuations by being based in Western Australia.

With the introduction of Watmar Engineering to the Group we have commenced tendering a larger portion of marine and defence available contracts to expand our offering.

CLOSING

WestStar Industrial Limited is 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.

WestStar Industrial Limited is a seven year-old company that has organically created a positive balance sheet of \$29.8M.

The Group held cash of \$11.8M and had a working capital surplus of \$16.5M at 31 December 2024 all whilst debt remains at nil (excluding short term insurance premium funding loan and asset finance). Surety Bond Facilities now total \$22M with current availability of \$18.5M that has been replenished and set for growth.

In a short period of seven years WestStar Industrial Limited has made three quality acquisitions; SIMPEC, Alltype Engineering and Watmar Engineering that have enabled the company to advance and build its strong reputational brands to take on larger multidisciplinary projects with increased earnings potential on a national scale.

We have developed a wider geographical presence with satellite offices strategically located in NSW and QLD with our existing base in WA. The increased geographical footprint is providing opportunity to capture and expand upon our existing relationships that have a national presence within these regions. Projects are now being tendered on a national platform.

The value proposition of WestStar Industrial Limited remains a function of size. Whilst it remains important to grow the business with diverse revenue streams this will not be at the expense of loss-making work in a softened market that does not meet the performance criteria set by the Board and management.

STRATEGIC GROWTH

We continue to analyse strategic acquisition prospects in the sustaining capital and recurring revenue space. This will provide for a more balanced pipeline of opportunities across our existing core markets and geographic regions together with new opportunities group wide.

Maintaining this effective growth strategy, combined with a solid existing order book and strong recurring revenues, will position us well to capitalise on future opportunities and provide less volatility to our Revenue profile.

Our leadership and project teams have proven themselves in the delivery of high-quality, safe, on-time, and on-budget outcomes. This dedication will drive our continued financial performance and success in the years to come.

We remain disciplined about the use of current capital to fund our operations first and foremost. We will maintain this operational discipline until we have the comfort of any material awards that will deliver earnings certainty to fund future opportunities and growth. We will continue to look carefully at how we fund and integrate any acquisition opportunities on a case-by-case basis.

We would like to thank all of our team members for their individual contributions and thank our long-term supportive shareholders, for their investment and ongoing support.



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

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

WESTSTAR INDUSTRIAL LIMITED

As lead auditor for the review of WestStar Industrial Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief there have been:

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

This declaration is in respect of WestStar Industrial Limited and the entities it controlled during the half-year ended 31 December 2024.

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD



NIGEL DIAS

DIRECTOR

Perth, Dated 28 February 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	Note	31 December 2024 \$	31 December 2023 \$
Revenue	4(a)	77,381,195	110,030,157
Cost of goods sold and services		<u>(66,539,007)</u>	<u>(97,872,293)</u>
Gross Margin		10,842,188	12,157,864
Other income	4(b)	518,474	902,867
Bargain purchase on business combination		-	582,655
Expenses:			
Occupancy expenses		(190,601)	(170,373)
Administration expenses	5(a)	(9,686,476)	(7,737,078)
Depreciation and amortisation		(1,173,621)	(1,067,512)
Amortisation of customer relationships acquired		(100,631)	-
Finance costs	5(b)	(549,853)	(124,525)
Expected credit (reversal)/loss		103,099	(75,000)
Share based payments expense	11	(1,137,584)	(82,269)
Foreign exchange gain / (loss)		(4,913)	(2,926)
Loss on sale of plant and equipment		<u>(19,188)</u>	<u>(34,664)</u>
Expenses		(12,759,768)	(9,294,347)
(Loss) / Profit before income tax		(1,399,106)	4,349,039
Income tax benefit / (expense)	6(a)	38,997	(1,448,582)
(Loss) / Profit after income tax		(1,360,109)	2,900,457
Discontinued Operations			
Profit after income tax from discontinued operations		-	-
Other Comprehensive Income			
Items that may be reclassified to profit or loss		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive income		(1,360,109)	2,900,457
Earnings per share			
Basic and Diluted Earnings per share for the year attributable to the members of WestStar Industrial Limited (cents per share)	12	(1.16)	2.62

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

AS AT THE HALF-YEAR ENDED 31 DECEMBER 2024

	Note	31 December 2024 \$	30 June 2024 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	11,809,961	13,678,160
Trade and other receivables		15,160,188	22,338,776
Inventories		876,098	876,347
Financial assets	14	68,004	1,177,843
Contract assets		19,072,010	18,125,416
Total Current Assets		46,986,261	56,196,542
Non-Current Assets			
Financial assets	14	705,603	1,750,502
Trade and other receivables		430,000	411,901
Investments		283,075	283,075
Property, plant & equipment		5,771,066	5,788,879
Right of Use Asset		5,803,354	2,339,382
Deferred tax asset	6(d)	752,287	713,290
Intangible Assets		5,682,148	5,782,779
Total Non-Current Assets		19,427,533	17,069,808
Total Assets		66,413,794	73,266,350
LIABILITIES			
Current Liabilities			
Trade and other payables		17,096,250	28,315,995
Income tax payable	6(c)	5,032,694	5,032,694
Provisions		2,856,854	2,743,749
Borrowings		1,166,491	-
Lease liabilities		1,993,616	1,067,821
Contract liabilities		2,300,906	3,067,938
Total Current Liabilities		30,446,811	40,228,197
Non-Current Liabilities			
Provisions		373,100	473,921
Lease liabilities		5,832,261	2,580,085
Total Non-Current Liabilities		6,205,361	3,054,006
Total Liabilities		36,652,172	43,282,203
Net Assets		29,761,622	29,984,147
EQUITY			
Issued capital	9(a)	26,535,791	25,435,791
Reserves	10	225,500	187,916
Retained profits		3,000,331	4,360,440
Total Equity		29,761,622	29,984,147

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	Note	31 December 2024 \$	31 December 2023 \$
Cash flows from operating activities			
Receipts from customers		91,196,603	136,468,170
Payments to suppliers and employees		(95,416,205)	(135,209,534)
Interest received		200,061	156,524
Interest paid		(234,066)	(62,794)
Other income		276,128	746,344
Net cash flows (used in) / provided by operating activities	7	(3,977,479)	2,098,710
Cash flows from investing activities			
Payment for financial assets		(21,095)	(666,257)
Proceeds from return of financial assets		2,218,119	733,511
Purchase of property, plant & equipment		(242,744)	(449,226)
Proceeds from disposal of property, plant & equipment		70,000	7,182
Acquisition of subsidiary, net of cash acquired		-	(801,057)
Net cash flows (used in) / provided by investing activities		2,024,280	(1,175,847)
Cash flows from financing activities			
Repayment from Unrelated parties as part of the Watmar acquisition		85,000	-
Loan to Unrelated parties as part of the Watmar acquisition		-	(911,901)
Net cash provided by / (used in) financing activities		85,000	(911,901)
Net (decrease) / increase in cash and cash equivalents		(1,868,199)	10,962
Cash and cash equivalents at the beginning of the period		13,678,160	16,114,782
Cash and cash equivalents at the end of the period	7	11,809,961	16,125,744

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	Note	Issued capital \$	Retained earnings/ (Accumulated losses) \$	Share based payment reserve \$	Total \$
At 1 July 2024		25,435,791	4,360,440	187,916	29,984,147
Loss for the half-year		-	(1,360,109)	-	(1,360,109)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	(1,360,109)	-	(1,360,109)
Transactions with owners in their capacity as owners					
Recognition of share-based payments	11	1,100,000	-	37,584	1,137,584
Transactions with owners in their capacity as owners		1,100,000	-	37,584	1,137,584
Balance at 31 December 2024		26,535,791	3,000,331	225,500	29,761,622

	Note	Issued capital \$	Retained earnings \$	Share based payment reserve \$	Total \$
At 1 July 2023		24,455,791	379,625	755,117	25,590,533
Profit for the half-year		-	2,900,457	-	2,900,457
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	2,900,457	-	2,900,457
Transactions with owners in their capacity as owners					
Transfer of expired performance rights value	10	-	482,610	(482,610)	-
Transfer of expired options value	10	-	204,444	(204,444)	-
Recognition of share-based payments		-	-	82,269	82,269
Transactions with owners in their capacity as owners		-	687,054	(604,785)	82,269
Balance at 31 December 2023		24,455,791	3,967,136	150,332	28,573,259

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 half-year ended 31 December 2024 was authorised for issue in accordance with a resolution of the directors on 28 February 2025.

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 loss after tax for the half-year ended 31 December 2024 of \$1,360,109 (31 December 2023: profit of \$2,900,457) and net operating cash outflows of \$3,977,479 (31 December 2023: inflows \$2,098,710). The Group reported total net cash outflows of \$1,869,199 (31 December 2023: inflows \$10,962). The Group had cash of \$11,809,961 (30 June 2024: \$13,678,160) and a working capital surplus of \$16,539,450 (30 June 2024: surplus of \$15,968,345). The directors believe the going concern basis of preparation is appropriate based on the current working capital status, 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) Income Tax

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iv) Segment Reporting

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

(v) 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 an appropriate option pricing model that considers 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.

(vi) 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.

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, and
- recovery of deferred taxes, refer note 2 (iii).

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.

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

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

(viii) 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 half-year ended 31 December 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

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 \$
Half - Year ended 31 December 2024				
Segment operational revenue	18,328,556	56,184,310	2,868,329	77,381,195
Segment operational expense	(16,182,129)	(48,288,091)	(2,068,787)	(66,539,007)
Segment gross margin	2,146,427	7,896,219	799,542	10,842,188
Segment overheads	(3,778,198)	(4,653,614)	(999,087)	(9,430,899)
Segment operating profit / (loss)	(1,631,771)	3,242,605	(199,545)	1,411,289
Other Income - operational	188,240	315,074	14,743	518,057
Net operating Profit / (Loss) before tax & Corporate Administration expenses	(1,443,531)	3,557,679	(184,802)	1,929,346
Other income				417
Corporate & administration ¹				(3,328,869)
Net operating Profit / (Loss) before Tax				(1,399,106)
Income tax benefit / (expense)				38,997
Net operating Profit / (Loss) after Tax				(1,360,109)
¹ Includes non-cash Share Based Payments expense of \$1,137,584				
Half-Year ended 31 December 2023				
Segment operational revenue	66,539,883	42,223,002	1,267,272	110,030,157
Segment operational expense	(60,957,086)	(36,252,112)	(663,094)	(97,872,292)
Segment gross margin	5,582,797	5,970,890	604,178	12,157,865
Segment overheads	(3,006,434)	(4,755,130)	(319,851)	(8,081,415)
Segment operating profit (loss)	2,576,363	1,215,760	284,327	4,076,450
Other Income - operational	649,320	239,743	4,000	893,063
Net operating Profit/(Loss) before tax & Corporate Administration expenses	3,225,683	1,455,503	288,327	4,969,513
Bargain purchase on business combination				582,655
Other income				9,804
Corporate & administration				(1,212,933)
Net operating Profit (Loss) before Tax				4,349,039
Income tax expense				(1,448,582)
Net operating Profit (Loss) after Tax				2,900,457
Half-Year ended 31 December 2024				
Segment assets	19,448,105	38,611,255	4,949,355	63,008,715
Segment liabilities	(8,176,764)	(16,481,953)	(2,491,690)	(27,150,407)
Segment asset & liabilities	11,271,341	22,129,302	2,457,665	35,858,308
Cash and corporate assets				3,405,080
Corporate liabilities				(9,501,766)
Total asset & liabilities				29,761,622
Half-Year ended 31 December 2023				
Segment assets	26,371,272	34,545,136	6,785,304	67,701,712
Segment liabilities	(12,587,754)	(13,932,252)	(3,943,513)	(30,463,519)
Segment asset & liabilities	13,783,518	20,612,884	2,841,791	37,238,193
Cash and corporate assets				1,989,895
Corporate liabilities				(10,654,829)
Total asset & liabilities				28,573,259

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

4. Revenue and Other Income

	31 December 2024 \$	31 December 2023 \$
(a) Revenue		
Construction and Engineering services recognised over time	75,994,829	110,030,157
Sale of goods recognised at a point in time	1,386,366	-
	<u>77,381,195</u>	<u>110,030,157</u>

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

Construction and Engineering services recognised over time	75,994,829	110,030,157
Sale of goods recognised at a point in time	1,386,366	-
	<u>77,381,195</u>	<u>110,030,157</u>

(b) Other Income

Interest Income	242,347	156,524
Scrap metal sales	27,077	43,613
Insurance recoveries	80,830	113,212
Other Income	168,220	589,518
	<u>518,474</u>	<u>902,867</u>

5. Expenses

	31 December 2024 \$	31 December 2023 \$
(a) Administrative expenses		
- Employee wages and salaries	6,586,775	5,686,158
- Professional services and consultant fees	1,413,146	871,236
- Insurance	509,289	178,764
- Motor vehicle costs	52,502	33,828
- ASX and Share registry fees	27,428	25,211
- General administrative costs	1,097,336	941,881
	<u>9,686,476</u>	<u>7,737,078</u>
(b) Finance costs		
- Interest and associated costs to unrelated third parties	549,853	124,525
	<u>549,853</u>	<u>124,525</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

6. Income Tax

	31 December 2024 \$	31 December 2023 \$
(a) Income tax expense		
Major component of tax expense for the year		
Current tax	-	165,387
Deferred tax	(38,997)	1,283,195
	<u>(38,997)</u>	<u>1,448,582</u>

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

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

Profit / (Loss) from continuing operations before income tax expense	(1,399,106)	4,349,039
Tax at the Group rate of 30% (31 December 2023: 30%)	(419,732)	1,304,712
Other non-deductible expenses	376,001	57,444
Prior period under/(over) provision	-	86,426
Temporary difference movement variance	4,734	-
Income tax (benefit) / expense	<u>(38,997)</u>	<u>1,448,582</u>

	31 December 2024 \$	30 June 2024 \$
(c) Income tax liability		
Current tax payable	5,032,694	5,032,694

(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:

Liabilities:

Plant and Equipment	506,502	604,725
Accrued income	71,698	167,610
Other non-depreciable assets	1,741,008	701,815
Prepayments	59,182	-
Intangible assets recognised on business combination	382,399	382,399
Debt Write-Off	336,767	336,767
Deferred tax liability	<u>3,097,556</u>	<u>2,193,316</u>

Assets:

Transferred losses	731,423	731,423
Losses available to offset against future taxable income	84,880	-
Provisions & accruals	1,121,790	1,448,324
Provision for doubtful debts	141,570	22,500
Borrowing costs	-	6,759
Lease Asset	1,770,180	697,600
Deferred tax asset	<u>3,849,843</u>	<u>2,906,606</u>
Net deferred tax asset recognised	<u>752,287</u>	<u>713,290</u>
Net deferred tax asset not recognised	<u>-</u>	<u>-</u>

The benefit for tax losses will only be obtained if:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

7. Cash and Cash equivalents

	31 December 2024 \$	30 June 2024 \$
Cash at bank and on hand	<u>11,809,961</u>	<u>13,678,160</u>
	31 December 2024 \$	31 December 2023 \$
Reconciliation of profit / (loss) after income tax to net cash inflow/(outflow) from operating activities		
(Loss) / Profit after income tax	(1,360,109)	2,900,457
Non-Cash Items		
Depreciation and amortisation expenses	1,274,252	1,067,512
Share-based payments	1,137,584	82,269
(Reversal) of Expected credit loss	(103,099)	75,000
Loss / (Profit) on sale of plant and equipment	19,188	34,664
Bargain purchase on business combination	-	(582,653)
<i>(Decrease) / increase in working capital</i>		
(Increase) / decrease in receivables	7,585,382	6,947,021
(Increase) / decrease in contract assets	(946,594)	12,707,384
(Increase) / decrease in deferred tax asset	(38,997)	1,283,194
Increase / (decrease) in payables	(10,790,337)	(25,979,151)
Increase / (decrease) in income tax payable	-	165,387
Increase / (decrease) in contract liabilities	(767,032)	6,825,241
Increase / (decrease) in provisions	12,283	(3,427,615)
Net cash inflow/(outflow) from operating activities	<u>(3,977,479)</u>	<u>2,098,710</u>

8. 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 half-year ended 31 December 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)

On 26 November 2024 shareholders approved the grant of up to 9,000,000 Performance Rights to Directors (or their nominees) under the WestStar Performance Rights Plan and 11,000,000 shares to Mr Robert Spadanuda (7,000,000 shares) and Mr Mark Dimasi (4,000,000 shares). The shares were valued at \$0.10 per share being the trading price of the shares on 26 November 2024 being the date of the Annual General Meeting. The securities were issued on 24 December 2024.

9. Issued Capital

(a) Issued and paid up capital

	31 December 2024 \$	30 June 2024 \$
Ordinary shares fully paid	<u>26,535,791</u>	<u>25,435,791</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

9. Issued Capital (cont...)

(b) Movements in shares on issue

	Half-Year to 31 December 2024	
	No.	\$
<i>Movements in ordinary shares on issue</i>		
Opening balance	117,765,329	25,435,791
Details of the Company shares issued during the period:		
Shares issued (i)	11,000,000	1,100,000
Closing balance	128,765,329	26,535,791

(i) 11M ordinary shares at an issue price of \$0.10 per share were approved by shareholders on 26 November 2024 and issued to Directors and Executives of the Group on 24 December 2024.

	Year to 30 June 2024	
	No.	\$
<i>Movements in ordinary shares on issue</i>		
Opening balance	110,765,329	24,455,791
Details of the Company shares issued during the period:		
Shares issued (i)	7,000,000	980,000
Closing balance	117,765,329	25,435,791

(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) Performance shares

Movements in performance rights on issue

	Half-Year to 31 December 2024 No.
<i>Movements in performance rights on issue</i>	
Opening balance	1,500,000
Issued during the half-year	9,000,000
Closing balance	10,500,000

(i) On 26 November 2024 shareholders approved the grant of up to 9,000,000 Performance Rights to Directors (or their nominees) under the WestStar Performance Rights Plan. The securities were issued on 24 December 2024.

Total Performance Rights issued by Tranche by recipient:

Details	Tranche 1	Tranche 2	Tranche 3	Total
Philip Re	1,250,000	1,250,000	1,000,000	3,500,000
Robert Spadanuda	1,250,000	1,250,000	1,000,000	3,500,000
Lay Ann Ong	750,000	750,000	500,000	2,000,000
Total	3,250,000	3,250,000	2,500,000	9,000,000

The principal terms of the Performance Rights are summarised below:

Class	Performance Condition	Expiry Date
Tranche 1 Performance Rights	Market Capitalisation - \$17.5M: Tranche 1 Performance Rights will vest on the date that the Company's market capitalisation exceeds \$17.5 million for a period of twenty (20) trading days. The Director/Employee must be a Director/Employee of the Group at the time the performance condition is met. (" Tranche 1 Performance Condition ")	24 December 2027
Tranche 2 Performance Rights	Market Capitalisation - \$19.5M: Tranche 2 Performance Rights will vest on the date that the Company's market capitalisation exceeds \$19.5 million for a period of twenty (20) trading days. The Director/Employee must be a Director/Employee of the Group at the time the performance condition is met. (" Tranche 2 Performance Condition ")	24 December 2027
Tranche 3 Performance Rights	Market Capitalisation - \$22M: Tranche 3 Performance Rights will vest on the date that the Company's market capitalisation exceeds \$22 million for a period of twenty (20) trading days. The Director/Employee must be a Director/Employee of the Group at the time the performance condition is met. (" Tranche 3 Performance Condition ")	24 December 2027

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

9. Issued Capital (cont...)

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

(ii) 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 Rate	1.02%	1.02%	1.02%

The total value of Performance Rights expensed during the half-year ended 31 December 2024 was \$37,584 (30 June 2024: \$119,853).

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

10. Reserves

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

	31 December 2024 \$	30 June 2024 \$
Share based payments reserve	225,500	187,916
	<u>225,500</u>	<u>187,916</u>

Movement in reserves

Share based payments reserve

Opening balance	187,916	755,117
Transfer of expired performance rights value (i)	-	(482,610)
Transfer of expired options value (i)	-	(204,444)
Performance Rights expensed (Refer Note 9 (c))	37,584	119,853
	<u>225,500</u>	<u>187,916</u>

(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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

11. Share Based Payments

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

	31 December 2024 \$	30 June 2024 \$
Performance rights recognised (Refer Note 9 (c))	37,584	119,853
Shares issued (i) & (ii)	1,100,000	980,000
	<u>1,137,584</u>	<u>1,099,853</u>

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

(ii) 11M ordinary shares at an issue price of \$0.10 per share were approved by shareholders on 26 November 2024 and issued to directors and executives of the Group on 24 December 2024.

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

	31 December 2024 \$	31 December 2023 \$
Earnings attributable to owners of the Company	<u>(1,360,109)</u>	<u>2,900,457</u>
	Number of Shares	Number of Shares
Weighted average number of ordinary shares for the purposes of basic and diluted Earnings / (loss) per share	<u>118,243,590</u>	<u>110,765,329</u>

Of the Company's options on issue, there were no in-the-money options as at 31 December 2024. Therefore, no options have been included in the calculation of diluted earnings per share.

13. Contingent Liabilities & Commitments

During the half-year ended 31 December 2024 the Group entered into \$0.08M and had returned \$2.13M respectively, worth of bond facilities ("the Facilities") with Export Finance Australia. As at 31 December 2024, the total value of bond facilities available to the Group under this facility amounted to \$15.0M, of which \$0.395M has been committed with the balance of \$14.605M uncommitted.

Also, during the half-year ended 31 December 2024 the Group entered into \$1.095M, and had returned \$2.566M respectively, worth of bond facilities ("the Facilities") with Assetinsure as agent for Swiss Re International SE. As at 31 December 2024, the total value of bond facilities available to the Group under this facility amounted to \$3.048M (30 June 2024: \$4.519M) with an unused portion of \$3.952M.

14. Financial Assets

As at 31 December 2024, the Group has provided bank guarantees which are held in term deposits of \$773,608 (30 June 2024: \$2,928,345) to various customers and suppliers of which \$68,004 is in current assets (30 June 2024: \$1,177,843) and \$705,603 is in non-current assets (30 June 2024: \$1,750,502).

15. 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 31 December 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 13 to 29 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 31 December 2024 and of its performance for the half-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;

On behalf of the Board



Philip Re
Non-Executive Chairman
 Perth, Western Australia

28 February 2025

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying Condensed Consolidated Half-Year Financial Report of WestStar Industrial Limited ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2024, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at half-year end from time to time during the half-year.

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

- (a) Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*;

Basis for Conclusion

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

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

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

Directors' Responsibility for the Half-Year Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Consolidated Half-Year Financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD



NIGEL DIAS

DIRECTOR

Perth, Dated 28 February 2025

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
18 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 2, 477 Pitt Street
Haymarket NSW 2000
P: +61 2 8591 8509
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



