



**ABN 38 119 047 693**

**ANNUAL REPORT**

**30 June 2017**

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## **CORPORATE DIRECTORY**

### **Directors**

Mr Lay Ann Ong (Non-Executive Director)  
 Mr Philip Re (Non-Executive Director)  
 Mr Umberto Mondello (Non-Executive Director)

### **Company Secretary**

Mr Derek Hall

### **Registered Office**

Suite 1 Ground Floor  
 437 Roberts Road  
 SUBIACO, WA, 6008  
 Telephone: +61 8 6380 2555  
 Facsimile: +61 8 9381 1122

### **Website**

[www.wsindustrial.com.au](http://www.wsindustrial.com.au)

### **Share Registry**

Automic Registry Services Pty Ltd  
 Level 1, 7 Ventnor Ave  
 WEST PERTH WA 6005  
 Telephone: + 61 8 9324 2099  
 Facsimile: + 61 8 9321 2337

### **Auditors**

Regency Audit Pty Ltd  
 Suite 1 Ground Floor  
 437 Roberts Road  
 SUBIACO, WA, 6008

### **Stock Exchange**

Australian Securities Exchange  
 (Home Exchange: Perth, Western Australia)

### **ASX Code**

WSI

**CORPORATE GOVERNANCE STATEMENT****1. OUR APPROACH TO CORPORATE GOVERNANCE****(A) FRAMEWORK AND APPROACH TO CORPORATE GOVERNANCE AND RESPONSIBILITY**

The Directors of WestStar Industrial Limited ("WestStar" or "the Company") is committed to maintaining the highest standards of corporate governance.

Corporate governance is about having a set of values that underpin the company's everyday activities - values that ensure fair dealing, transparency of actions, and protect the interests of stakeholders. The Board considers corporate governance forms part of a broader framework of corporate responsibility and regulatory oversight.

In pursuing its commitment to best practice governance standards, the Board will continue to:

- review and improve its governance practices; and
- monitor global developments in best practice corporate governance.

The Board is guided by the principles and practices that are in our stakeholders' best interests while ensuring full compliance with legal requirements.

**(B) COMPLIANCE WITH THE ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS**

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the ASX Corporate Governance Principles and Recommendations in the reporting period.

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website and will be lodged together with an Appendix 4G with the ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will identify each recommendation that needs to be reported against by the Company and will provide shareholders with information as to where relevant disclosures can be found.

The Company's corporate governance policies and charters are available at the Company's website [www.wsindustrial.com.au](http://www.wsindustrial.com.au).

Listed companies must identify the recommendations that have not been followed and provide reasons for the company's decision.

This Governance Statement describes WestStar's governance practices and notes where they do not comply with the ASX Corporate Governance Principles and Recommendations.

**2. DATE OF THIS STATEMENT**

This statement reflects WestStar's corporate governance policies and procedures as at 29 September 2017.

**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 2017. 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 Lay Ann Ong (appointed 10 September 2015)****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 16 years. Mr Ong founded West Star Group in 2000 in Singapore. The West Star family office 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, CEO and director positions within the West Star 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 in Business Administration from Manchester Business School. Mr Ong has not been a director of any listed companies in the last three years.

Special responsibilities: Nil

Other current directorships of Listed companies: Nil

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

**Mr Philip Re (appointed 28 March 2017)****Non-Executive Director**

Mr Philip Re has been a Director for a number of publicly listed and unlisted companies involving transactions in property development and investment, technology, education, mining exploration and production, and the renewable energy industry. He has been directly involved in Raising Capital, Merger & Acquisitions, Initial Public Offers and Reverse Takeovers for various ASX listed companies and unlisted property syndicates over many years. Mr Re is the Managing director of Regency Corporate Pty Ltd where he provides corporate advisory services.

Special responsibilities: Nil

Other current directorships of Listed companies: Arrowhead Resources Limited, Ausnet Financial Services Limited and iCollege Limited

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

**Mr Umberto (Bert) Mondello (appointed 28 March 2017)****Non-Executive Director**

Mr Bert Mondello has more than 20 years' experience across both the private and public sectors. As an Executive, Mr Mondello has substantial capital markets experience and knowledge of equity markets having participated in company restructures, IPOs, RTOs, investor placements and seed raisings. With experience spanning the retail and institutional sectors and extensive knowledge of marketing communications and investor relations, Mr Mondello has provided strategic corporate advice to a number of organisations across multiple industries. Across his career, including as CEO of ZipTel Limited (ASX: ZIP), Mr Mondello has been pivotal in challenging the status quo with innovation in new technologies across a myriad of products and offerings. Mr Mondello is currently a Non-Executive Director of ZipTel and holds a Bachelor of Laws from The University of Notre Dame, Australia.

Special responsibilities: Nil

Other current directorships of Listed companies: ZipTel Limited

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

Mr Frank Licciardello	Non-Executive Chairman (resigned 28 March 2017)
Mr Frank Stranges	Independent Non-Executive Director (appointed 24 January 2017, resigned 28 March 2017)
Mr David Wheeler	Non-Executive Director (resigned 18 November 2016)
Mr Peter Torre	Non-Executive Director (appointed 21 November 2016, resigned 20 January 2017)

**COMPANY SECRETARY****Mr Derek Hall (appointed 4 July 2017)**

Mr Hall is a Chartered Accountant, Fellow of the Financial Services Institute and Member of the Institute of Chartered Secretaries and Administrators.

Mr Andrew Metcalfe	Company Secretary (appointed 24 January 2017, resigned 4 July 2017)
Mr Peter Torre	Company Secretary (appointed 21 November 2016, resigned 20 January 2017)

## INTERESTS IN THE SECURITIES OF THE COMPANY

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

Director	Ordinary Shares	Ordinary shares (24 month escrow)	Performance Shares <sup>1</sup>	Unlisted Options <sup>2</sup>	Convertible Notes <sup>3</sup>
Mr Lay Ann Ong	10,171,429	64,172,257	60,000,000	15,000,000	20,000,000
Mr Philip Re	-	-	-	-	-
Mr Bert Mondello	-	-	-	-	-

**1. Performance shares** subject to an escrow period of 24 months from date of issue being 1 July 2016. The Performance Shares will convert into Shares upon satisfaction of the following milestones (each, a **Milestone**):

**(FY16 Tranche):** if Precast Australia Pty Ltd (**Precast**) achieves earnings before interest, tax, depreciation and amortisation (EBITDA) of at least \$500,000 but less than \$1 million during the financial year ending 30 June 2016, a total of 13.6 million Performance Shares will convert into Shares;

**(FY17 Tranche):** if Precast achieves EBITDA of at least:

(a) \$1 million during the period 1 July 2016 to 30 June 2017; or

(b) \$1.5 million during the period 1 July 2015 to 30 June 2017,

a total of 26.4 million Performance Shares (less the sum of any Shares which have already been converted into Shares under the FY16 Tranche) will convert into Shares;

**(FY18 Tranche):** if Precast achieves EBITDA of at least:

(a) \$1.5 million during the period 1 July 2017 to 30 June 2018; or

(b) \$3 million during the period 1 July 2015 to 30 June 2018,

a total of 40 million Performance Shares (less the sum of any Shares which have already been converted into Shares under the FY16 Tranche and the FY17 Tranche) will convert into Shares; and

**(Bonus tranche):** if Precast achieves EBITDA during the period 1 July 2015 to 30 June 2018:

(a) of greater than \$3 million in aggregate, a total of 80 million Performance Shares (less the sum of any Shares which have already been converted into Shares during the period 1 July 2015 to 30 July 2018) will convert into Shares; or

(b) of between \$500,000 and \$3 million, the number of Performance Shares determined in accordance with the following formula will convert into Shares:

$$A = ((B/C) \times D) - E$$

Where:

A = The number of Performance Shares to convert into Shares

B = EBITDA achieved in aggregate for period 1 July 2015 to 30 June 2018

C = \$3,000,000

D = 80,000,000

E = Total number of Performance Shares already issued under the FY16 Tranche, the FY17 Tranche and the FY18 Tranche respectively.

**2. Unlisted options** subject to an escrow period 24 months from date of issue being 6 July 2016. Exercisable at \$0.10 each on or before 30 June 2019.

**3. Convertible Notes** are convertible into one Fully Paid Ordinary Share and one Listed Option exercisable at \$0.02 each on or before 6 December 2018. This issuance was approved by shareholders at the Company's General Meeting held on 5 June 2017.

## RESULTS OF OPERATIONS

The Group's net loss after taxation attributable to the members of WestStar Industrial Limited for the year to 30 June 2017 was \$6,576,668 (2016: net loss of \$1,173,869). The loss for the current year includes a listing expense totalling \$3,374,335 (2016: \$nil) which represent the excess of consideration paid by Precast (as the accounting acquirer) over the fair value of the net assets acquired of the Company.

## 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 manufacture of precast concrete products, structures and elements via Precast Australia Pty Ltd ABN 71 602 022 837 (**Precast**). The Company announced the completion of the acquisition of 100% of the shares in Precast on 6 July 2016.

## REVIEW OF OPERATIONS

### Board, Management and Corporate Update

On 28 March 2017, the Company announced a restructure of the Company and a funding package for \$300,000 from sophisticated investors including the appointment of new experienced directors Mr Bert Mondello and Mr Philip Re.

On 22 May 2017, the Company announced the completion of an oversubscribed placement to sophisticated and professional investors raising an additional \$1.5 million. The placement proceeds are being used to fund working capital for Precast and allow it to execute on anticipated further contract wins, as and when they occur.

### Operations

The loss after tax for the year ended 30 June 2017 was \$6,576,668 (Precast 30 June 2016 loss of \$1,173,869) after taking into account listing expenses totalling \$3,374,335 (2016: \$nil), non-cash share based payments of \$1,040,234 and revenues of \$4,561,286.

Since the Company's 'Strategic placement and Board changes' announcement dated 28 March 2017, management have implemented a new Supply and Installation business model which has directly resulted in a pipeline of \$7 Million of contract wins since the start of April 2017.

During the period, Precast was awarded a new contract with the Salini Impregilo - NRW Joint Venture on the Forrestfield-Airport Link Project. The Forrestfield-Airport Link is one of Western Australia's most transformational public transport projects, consisting of a train line connecting Forrestfield to the city, opening up Perth's eastern suburbs to rail for the first time. Under the contract, Precast will supply feature architectural precast concrete retaining walls for the Project. The contract is one of the initial awards for a project which will require substantial volumes of prefabricated concrete. Work by Precast on this project commenced in September 2017.

The Company also announced that Precast had been awarded a key contract in the redevelopment of the Westfield Carousel Shopping Centre by Australia's biggest retail landlord Scentre Group. Under the contract awarded by Scentre Group, Precast will supply and install precast architectural facades for Westfield Carousel. Westfield Carousel and its redevelopment is one of several flagged for the Scentre Group portfolio. Work by Precast on this project commenced in August 2017.

Precast has also managed to maintain a portfolio of repeat work from clients including Multiplex and Perkin Builders Pty Ltd.

The Directors have resolved that based on all available facts and information currently available, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and therefore operating as a going concern.

### Acquisition of Precast Australia Pty Ltd

On 6 July 2016, the Company announced the completion of the acquisition of 100% of the shares in Precast Australia Pty Ltd ABN 71 602 022 837 (**Precast**), a Western Australian business involved in the manufacture of precast concrete products, structures and elements. Precast is a related party of WestStar by virtue of being controlled by an entity owned by Director, Mr Lay Ann Ong.

As detailed in the Company's prospectus dated 14 June 2016, ("Replacement Prospectus"), the acquisition involved a significant change to the nature of the Company's main business activity from mineral exploration and resource investment to the manufacture of precast concrete products. Furthermore, the acquisition involved a significant change to the size of the Company's business operations.

The share purchase agreement relating to the acquisition of Precast, was entered into on 28 August 2015. Under that agreement, the Company agreed to acquire all the ordinary shares in Precast and in return issue 80,000,000 fully paid ordinary shares, 20,000,000 options in the Company to the shareholders of Precast and 80,000,000 performance shares subject to meeting certain conditions precedent. This acquisition is now complete (see below).

The consideration for the acquisition comprised the issue to Precast's shareholders of:

- 80 million fully paid ordinary shares in the capital of the WestStar (**Shares**);
- 20 million options to acquire Shares, exercisable at \$0.10 each on or before the date falling 3 years after their issue date; and
- 80 million performance shares which, subject to satisfaction of certain milestones relating to Precast's EBITDA over the 2016, 2017 and 2018 financial years in aggregate, will convert into Shares (or will otherwise lapse) (**Performance Shares**).

in each case, on a post-consolidation basis (as further described below).

Completion of the acquisition was conditional on certain conditions being satisfied which have occurred:

- the completion of due diligence by each party in respect of the other;
- shareholders approving the acquisition and related resolutions in General Meeting;
- shareholders approving the issue of Shares upon conversion of the \$1 million in Convertible Notes held by Director, Lay Ann Ong (details of which were announced by the Company on 10 September 2016);
- the Company completing a consolidation of its issued Share capital on a 1 for 50 basis (**Consolidation**);
- the Company making an offer of Shares at \$0.05 each (on a post-Consolidation basis) under a prospectus offer (**Offer**) and raising a minimum of \$3 million under the Offer;

- the Company receiving all necessary approvals, waivers and consents required to complete the acquisition, including without limitation a waiver of ASX Listing Rule 2.1 (condition 2) and approval of the Performance Share terms in accordance with ASX Listing Rule 6.2; and
- ASX confirming that it will reinstate the Company's Shares to trading on ASX, subject only to the satisfaction of customary terms and conditions which are acceptable to the Company, acting reasonably.

The acquisition of Precast did not meet the definition of a business combination in accordance with AASB 3 Business Combinations. Instead the acquisition has been treated as a group recapitalisation, using the principles of reverse acquisition accounting in AASB 3 Business Combinations given the substance of the transaction is that the Company has effectively been recapitalised. Accordingly, the consolidated financial statements have been prepared as if Precast had acquired the Company and not vice-versa as represented by the legal position. The recapitalisation is measured at the fair value of the equity instruments that would have been given by Precast to have exactly the same percentage holding in the new structure at the date of the transaction.

As the activities of the Company would not constitute a business based on the requirements of AASB 3, the excess of the deemed consideration over the fair value of the Company, as calculated in accordance with the reverse acquisition accounting principles and with AASB 2, is considered to be a payment for a group restructure and has been expensed as a listing expense.

Concurrent with the acquisition of Precast, The Company successfully raised \$3.256 million through the Replacement Prospectus offering of 65,120,000 new ordinary shares issued at \$0.05 per share and re-complied with the ASX listing rules.

The Company's acquisition of 100% of the issued capital of Precast resulted in the Company issuing the following:

- \*80,000,000 ordinary shares at \$0.05 per share.
- \*20,000,000 options were issued, exercisable at 10 cents each expiring on 6 July 2019.
- \*80,000,000 performance shares were issued subject to performance conditions being met within three years.

As the Company is deemed to be the acquiree for accounting purposes, the carrying values of its assets and liabilities are required to be recorded at fair value for the purposes of the Precast acquisition. No adjustments were required to the historical values to effect this change.

	\$
Consideration:	
80,000,000 fully paid ordinary vendor shares	6,186,343
20,000,000 options (i)	484,805
80,000,000 performance shares (ii)	-
Total value of consideration	6,671,148
Fair value of the Company at acquisition:	
Cash and cash equivalents	3,111,752
Available for sale investment	1,500
Loan receivable	406,077
Other assets	15,244
Trade and other payables	(237,760)
Fair value of net assets	3,296,813
Excess of consideration over the fair value of net assets at the date of acquisition, recognised as listing expense.	3,374,335

(i) The value of the options was determined based on the Black Scholes model using the following assumptions:

- Dividend yield % nil
- Expected volatility 100%
- Risk free interest rate 1.77%
- Expected life of options (years) 3
- Exercise price \$0.10
- Grant date share price \$0.05
- Fair value per option \$0.0242

(ii) No value has been assigned to the Performance Shares as achievement of the the vesting conditions has been deemed not to be probable.

## 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**

On 2 August 2017, the Company announced that it has entered into a Share Sale Agreement (the “Transaction”) to acquire 100% of SIMPEC Pty Ltd (“SIMPEC”). SIMPEC is a construction contractor with specialist experience in both Structural, Mechanical and Piping (SMP), and Electrical and Instrumentation (E&I) works.

Consideration is payable in WestStar securities – 37.5 million shares issued on completion; 37.5 million service based performance securities; and up to a further 25 million shares, subject to deferred payment performance hurdles and EBITDA based KPIs criteria being achieved.

Apart from the above, there were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2017.

**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. The Company completed the acquisition of Precast and subsequent to period end, SIMPEC. Any future prospects are dependent upon the success of these businesses.

**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	11	10
Mr Philip Re	1	1
Mr Bert Mondello	1	1
Mr Frank Licciardello	10	10
Mr Frank Stranges	3	3
Mr David Wheeler	5	5
Mr Peter Torre	2	2

**NON-AUDIT SERVICES**

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Notes to the financial statements.

The board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services outlined in the Notes to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.



## **SHARE OPTIONS**

As at the date of this report, there were the following unissued ordinary shares under options.

- 155,000,00 Listed options. Exercisable at \$0.02 each on or before 6 December 2018.
- 15,000,000 Unlisted options subject to an escrow period 24 months from date of issue being 6 July 2016. Exercisable at \$0.10 each on or before 30 June 2019.
- 5,000,000 Unlisted options subject to an escrow period of 12 months from date of issue being 6 July 2016. Exercisable at \$0.10 each on or before 30 June 2019.

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

## **ASX LISTING RULE 4.10.19 STATEMENT**

The Directors confirm in accordance with ASX Listing Rule 4.10.19 that during the period from reinstatement to quotation and 30 June 2017, the Company has used its cash, and assets that are readily convertible to cash, in a way consistent with its business objectives.

## **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. There were no non-audit services provided by the Company's auditor.

**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 Lay Ann Ong	Non-Executive Director	(appointed 10 September 2015)
Mr Philip Re	Non-Executive Director	(appointed 28 March 2017)
Mr Bert Mondello	Non-Executive Director	(appointed 28 March 2017)
Mr Frank Licciardello	Non-Executive Director	(resigned 28 March 2017)
Mr Frank Stranges	Non-Executive Director	(resigned 28 March 2017)
Mr David Wheeler	Non-Executive Director	(resigned 18 November 2016)
Mr Peter Torre	Non-Executive Director	(resigned 20 January 2017)
Mr Robert Spadanuda	General Manager (Precast Australia)	

**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 the function of the Committee as a full Board under the guidance of the formal 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.

**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 2017 are summarised below:

WestStar Industrial Limited	2017	2016	2015	2014	2013
Revenue (\$'000)	4,561	14	432	1	22
NPAT (\$'000)	(6,577)	(794)	2,599	(6,871)	(2,700)

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

WestStar Industrial Limited	2017	2016	2015	2014	2013
Dividends	-	-	-	-	-
Basic EPS (cents per share)	(0.031)	(3.63)	14.84	(41.50)	(17.50)

\*Net profit/(loss) and earnings per shares figures for the prior periods are as previously disclosed and have not been updated for the acquisition of Precast on 6 July 2017 and therefore these figures may not be comparative to the 2017 figures.

### Loans to Directors and Executives

There were no loans to directors and executives during the financial year ended 30 June 2017.

### Share-based Compensation

#### Issue of shares

There were no share issued to directors and other key management personnel as part of compensation during the year ended 30 June 2017.

#### 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 2016 Annual General Meeting

WestStar Industrial Limited received more than 99% of "yes" votes on its remuneration report for the 2016 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 2017

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.

Director		Short Term employee benefits		Post employment benefits		Share based payments	Total
		Base Salary & Fees \$	Other \$	Superannuation \$	Termination benefits \$	Shares & options \$	
Lay Ann Ong	2017	48,000	-	-	-	-	48,000
	2016	40,000	-	-	-	-	40,000
Philip Re <sup>1</sup>	2017	12,515	-	-	-	-	12,515
Bert Mondello <sup>1</sup>	2017	12,515	-	-	-	-	12,515
Frank Licciardello <sup>2</sup>	2017	39,420	-	-	26,280	-	65,700
	2016	43,800	-	-	-	-	43,800
Frank Stranges <sup>2</sup>	2017	8,760	-	-	13,140	-	21,900
David Wheeler <sup>3</sup>	2017	20,000	-	-	24,000	-	44,000
	2016	42,000	-	-	-	-	42,000
Peter Torre <sup>4</sup>	2017	31,000	-	-	-	-	31,000
	2016	30,000	-	-	-	-	30,000
Giuseppe Graziano	2016	6,000	-	-	-	-	6,000
<b>Management</b>							
Robert Spadanuda	2017	95,000	25,000	11,400	-	-	131,400
<b>Total</b>	<b>2017</b>	<b>267,210</b>	<b>25,000</b>	<b>11,400</b>	<b>63,420</b>	<b>-</b>	<b>367,030</b>
	<b>2016</b>	<b>161,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>161,800</b>

1. Philip Re and Bert Mondello were appointed 28 March 2017
2. Frank Licciardello resigned 28 March 2017. Frank Stranges was appointed 24 January 2017 and resigned 28 March 2017.
3. David Wheeler resigned 18 November 2016.
4. Peter Torre was appointed 21 November 2016 and resigned 20 January 2017. His payment in 2016 related to company secretarial services.

**Shareholdings of Key Management Personnel**

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

Director	Held at 30 June 2016	Granted as compensation	Net change other	Held at 30 June 2017
Lay Ann Ong <sup>1</sup>	-	-	74,343,686	-
Philip Re	-	-	-	-
Bert Mondello	-	-	-	-
Frank Licciardello	-	-	-	-
Frank Stranges	-	-	-	-
David Wheeler	-	-	-	-
Peter Torre	-	-	-	-
<b>Management</b>				
Robert Spadanuda	-	-	-	-

1. As a vendor of Precast, these shares were issued as consideration for the acquisition of Precast and conversion of principal and outstanding interest on convertible notes. In addition, as detailed in this Director's report, Lay Ann Ong and his related entities also received 60,000,000 Performance shares subject to milestones and a 24 month escrow period.

Director	Held at 30 June 2015	Granted as compensation	Net change other	Held at 30 June 2016
Lay Ann Ong	-	-	-	-
Frank Licciardello	-	-	-	-
David Wheeler	-	-	-	-
Peter Torre	-	-	-	-
<b>Management</b>				
Robert Spadanuda	-	-	-	-

**Option holdings of Key Management Personnel**

The numbers of options over ordinary shares in the company held during the financial year by each director of WestStar Industrial Limited and specified executive of the Group, including their personally related parties, are set out below:

Director	Held at 30 June 2016	Granted as compensation	Net change other	Held at 30 June 2017	Vested Options	
					Exercisable	Not exercisable
Lay Ann Ong <sup>1</sup>	-	-	15,000,000	-	-	15,000,000
Philip Re	-	-	-	-	-	-
Bert Mondello	-	-	-	-	-	-
Frank Licciardello	-	-	-	-	-	-
Frank Stranges	-	-	-	-	-	-
David Wheeler	-	-	-	-	-	-
Peter Torre	-	-	-	-	-	-
<b>Management</b>						
Robert Spadanuda	-	-	-	-	-	-

1. As a vendor of Precast, these unlisted options were issued as consideration for the acquisition of Precast and conversion of principal and outstanding interest on convertible notes. These unlisted options are subject to an escrow period of 24 months and are exercisable on or before 30 June 2019.

Director	Held at 30 June 2015	Granted as compensation	Net change other	Held at 30 June 2016	Vested Options	
					Exercisable	Not exercisable
Lay Ann Ong	-	-	-	-	-	-
Frank Licciardello	-	-	-	-	-	-
David Wheeler	-	-	-	-	-	-
Peter Torre	-	-	-	-	-	-
<b>Management</b>						
Robert Spadanuda	-	-	-	-	-	-

**Other transactions with Key Management Personnel***Weststar Precast Pte Ltd*

As disclosed in this Directors' report, as a vendor of Precast the following securities were issued to Mr Lay Ann Ong and his associated entity Weststar Precast Pte Ltd (a company of which Mr Lay Ann Ong is a director) as consideration for the acquisition of Precast and conversion of principal and outstanding interest on convertible notes:

- 10,171,429 fully paid ordinary shares in the Company;
- 64,172,257 fully paid ordinary shares in the Company subject to a 24 month escrow period to 6 July 2018 (for a total of 74,343,686 fully paid ordinary shares);
- 60,000,000 Performance shares subject to milestones and a 24 month escrow period to 6 July 2018;
- 15,000,000 Unlisted options subject to a 24 month escrow period to 6 July 2018, exercisable into fully paid ordinary shares on a 1:1 basis at \$0.10 each on or before 30 June 2019.

As disclosed in the Company's replacement prospectus dated 14 June 2016, pursuant to an agreement between Weststar Precast Pte Ltd and Precast, Weststar Precast Pte Ltd agreed to provide Precast with an uncommitted working capital loan facility of up to AU\$1 million. Under the terms of the agreement:

- Interest accrued on each drawdown at the rate of 6% above the published BBSY from the date of the drawdown;
- All amounts outstanding on the facility are repayable within 14 days of demand by Weststar Precast Pte;
- A commission is payable to Weststar Precast Pte on each drawdown at the rate of 5% of the drawdown. During the period, WestStar Precast Pte Ltd raised an invoice of \$50,000 with respect to this commission amount.

As at the date of the completion of the acquisition of Precast by the Company, Precast had fully drawn this loan facility. On 15 July 2016, the Company made a payment of \$806,000 to Weststar Precast Pte Ltd reducing the outstanding loan facility by this amount.

On 24 April 2017, the Company entered into a Convertible Note Agreement with WestStar Precast Pte Ltd to issue up to 20,000,000 Convertible Notes, subject to and conditional upon Shareholder approval, to facilitate the conversion of the remaining debt on the loan facility into equity in the Company. At the time of entering into the agreement, the loan facility balance was \$232,011. The issuance of the 20,000,000 Convertible Notes to WestStar Precast Pte Ltd was approved by Shareholders at the Company's General Meeting held on 5 June 2017. Each Convertible Note is convertible into one fully paid ordinary share and one listed option exercisable at \$0.02 each on or before 6 December 2018. An expense of \$333,432 was recognised as a share based payment in relation to this issuance.

Additionally, during the period, Weststar Precast Pte Ltd, paid the Group management fees of \$100,000 on behalf of the Company and invoiced the Company for assets to the value of \$12,669. As at 30 June 2017, the amount outstanding from the Company to Weststar Precast Pte Ltd was \$162,669, excluding director's fees of \$48,000.

*Sanston Securities Australia Pty Ltd*

Pursuant to an agreement (Mandate) between the Company and Sanston Securities, the Company appointed Sanston Securities (an entity controlled by former Director, Mr Frank Licciardello) as Lead Manager and Corporate Advisor in connection with the Public Offer completed on 6 July 2016.

In consideration for the provision of Public Offer management, marketing, selling and distribution services by Sanston Securities under the Mandate, the Company incurred the following expenses during the period:

- a monthly corporate advisory fee retainer of \$5,000 plus GST, paid for a 4 month period totalling \$22,000;
- a success fee of \$80,000 plus GST upon the successful completion of the Public Offer;
- a management fee of 2% plus GST of the gross amount raised under the Public Offer totalling \$71,632; and
- a selling fee of 5% plus GST of the gross amount raised under the Public Offer, totalling \$179,080.

Additionally, during the period, Sanston Securities was reimbursed \$32,394 in travel expenses incurred by Mr Frank Licciardello. As at 30 June 2017, the amount outstanding from the Company to Sanston Securities was \$2,122.

*Torre Corporate Pty Ltd*

Torre Corporate, a trading entity in which former director Mr Peter Torre is the Principal charged company secretary fees of \$31,000 throughout the year. In addition, the Company paid \$11,000 for additional work undertaken regarding the Company's relisting on the ASX. As at 30 June 2017, the amount outstanding from the Company to Torre Corporate was \$84.

*Regency Corporate Pty Limited*

Regency Corporate (and its nominess), a company of which Mr Philip Re is a director, provided the Company with a fully serviced office including administration and information technology support and reimbursement of payments for financial accounting fees, corporate advisory fees, courier and other minor expenses of \$42,746 in the period.

On 23 March 2017, prior to Mr Re's appointment to the Board of Directors, the Company entered into a mandate agreement (Mandate) with Regency Corporate to provide the following services:

- M&A and restructuring advice;
- introduction to third parties to undertake a capital raise of \$300,000 (before costs) to sophisticated and professional investors and assistance with the coordination of the process (**Placement 1**); and
- introduction to third parties to undertake a capital raise of \$1,000,000 (before costs) to sophisticated and professional investors and assistance with the coordination of the process (**Placement 2**).

Per the terms and conditions of the Mandate, Regency Corporate charged the Company with a Corporate Advisory Fee equal to \$21,000 plus GST for Placement 1 and \$29,600 plus GST for Placement 2.

Additionally per the Mandate, upon completion of the Stage 2 Placement, Regency Corporate or its nominee, was to be issued 25,000,000 Shares and 25,000,000 free attaching listed Options (Advisor Securities). This issuance of Advisor Securities was approved by Shareholders at the Company's General Meeting held on 5 June 2017.

On 11 April 2017, the Company entered into a mandate agreement with Regency Corporate to provide corporate secretarial, bookkeeping, CFO and advisory services.

As at 30 June 2017, the amount outstanding from the Company to Regency Corporate was \$3,146.

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



**Bert Mondello**

**Director**

Perth, Western Australia

29 September 2017

Regency Audit Pty Ltd

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To The Board of Directors

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

As lead audit director for the audit of the financial statements of Weststar Industrial Limited and Controlled Entities for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



**CHRIS WATTS CA**  
Director

**REGENCY AUDIT PTY LTD**

DATED at PERTH this 29<sup>th</sup> day of September 2017

**Consolidated Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2017**

	Note	30 June 2017 \$	30 June 2016 \$
Revenue	4	4,561,286	7,234,192
Other income	4	17,055	130,973
		<u>4,578,341</u>	<u>7,365,165</u>
Expenses:			
Cost of goods sold		(3,642,250)	(5,753,882)
Distribution expenses		(43,688)	(1,862)
Occupancy expenses		(645,063)	(604,689)
Administration expenses	5	(2,145,180)	(1,961,299)
Listing expense		(3,374,335)	-
Depreciation		(161,259)	(93,000)
Finance costs	5	(103,000)	(124,302)
Share based payments expense	22	(1,040,234)	-
<b>Expenses</b>		<b>(11,155,009)</b>	<b>(8,539,034)</b>
<b>Profit / (loss) before income tax</b>		<b>(6,576,668)</b>	<b>(1,173,869)</b>
Income tax expense	6	-	-
<b>Profit / (loss) after income tax</b>		<b>(6,576,668)</b>	<b>(1,173,869)</b>
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified to profit or loss</i>		-	-
<b>Other comprehensive loss, net of tax</b>		-	-
<b>Total comprehensive income / (loss)</b>		<b>(6,576,668)</b>	<b>(1,173,869)</b>
<b>Earnings / (loss) per share</b>			
Loss per share for the year attributable to the members of WestStar Industrial Limited (cents per share)	23	(0.03)	(7,337)

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 30 June 2017

	Note	30 June 2017 \$	30 June 2016 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	1,559,215	234,670
Trade and other receivables	8	726,711	637,150
Available for sale assets	9	-	-
Investments	10	145,293	142,007
Other assets	11	218,823	90,533
<b>Total Current Assets</b>		<b>2,650,042</b>	<b>1,104,360</b>
<b>Non-Current Assets</b>			
Trade and other receivables	8	64,218	-
Property, plant & equipment	12	533,953	609,301
Intangible assets		-	28,795
<b>Total Non-Current Assets</b>		<b>598,171</b>	<b>638,096</b>
<b>Total Assets</b>		<b>3,248,213</b>	<b>1,742,456</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	1,908,362	2,034,805
Provisions	14	95,009	126,401
Borrowings	15	565,442	1,376,608
<b>Total Current Liabilities</b>		<b>2,568,813</b>	<b>3,537,814</b>
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>2,568,813</b>	<b>3,537,814</b>
<b>Net Assets / (Liabilities)</b>		<b>679,400</b>	<b>(1,795,358)</b>
<b>EQUITY</b>			
Issued capital	20	8,284,978	160
Reserves	21	766,608	-
Accumulated losses		(8,372,186)	(1,795,518)
<b>Total Equity / (Deficiency)</b>		<b>679,400</b>	<b>(1,795,358)</b>

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 2017**

		<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		4,079,223	6,831,900
Payments to suppliers and employees		(6,343,897)	(6,616,727)
Interest received		8,823	3,936
Interest paid		(80,585)	(26,619)
<b>Net cash flows used in operating activities</b>	<b>7</b>	<b>(2,336,436)</b>	<b>192,490</b>
<b>Cash flows from investing activities</b>			
Payment for investment in term deposit		(145,293)	(282,007)
Receipt for redemption of investment in term deposit		142,007	140,000
Purchase of subsidiary, net cash acquired	2(cc)	3,111,752	-
Purchase of property, plant & equipment		(314,960)	(385,616)
<b>Net cash flows provided by/(used in) investing activities</b>		<b>2,793,506</b>	<b>(527,623)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,673,475	40
Proceeds from borrowings		-	164,914
Repayment of borrowings		(806,000)	-
<b>Net cash provided by/(used in) financing activities</b>		<b>867,475</b>	<b>164,954</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,324,545</b>	<b>(170,179)</b>
Cash and cash equivalents at beginning of period		234,670	404,849
<b>Cash and cash equivalents at the end of the period</b>	<b>7</b>	<b>1,559,215</b>	<b>234,670</b>

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 2017

Note	Issued capital \$	Accumulated losses \$	Share based payment reserve \$	Total \$
<b>At 1 July 2016</b>	<b>160</b>	<b>(1,795,518)</b>	<b>-</b>	<b>(1,795,358)</b>
Profit/(loss) for the year	-	(6,576,668)	-	(6,576,668)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(6,576,668)</b>	<b>-</b>	<b>(6,576,668)</b>
<b>Transactions with owners in their capacity as owners</b>				
Shares and options issued for the reverse acquisition of WestStar Industrial Limited	6,186,343	-	484,805	6,671,148
Contribution of equity net of transaction costs	1,673,475	-	-	1,673,475
Recognition of share-based payments	425,000	-	281,803	706,803
<b>Transactions with owners in their capacity as owners</b>	<b>8,284,818</b>	<b>-</b>	<b>766,608</b>	<b>9,051,426</b>
<b>Balance at 30 June 2017</b>	<b>8,284,978</b>	<b>(8,372,186)</b>	<b>766,608</b>	<b>679,400</b>

Note	Issued capital \$	Accumulated losses \$	Share based payment reserve \$	Total \$
<b>At 1 July 2015</b>	<b>120</b>	<b>(621,649)</b>	<b>-</b>	<b>(621,529)</b>
Profit/(loss) for the year	-	(1,173,869)	-	(1,173,869)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(1,173,869)</b>	<b>-</b>	<b>(1,173,869)</b>
<b>Transactions with owners in their capacity as owners</b>				
Issue of shares	40	-	-	40
<b>Transactions with owners in their capacity as owners</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>40</b>
<b>Balance at 30 June 2016</b>	<b>160</b>	<b>(1,795,518)</b>	<b>-</b>	<b>(1,795,358)</b>

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

# WestStar Industrial Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2017

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### 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 2017 was authorised for issue in accordance with a resolution of the directors on 29 September 2017.

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, in particular the operating entity Precast Australia Pty Ltd ("Precast") are described in the Directors' Report.

### 2. Basis of Preparation and Accounting Policies

#### (a) 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 other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost except for available-for-sale investments which are measured at fair value. The presentation currency is Australian dollars.

#### *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 incurred a net loss after tax for the year ended 30 June 2017 of \$6,576,668 (Precast 2016: loss of \$1,173,869) and net operating cash outflows of \$2,336,436 (Precast 2016: operating cash inflows of \$192,490). The Group experienced total net cash inflows of \$1,324,545 resulting primarily from the issue of securities during the period, had Cash of \$1,559,215 and a working capital surplus of \$81,229 at 30 June 2017.

The Group is in an early stage of development and there are uncertainties associated with forecasting future revenues and expenses of the Company. The Group also has a high level of capital investment required to commence operations and fund the working capital requirements of the Group in dealing with the Tier 1 contractors to deliver work currently on its order book.

While it is the Group's intention to be cash flow positive through operations, the Group may be required to raise additional capital either through equity or debt in order to continue as a going concern. The Group is confident that it will be able to raise additional funding either through debt or equity as and when required to continue to support the business.

The Directors have indicated that they will continue to support the Company and provide necessary working capital if required to ensure the consolidated entity remains a going concern. If the Group does not achieve its forecast profit and is unable to raise additional funding there exists a material uncertainty which may cast significant doubt whether the Group will continue as a going concern and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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 are confident that the Group will receive further funding and consider the Group is a going concern, but recognise that it is dependent on the matters mentioned above and in the financial statements.

On the basis that sufficient funding is expected to be raised to meet the Company's expenditure forecasts, the Directors consider that the Group remains a going concern and these financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. In considering the above, 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.

#### (b) Compliance Statement

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

#### (c) 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.

**(d) 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.

**(e) New accounting standards and interpretations issued not yet effective**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2017. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

*AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the group.

*AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the group.

*AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred.

A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the group.

**(f) 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 or 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.

**(g) Plant and Equipment**

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the profit or loss during the financial period in which it is incurred.

*Depreciation*

The depreciable amount of all fixed assets is depreciated on a 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:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	15-30 %

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 or loss.

**(h) 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 or 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.

**(i) 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

**(j) 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.

**(k) 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.

**(l) 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.

**(m) 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.

# WestStar Industrial Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2017

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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 subsidiary Icon Gold Pty Ltd have formed an income tax consolidated group under the tax consolidation regime. The head entity and this subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group. Precast Australia Pty Ltd has not been included in the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

### **(n) 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.

### **(o) Accrued Income and Construction Contracts**

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date compared to expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.



**(p) Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of goods and services tax (GST), returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Sale of goods*

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

*Rendering of services*

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

*Interest income*

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

**(q) 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.

**(r) 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.

**(s) 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.

**(t) 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.

**(u) Financial Assets**

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

*Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

*Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

*Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

**(v) Impairment of financial assets**

The Group assesses at each balance date whether a financial asset or Group of financial assets is impaired.

*Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Group of financial assets with similar credit risk characteristics and that Group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

*Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

*Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

**(w) Financial liabilities**

Non-derivative financial liabilities are initially measured at fair value net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

**(x) 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.

**(y) Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*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.

*Investment in associate*

The Group assesses the investment in associate at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The assessments require the use of estimates and assumptions such as discount rates, operating costs and future capital requirements. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of the investment in associate.

Additionally, management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made:

- trade and other receivables, refer note 2 (i);
- recovery of deferred taxes, refer note 2 (m); and
- revenue recognition, refer notes 2 (o) and (p).

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.

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

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal Group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal Groups) and the sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a complete sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary, after the sale.

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

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

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

**(aa) 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.

## WestStar Industrial Limited

### Notes to the Consolidated Financial Statements for the year ended 30 June 2017

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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.

#### (bb) 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.

#### (cc) Reverse acquisition accounting

On 6 July 2016, the Company announced the completion of the acquisition of 100% of the shares in Precast Australia Pty Ltd ABN 71 602 022 837 (**Precast**), a Western Australian business involved in the manufacture of precast concrete products. Precast is a related party of WestStar by virtue of being controlled by an entity owned by Director, Mr Lay Ann Ong.

As detailed in the Company's prospectus dated 14 June 2016, ("Replacement Prospectus"), the acquisition involved a significant change to the nature of the Company's main business activity from mineral exploration and resource investment to the manufacture of precast concrete products. Furthermore, the acquisition involved a significant change to the size of the Company's business operations.

The share purchase agreement relating to the acquisition of Precast, was entered into on 28 August 2015. Under that agreement, the Company agreed to acquire all the ordinary shares in Precast and in return issue 80,000,000 fully paid ordinary shares, 20,000,000 options in the Company to the shareholders of Precast and 80,000,000 performance shares subject to meeting certain conditions precedent. This acquisition is now complete (see below).

The consideration for the acquisition comprised the issue to Precast's shareholders of:

- 80 million fully paid ordinary shares in the capital of the WestStar (**Shares**);
- 20 million options to acquire Shares, exercisable at \$0.10 each on or before the date falling 3 years after their issue date; and
- 80 million performance shares which, subject to satisfaction of certain milestones relating to Precast's EBITDA over the 2017, 2017 and 2018 financial years in aggregate, will convert into Shares (or will otherwise lapse) (**Performance Shares**),

Completion of the Acquisition was conditional on certain conditions being satisfied which have occurred:

- the completion of due diligence by each party in respect of the other;
- shareholders approving the Acquisition and related resolutions in General Meeting;
- shareholders approving the issue of Shares upon conversion of the \$1 million in Convertible Notes held by Director, Lay Ann Ong (details of which were announced by the Company on 10 September 2016);
- the Company completing a consolidation of its issued Share capital on a 1 for 50 basis (**Consolidation**);
- the Company making an offer of Shares at \$0.05 each (on a post-Consolidation basis) under a prospectus offer (**Offer**) and raising a minimum of \$3 million under the Offer;
- the Company receiving all necessary approvals, waivers and consents required to complete the Acquisition, including without limitation a waiver of ASX Listing Rule 2.1 (condition 2) and approval of the Performance Share terms in accordance with ASX Listing Rule 6.2; and
- ASX confirming that it will reinstate the Company's Shares to trading on ASX, subject only to the satisfaction of customary terms and conditions which are acceptable to the Company, acting reasonably.

## WestStar Industrial Limited

### Notes to the Consolidated Financial Statements for the year ended 30 June 2017

The acquisition of Precast did not meet the definition of a business combination in accordance with AASB 3 Business Combinations. Instead the acquisition has been treated as a group recapitalisation, using the principles of reverse acquisition accounting in AASB 3 Business Combinations given the substance of the transaction is that the Company has effectively been recapitalised. Accordingly, the consolidated financial statements have been prepared as if Precast had acquired the Company and not vice-versa as represented by the legal position. The recapitalisation is measured at the fair value of the equity instruments that would have been given by Precast to have exactly the same percentage holding in the new structure at the date of the transaction.

As the activities of the Company would not constitute a business based on the requirements of AASB 3, the excess of the deemed consideration over the fair value of the Company, as calculated in accordance with the reverse acquisition accounting principles and with AASB 2, is considered to be a payment for a group restructure and has been expensed as a listing expense.

Concurrent with the acquisition of Precast, the Company successfully raised \$3.256 million through the Replacement Prospectus offering of 65,120,000 new ordinary shares issued at \$0.05 per share and re-complied with the ASX listing rules.

The Company's acquisition of 100% of the issued capital of Precast on 6 July 2016 resulted in the Company issuing the following:

- \* 80,000,000 shares at \$0.05 per share were issued.
- \* 20,000,000 options were issued, exercisable at 10 cents each expiring on 6 July 2019.
- \* 80,000,000 performance shares were issued subject to performance conditions being met within three years from date of issue.

As the Company is deemed to be the acquiree for accounting purposes, therefore the following represents the net assets and consideration paid by Precast Australia Pty Ltd for WestStar Industrial Limited. No adjustments were required to the historical values to effect this change.

	\$
Consideration:	
80,000,000 fully paid ordinary vendor shares	6,186,343
20,000,000 options(i)	484,805
80,000,000 performance shares(ii)	-
Total value of consideration	6,671,148
 Fair value of the Company at acquisition:	
Cash and cash equivalents	3,111,752
Available for sale investment	1,500
Loan receivable	406,077
Other assets	15,244
Trade and other payables	(237,760)
 Fair value of net assets	3,296,813
 Excess of consideration over the fair value of net assets at the date of acquisition, recognised as listing expense	3,374,335

(i) The value of the options was determined based on the Black Scholes model using the following assumptions:

- Dividend yield % nil
- Expected volatility 100%
- Risk free interest rate 1.77%
- Expected life of options (years) 3
- Exercise price \$0.10
- Grant date share price \$0.05
- Fair value per option \$0.0242

(ii) No value has been assigned to the Performance Shares as the achievement of the vesting conditions has been deemed not to be probable.

The impact of the group restructure on each of the primary statements is as follows:

#### Statement of Profit or Loss and other Comprehensive Income

- The 30 June 2017 statement of profit or loss and other comprehensive income comprises of Precast and the period since 6 July 2016 of the Company.
- The 30 June 2016 comparative statement of profit or loss and other comprehensive income comprises of Precast only.

## **WestStar Industrial Limited**

### **Notes to the Consolidated Financial Statements for the year ended 30 June 2017**

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#### Statement of Financial Position

- The statement of financial position as at 30 June 2017 represents both the Company and Precast.
- The comparative statement of financial position at 30 June 2016 represents Precast only.

#### Statement of Changes in Equity

- The 30 June 2017 statement of changes in equity comprises Precast's equity balance at 1 July 2016, its loss for the period and transactions with equity holders for the period to 30 June 2017. It also comprises the Company's transactions with equity holders since 6 July 2016 and the equity balances of the Company and Precast as at 30 June 2017.
- The 30 June 2016 comparative statement of changes in equity comprises Precast only.

#### Statement of Cash Flows

- The 30 June 2017 statement of cash flows comprises of Precast and the period since 6 July 2016 of the Company.
- The 30 June 2016 comparative statement of cash flows comprises of Precast only.

# WestStar Industrial Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2017

### 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 only one relevant business segment being, WestStar Industrial Limited, which provides prefabricated concrete construction services to the construction and resources sectors in Australia.

The Group is domiciled in Australia. All revenue from external customers is generated from Australia only. Segment revenues are allocated based on the country in which the customer is located. Operating revenues of \$4,552,464 (2016: \$7,230,256) are derived from major external customers.

All the assets are located in Australia only. Segment assets are allocated to countries based on where the assets are located.

### 4. Revenue and Other Income

	2017 \$	2016 \$
<b>Revenue</b>		
Sale of goods	4,552,464	7,230,256
Interest income	8,822	3,936
	<u>4,561,286</u>	<u>7,234,192</u>
<b>Other income</b>		
Other income	17,055	130,973
	<u>17,055</u>	<u>130,973</u>

### 5. Expenses

	2017 \$	2016 \$
<b>Administrative expenses</b>		
- Employee wages and salaries	1,115,971	786,562
- Professional services and consultant fees	248,571	443,098
- Doubtful debts expense	233,771	149,780
- Insurance	71,992	75,951
- Motor vehicle costs	43,688	47,201
- ASX and Share registry fees	54,097	-
- General administrative costs	377,090	458,707
	<u>2,145,180</u>	<u>1,961,299</u>
<b>Finance costs</b>		
- Associated companies	59,515	122,718
- Other	43,485	1,584
	<u>103,000</u>	<u>124,302</u>

### 6. Income Tax

	2017 \$	2016 \$
<b>(a) Income tax expense</b>		
<b>Major component of tax expense for the year</b>		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</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	(6,576,668)	(1,173,869)
Tax at the group rate of 27.5% (2016: 30%)	(1,808,584)	(352,161)
Other non-allowable items	1,214,007	-
Net tax benefit not brought to account	594,577	352,161
Net tax benefit brought to account	-	-
Income tax expense	<u>-</u>	<u>-</u>



# WestStar Industrial Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2017

### (c) 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

Deferred tax liability recognised	(36,447)	(43,667)
<b>Assets</b>		
Losses available to offset against future taxable income	707,521	229,721
Share issue costs deductible over five years	(5,648)	-
Accrued expenses	(70,849)	166,107
Deferred tax asset not recognised	594,577	352,161

The benefit for tax losses will only be obtained if:

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

### 7. Cash and Cash equivalents

	2017 \$	2016 \$
Cash at bank and on hand	1,559,215	234,670
	<b>1,559,215</b>	<b>234,670</b>

#### Reconciliation to Consolidated Statement of Cashflows:

Balances as above	1,559,215	234,670
Bank overdraft	-	-
<b>Balances per Statement of Cashflows</b>	<b>1,559,215</b>	<b>234,670</b>

#### Reconciliation of loss after income tax to net cash outflow from operating activities

	2017 \$	2016 \$
Loss after income tax	(6,576,668)	(1,173,869)
<b>Non Cash Items</b>		
Depreciation and amortisation expenses	161,259	93,000
Listing expenses	3,374,335	-
Share-based payment expenses	1,040,234	-
<i>(Decrease) / Increase in working capital</i>		
(Increase) / decrease in receivables	(86,767)	(85,243)
(Increase) / decrease in other assets	(442,128)	140,506
Increase / (decrease) in payables	258,954	1,063,733
Increase / (decrease) in provisions	(65,655)	154,363
<b>Net cash outflow from operating activities</b>	<b>(2,336,436)</b>	<b>192,490</b>

### 8. Trade and Other Receivables

	2017 \$	2016 \$
<b>Trade receivables (Current)</b>		
Trade receivables	452,404	613,974
Less Allowance for doubtful debts	-	(149,780)
	452,404	464,194
Retentions	154,618	120,278
Other receivables	78,253	-
Prepayments	41,436	52,678
	<b>726,711</b>	<b>637,150</b>
<b>Aging of past due not impaired:</b>		
<30 days	237,707	364,778
30-60 days	177,260	7,603
60-90 days	-	44,732
90+ days	37,437	47,081
<b>Total</b>	<b>452,404</b>	<b>464,194</b>

# WestStar Industrial Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2017

### Trade receivables (Non-Current)

	2017 \$	2016 \$
Retentions	64,218	-
	<u>64,218</u>	<u>-</u>

### 9. Available for Sale Assets

	2017 \$	2016 \$
Opening balance from WestStar Industrial Limited	1,500	-
Impairment	(1,500)	-
	<u>-</u>	<u>-</u>

The Group received 6 million Tellus Resources Limited (TLU), renamed Crestal Petroleum (CRX) on 19 February 2015, shares at \$0.03 per share (\$180,000), immediately following the in-specie distribution of the 54 million Tellus shares to shareholders on 30 October 2014. Crestal Petroleum (CRX) completed a share consolidation and was taken over by Firstwave Cloud Technology. The Groups shareholding in Firstwave Cloud Technology as a result of the share consolidation is 3,984 shares. The remaining value has been identified as impaired with the balance written down to nil in the current period.

### 10. Investments

	2017 \$	2016 \$
Term deposit	145,293	142,007
	<u>145,293</u>	<u>142,007</u>

### 11. Other Assets

	2017 \$	2016 \$
<b>Accrued Income</b>		
Accrued Income	465,650	90,533
Less Allowance for doubtful debts	(246,827)	-
	<u>218,823</u>	<u>90,533</u>

### 12. Property, Plant and Equipment

	2017 \$	2016 \$
Gross carrying value	845,625	759,714
Accumulated depreciation	(311,672)	(150,413)
Net carrying value	<u>533,953</u>	<u>609,301</u>

### Gross carrying value

	Leasehold Improvements \$	Plant & Equipment \$	Total \$
<b>At 1 July 2016</b>	<b>210,191</b>	<b>549,523</b>	<b>759,714</b>
Additions	45,938	39,973	85,911
Disposals	-	-	-
<b>At 30 June 2017</b>	<b>256,129</b>	<b>589,496</b>	<b>845,625</b>

### Accumulated depreciation

<b>At 1 July 2016</b>	<b>(6,982)</b>	<b>(143,431)</b>	<b>(150,413)</b>
Disposals	-	-	-
Depreciation	(49,419)	(111,839)	(161,259)
<b>At 30 June 2017</b>	<b>(56,401)</b>	<b>(255,270)</b>	<b>(311,672)</b>

# WestStar Industrial Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2017

### 13. Trade and Other Payables

	2017 \$	2016 \$
Trade payables	1,468,048	1,675,123
Sundry creditors and accruals	440,314	359,682
	<b>1,908,362</b>	<b>2,034,805</b>

### 14. Provisions

	2017 \$	2016 \$
Annual Leave	24,569	32,676
Long Service Leave	70,440	93,725
	<b>95,009</b>	<b>126,401</b>

### 15. Borrowings

	2017 \$	2016 \$
Loan from WestStar Industrial Limited(i)	-	406,409
Loan from related parties(ii)	565,442	970,199
	<b>565,442</b>	<b>1,376,608</b>

(i) The loan from WestStar Industrial Limited to Precast Australia Pty Ltd at 30 June 2016, eliminated on completion of the acquisition.

(ii) Loans from WestStar Precast Pte Ltd, an entity associated with a Non-Executive Director, Lay Ann Ong at 8% interest per annum on arms length terms. Mr Ong has confirmed that he will not call for repayment of the above balance in circumstances where the Company would be unable to meet its other liabilities as and when they fall due for at least 12 months from the date of signing of the directors declaration attached to these financial statements. As at the date of the completion of the acquisition of Precast by the Company, Precast had fully drawn this loan facility to \$1,000,000. On 15 July 2016, the Company made a payment of \$806,000 to Weststar Precast Pte Ltd reducing the outstanding loan facility by this amount. The Company entered into a Convertible Note agreement with WestStar Precast Pte Ltd in satisfaction of the remaining outstanding balance

Under the Agreement, up to 20,000,000 Convertible Notes was issued to WestStar Precast Pte Ltd (or a nominee) to facilitate the conversion of a debt owing to the Noteholder of \$232,011 into equity in the Company, with each Convertible Note being convertible into one Share and one Option exercisable at \$0.02 each on or before the date that is 18 months from the issue date of the Options. The balance of the loan has increased to the extent (\$333,431) by which the Convertible Notes valuation exceeds the outstanding balance on the facility. This amount has been treated as a share based payment.

### 16. Related Party Disclosures

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows, the 30 June 2016 comparative figures are WestStar Industrial Limited i.e. not Precast:

	2017 \$	2016 \$
Short term employee benefits	292,210	161,800
Post-employment benefits	74,820	-
Share based payments	-	-
	<b>367,030</b>	<b>161,800</b>

### 17. Related Party Transactions

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	
			2017	2016
Precast Australia Pty Ltd	Australia	Prefabricated concrete	100%	100%
Icon Gold Pty Ltd	Australia	Mineral exploration	100%	100%

# WestStar Industrial Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2017

### (a) Transactions with related parties

	2017 \$	2016 \$
WestStar Precast Pte Ltd	210,669	-
Regency Corporate Pty Ltd	89,460	-
Sanston Securities Australia Pty Ltd	327,920	60,000
Torre Corporate Pty Ltd	41,000	30,000
	<b>669,049</b>	<b>90,000</b>

### (b) Outstanding balances with related parties

	2017 \$	2016 \$
WestStar Precast Pte Ltd	210,669	-
Regency Corporate Pty Ltd	3,146	-
Sanston Securities Australia Pty Ltd	2,122	5,500
Torre Corporate Pty Ltd	84	-
	<b>216,021</b>	<b>5,500</b>

### 18. Parent Entity Information

The following detailed information related to the parent entity, WestStar Industrial Limited, at 30 June 2017. The information presented here has been prepared using consistent accounting policies as presented in note 2. The 30 June 2016 comparative figures are WestStar Industrial Limited i.e. not Precast.

	2017 \$	2016 \$
Current Assets	1,124,498	1,615,298
Non-current Assets	326,210	-
<b>Total Assets</b>	<b>1,450,708</b>	<b>1,615,298</b>
Current Liabilities	771,308	(2,314,239)
Non-current Liabilities	-	-
<b>Total Liabilities</b>	<b>771,308</b>	<b>(2,314,239)</b>
Contributed equity	28,104,069	22,009,591
Reserves	2,042,122	1,760,319
Accumulated Losses	(29,466,792)	(24,468,941)
<b>Total Equity</b>	<b>679,400</b>	<b>(699,031)</b>
<b>Total Comprehensive Profit (Loss) For The Year</b>	<b>(4,997,851)</b>	<b>(793,998)</b>

### 19. Auditor's Remuneration

The auditor of WestStar Industrial Limited is Regency Audit Pty Ltd. In 2016, the Group's auditor was HLB Mann Judd.

	2017 \$	2016 \$
<b>Auditor of the Company</b>		
Auditing or reviewing the financial report – Regency Audit Pty Ltd	22,000	-
Auditing or reviewing the financial report – HLB Mann Judd	18,000	34,500
	<b>40,000</b>	<b>34,500</b>

### 20. Issued Capital

#### (a) Issued and paid up capital

	2017 \$	2016 \$
Ordinary shares fully paid	8,284,978	160

# WestStar Industrial Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2017

### (b) Movements in shares on issue

	Year to 30 June 2017		Year to 30 June 2016	
	No.	\$	No.	\$
<i>Movements in ordinary shares on issue</i>				
Opening balance	160	160	120	120
Exchange of Precast shares for WestStar opening balance of shares	(160)	-	-	-
The Company shares on issue at date of legal acquisition:				
Shares on issue at 30 June 2016	23,338,549			
Shares issued pre-acquisition (i)	65,120,000	-	-	-
Shares issued on conversion of convertible notes (ii)	26,629,400	-	-	-
Shares issued to corporate advisors of the transaction (iii)	4,000,000			
	119,087,949	-	-	-
Details of the Company shares issued during the period:				
Shares issued for the acquisition of Precast (iv)	80,000,000	6,186,343	-	-
Stage 1 Placement to sophisticated investors (v)	30,000,000	279,000		
Stage 2 Placement to sophisticated investors (vi)	100,000,000	1,394,475		
Shares issued to corporate advisors (vii)	25,000,000	425,000		
	235,000,000	8,284,978	-	-
Shares issued	-	-	40	40
Closing balance	354,087,949	8,284,978	160	160

(i) the Company issued shares pre-acquisition

On 6 July 2016, 65,120,000 shares were issued at \$0.05 as a result of the Prospectus issued in April 2016.

(ii) the Company issued shares on conversion of convertible notes

On 6 July 2016, 26,629,400 shares were issued as a result of the conversion of convertible notes.

(iii) the Company issued shares to corporate advisors of the transaction

On 6 July 2016, 4,000,000 shares were issued to corporate advisors of the transaction.

(iv) the Company issued shares for the acquisition of Precast

On 6 July 2016, 80,000,000 shares were issued to the vendors of Precast in exchange for 100% ownership of Precast.

(v) the Company issued shares to professional investors via a private placement (Stage 1)

On 18 March 2017, 29,863,192 shares were issued to sophisticated and professional investors at a price of \$0.01 per share. 136,808 shares which were part of this issuance were subsequently approved by shareholders for issue on 5 June 2017 for a total placement of 30,000,000 shares.

(vi) the Company issued shares to sophisticated and professional investors via a private placement (Stage 2)

On 6 June 2017, 100,000,000 shares were issued to professional investors at a price of \$0.015 per share.

(vii) the Company issued shares to corporate advisors

On 6 June 2017, 25,000,000 shares were issued to corporate advisors to the Stage 1 and 2 placements.

### (c) Share options

There are 20,000,000 unlisted options on issue at balance date, with an exercise price of \$0.10 and an expiry three years from issue date exercisable by 6 July 2019.

There are 155,000,000 listed options on issue at balance date, with an exercise price of \$0.02 and an expiry date of 6 December 2018.

### (d) Performance shares

There are 80,000,000 unlisted performance shares at balance date, with terms and conditions related to financial performance over the three years to June 2019.

# WestStar Industrial Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2017

- 20,000,000 Performance shares subject to an escrow period of 12 months from the date of reinstatement of the Company's ordinary shares to quotation on ASX.
- 60,000,000 Performance shares subject to an escrow period of 24 months from the date of reinstatement of the Company's ordinary shares to quotation on ASX.

The Performance Shares will convert into Shares upon satisfaction of the following milestones (each, a **Milestone**):

**(FY16 Tranche):** if Precast Australia Pty Ltd (**Precast**) achieves earnings before interest, tax, depreciation and amortisation (EBITDA) of at least \$500,000 but less than \$1 million during the financial year ending 30 June 2016, a total of 13.6 million Performance Shares will convert into Shares;

**(FY17 Tranche):** if Precast achieves EBITDA of at least:

(a) \$1 million during the period 1 July 2016 to 30 June 2017; or

(b) \$1.5 million during the period 1 July 2015 to 30 June 2017,

a total of 26.4 million Performance Shares (less the sum of any Shares which have already been converted into Shares under the FY16 Tranche) will convert into Shares;

**(FY18 Tranche):** if Precast achieves EBITDA of at least:

(a) \$1.5 million during the period 1 July 2017 to 30 June 2018; or

(b) \$3 million during the period 1 July 2015 to 30 June 2018,

a total of 40 million Performance Shares (less the sum of any Shares which have already been converted into Shares under the FY16 Tranche and the FY17 Tranche) will convert into Shares; and

**(Bonus tranche):** if Precast achieves EBITDA during the period 1 July 2015 to 30 June 2018:

(a) of greater than \$3 million in aggregate, a total of 80 million Performance Shares (less the sum of any Shares which have already been converted into Shares during the period 1 July 2015 to 30 July 2018) will convert into Shares; or

(b) of between \$500,000 and \$3 million, the number of Performance Shares determined in accordance with the following formula will convert into Shares:

$$A = ((B/C) \times D) - E$$

Where:

A = The number of Performance Shares to convert into Shares

B = EBITDA achieved in aggregate for period 1 July 2015 to 30 June 2018

C = \$3,000,000

D = 80,000,000

E = Total number of Performance Shares already issued under the FY16 Tranche, the FY17 Tranche and the FY18 Tranche respectively.

## 21. Reserves

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

	2017 \$	2016 \$
Share based payments reserve	766,608	-
	<b>766,608</b>	<b>-</b>
<b>Movement in reserves</b>		
<i>Share based payments reserve</i>		
Opening balance	-	-
Options issued for the reverse acquisition of WestStar Industrial Limited <sup>(i)</sup>	484,805	-
Options issued to Corporate Advisors <sup>(ii)</sup>	281,803	-
	<b>766,608</b>	<b>-</b>

(i) Refer to Note 2(cc) for valuation assumptions

(ii) Refer to Note 22 for valuation assumptions

## WestStar Industrial Limited

### Notes to the Consolidated Financial Statements for the year ended 30 June 2017

#### 22. Share Based payments

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

	2017 \$	2016 \$
Grant of advisor shares (Note 20 (b) vii)	425,000	-
Grant of advisor options (i)	281,803	-
	706,803	-
Grant of convertible notes (Note 15 ii)	333,431	-
	<b>1,040,234</b>	-

- (i) On 6 June 2017, 25,000,000 options were issued to corporate advisors to the Stage 1 and 2 placements. The value of the options was determined based on the Black Scholes model using the following assumptions:

- Dividend yield % nil
- Expected volatility 163%
- Risk free interest rate 2.44%
- Expected life of options (years) 1.5
- Exercise price \$0.02
- Grant date share price \$0.017
- Fair value per option \$0.0113

#### 23. Reconciliation Of Loss Used In Calculating Loss Per Share:

	2017 \$	2016 \$
Loss attributable to owners of the Company	(6,578,668)	(1,173,869)
	<b>Number of Shares</b>	<b>Number of Shares</b>
Weighted average number of ordinary shares for the purposes of basic loss per share	215,527,286	160

Of the Company's options on issue, there were no in-the-money options as at 30 June 2017. Therefore no options have been included in the calculation of diluted earnings per share.

#### 24. Contingent Liabilities & Commitments

Operating lease commitments

Non-cancellable operating lease contracted for but not capitalised in the financial statements and are payable:

	2017 \$	2016 \$
Within one year	445,908	494,000
After one year but not more than five years	631,703	1,243,220
	<b>1,077,611</b>	<b>1,737,200</b>

#### 25. Investment in an Associate

The Group holds a 25% interest in Copper Range (SA) Pty Ltd via its subsidiary Icongold Pty Ltd. Copper Range was the holder of mining tenements in the prospective Olympic Domain district of South Australia. Due to the lack of recent exploration activity on these tenements, the carrying amount of this investment was historically reduced to nil. The Company is in discussions to divest or otherwise deal with its 25% interest in Copper Range Pty Ltd.

#### 26. Financial Risk Management

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

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares and derivatives. The totals for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

# WestStar Industrial Limited

## Notes to the Consolidated Financial Statements for the year ended 30 June 2017

	2017 \$	2016 \$
<b>Financial assets – Current</b>		
Cash and cash equivalents	1,559,215	234,670
Trade and other receivables	685,275	584,472
Investments	145,293	142,007
Accrued income	218,823	90,533
	<u>2,608,606</u>	<u>1,051,682</u>
<b>Financial assets – Non-Current</b>		
Trade and other receivables	64,217	-
	<u>64,217</u>	<u>-</u>
<b>Financial liabilities – Current</b>		
Trade and other payables	1,908,362	2,034,805
Borrowings	565,442	1,376,608
	<u>2,473,804</u>	<u>3,411,413</u>

### (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:

2017	6-12 months \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Total \$
<b>Financial assets</b>					
Cash and cash equivalents	1,559,215	-	-	-	1,559,215
Trade and other receivables	685,275	64,218	-	-	749,492
Investments	145,293	-	-	-	145,293
Accrued income	218,823	-	-	-	218,823
	<u>2,608,606</u>	<u>64,218</u>	<u>-</u>	<u>-</u>	<u>2,672,823</u>
<b>Financial liabilities</b>					
Trade and other payables	1,908,362	-	-	-	1,908,362
Borrowings	-	565,442	-	-	565,442
	<u>1,908,362</u>	<u>565,442</u>	<u>-</u>	<u>-</u>	<u>2,473,804</u>
<b>2016</b>	<b>6-12 months \$</b>	<b>1 year or less \$</b>	<b>Over 1 to 5 years \$</b>	<b>More than 5 years \$</b>	<b>Total \$</b>
<b>Financial assets</b>					
Cash and cash equivalents	234,670	-	-	-	234,670
Trade and other receivables	584,472	-	-	-	584,472
Investments	142,007	-	-	-	142,007
Accrued income	90,533	-	-	-	90,533
	<u>1,051,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,051,682</u>
<b>Financial liabilities</b>					
Trade and other payables	2,034,805	-	-	-	2,034,805
Borrowings	-	1,376,608	-	-	1,376,608
	<u>2,034,805</u>	<u>1,376,608</u>	<u>-</u>	<u>-</u>	<u>3,411,413</u>

### (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. There is no material interest rate risk.



**(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.

**(d) Carrying Value of Financial Instruments**

At 30 June 2017, the carrying value of all financial assets and liabilities is considered to approximate their fair values. The held for trading assets are recognised at fair value and have been classified as level 1 financial assets based on quoted prices in active markets. There were no transfers between levels during the year.

**27. Company details**

The registered office of the business is:

Suite 1, 437 Roberts Road, Subiaco WA 6008

The principal place of business is:

4 Beach Street, Kwinana Beach, WA 6171

**28. Events after Reporting Date**

On 2 August 2017, the Company announced that it has entered into a Share Sale Agreement (the "Transaction") to acquire 100% of SIMPEC Pty Ltd ("SIMPEC"). SIMPEC is a construction contractor with specialist experience in both Structural, Mechanical and Piping (SMP), and Electrical and Instrumentation (E&I) works.

Consideration is payable in WestStar securities – 37.5 million shares issued on completion; 37.5 million service based performance securities; and up to a further 25 million shares, subject to deferred payment performance hurdles and EBITDA based KPIs criteria being achieved.

Apart from the above, there were no other matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 30 June 2017.

## DIRECTORS' DECLARATION

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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 20 to 41 are in accordance with the Corporations Act 2001 and:
  - a. comply with Accounting Standards and the Corporations Regulations 2001; and
  - b. give a true and fair view of the group's financial position as at 30 June 2017 and of its performance for the year ended on that date;
2. Note 2 confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
3. 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;
4. The remuneration disclosures included in pages 10 to 14 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2017, comply with section 300A of the Corporations Act 2001; and
5. The Directors have been given the declarations by the Chief Executive Officer (or equivalent) and Chief Financial Officer required by section 295A of the Corporations Act 2001.

On behalf of the Board



**Bert Mondello**  
**Director**  
Perth, Western Australia  
29 September 2017

Regency Audit Pty Ltd

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## **Independent Auditor's Report**

### **To the Members of Weststar Industrial Limited**

#### **Report on the Audit of the Financial Report**

##### **Opinion**

We have audited the accompanying financial report of Weststar Industrial Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2017, and 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 financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
  - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 2(b).

##### **Material Uncertainty Regarding Continuation as a Going Concern**

Without modifying our opinion above, we draw attention to Note 2(a) to the annual report, which indicates that the Consolidated Entity incurred a net loss of \$6,576,668 and as of that date, the Company had net operating cash outflows of \$2,336,436. These conditions, along with other matters as set forth in Note 2(a), indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

##### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable

assurance about whether the financial report is free from material misstatement. 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 Consolidated Entity in accordance with the auditor 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* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 period. 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 separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Accounting for reverse acquisition of Precast Australia Pty Ltd</b></p> <p>As disclosed in Note 2(cc) of the consolidated financial statements, on 6 July 2016, Weststar Industrial Limited completed the reverse acquisition of Precast Australia Pty Ltd via the issue of shares, options and performance shares. This resulted in Precast Australia Pty Ltd becoming the accounting acquirer in the business combination although Weststar Industrial Limited is the legal parent.</p> <p>This is a key audit matter due to the size of the acquisition with a purchase consideration of \$6,671,148 and complexities inherent in a reverse acquisition.</p> <p>Management has completed a process to allocate the purchase consideration to tangible assets and goodwill has been recognised as a listing expense. This process involved estimation and judgement of future performance of the business.</p>	<p>Procedures performed as part of our assessment of the transaction to determine if the appropriate accounting treatment was applied, included:</p> <ul style="list-style-type: none"> <li>• Evaluation of management's assessment of the combining entities to determine who obtained control as a result of the transaction.</li> <li>• Review of signed contractual agreements relating to the acquisition and understanding the key terms and conditions of the transaction.</li> <li>• Assessment of the calculation of the deemed consideration with underlying information inputs including share price with the terms of the acquisition agreement.</li> <li>• Review of acquisition date balance sheet to acquisition agreement and underlying supporting documentation.</li> <li>• Assessment of the fair value of assets and liabilities acquired to the fair value assessment conducted by management.</li> <li>• Review of consolidation of the combining entities in line with reverse acquisition accounting requirements.</li> <li>• We assessed the appropriateness of the related disclosures in note 2(cc) to the financial statements.</li> </ul>

## **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, 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.

## **Directors' Responsibility for the Financial Report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(b), the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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 responsibility is to express an opinion on the financial report based on our audit. 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 the 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.



**REGENCY AUDIT PTY LTD**



**CHRIS WATTS CA**  
**Director**

DATED at PERTH this 29<sup>th</sup> day of September 2017

## ADDITIONAL ASX INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 31 August 2017.

Distribution of Shareholders	Ordinary Shares	
	Number of Holders	Number of Shares
1 – 1,000	686	249,025
1,001 – 5,000	359	924,530
5,001 – 10,000	109	833,636
10,001 – 100,000	240	9,331,960
100,001 – and over	184	342,748,798
<b>Total</b>	<b>1,578</b>	<b>354,087,949</b>

Assuming a price of \$0.017 there were 1,250 holders of ordinary shares holding less than a marketable parcel.

### 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.

### Unquoted Equity Securities

#### Unlisted Options:

The following options were on issue as at 31 August 2017:

5,000,000 Unlisted Options exercisable at \$0.10 each on or before 06 July 2019

Holder Name	Holding	% IC
Passpa Pty Ltd <The PS Unit A/C>	5,000,000	100%

15,000,000 Unlisted Options subject to an escrow period of 24 months from the date of reinstatement. Exercisable at \$0.10 each on or before 6 July 2019.

Holder Name	Holding	% IC
WestStar Precast Pte Ltd	15,000,000	100%

#### Performance Shares:

The following performance shares were on issue as at 31 August 2017:

20,000,000 Performance shares

Holder Name	Holding	% IC
Passpa Pty Ltd <The PS Unit A/C>	20,000,000	100%

60,000,000 Performance Shares subject to an escrow period of 24 months from the date of reinstatement of the Company's ordinary shares to quotation on ASX.

Holder Name	Holding	% IC
WestStar Precast Pte Ltd	60,000,000	100%

### Substantial Shareholders as at 31 August 2017

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 Jason Peterson	22,941,692	6.48%
Passpa Pty Ltd <The PS Unit A/C>	20,000,000	5.65%
Lay Ann Ong (WestStar Precast Pte Ltd)	74,343,686	21.00%

### Restricted Securities as at 31 August 2017

70,629,400 Fully paid ordinary shares subject to an escrow period of 24 months from the date of reinstatement of the Company's ordinary shares to quotation on ASX

Holder Name	Holding	% IC
WestStar Precast Pte Ltd	60,000,000	84.95%
Lay Ann Ong	4,172,257	5.91%
Celtic Capital Group Pty Ltd	4,000,000	5.66%
Koh Yeu Cheng	742,857	1.05%
Brian Tan Yong Hui	500,000	0.71%
Denning Chong	500,000	0.71%
Adrian Tay Kuan Yang	314,286	0.44%
Maybank Kim Eng Securities Pte Ltd	200,000	0.28%
Ervyn Tan Sui Hin	200,000	0.28%



## ADDITIONAL ASX INFORMATION

Top twenty shareholders of ordinary shares:

Position	Holder Name	Holding	% IC
1	WESTSTAR PRECAST PTE LTD	60,000,000	16.94%
2	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	20,008,359	5.65%
3	PASSPA PTY LTD <THE PS UNIT A/C>	20,000,000	5.65%
4	RIVERGRADE PTY LTD <RIVERGRADE A/C>	17,317,000	4.89%
5	LAY ANN ONG	14,343,686	4.05%
6	BACCELLO PTY LTD <SALVATORE MONDELLO FAMILY A/C>	11,250,000	3.18%
7	CITICORP NOMINEES PTY LIMITED	10,826,293	3.06%
8	AXE INVESTMENTS PTY LTD <AXE INVESTMENT A/C>	10,000,000	2.82%
9	ST KILDA LAND PTY LTD	8,000,000	2.26%
10	KIORAKU PTY LTD <KIORAKU A/C>	7,250,000	2.05%
11	LTL CAPITAL PTY LTD <LTL CAPITAL A/C>	7,000,000	1.98%
12	BOLT CONSULTING PTY LTD	5,866,000	1.66%
13	ECON (WA) PTY LTD <RECHICHI FAMILY A/C>	5,846,667	1.65%
14	R-SQUARED PTY LTD	5,000,000	1.41%
15	MR ROBERT GEMELLI	4,596,879	1.30%
16	JETMAX TRADING PTY LTD	4,540,000	1.28%
17	ON TIME TAXIS PTY LTD	4,500,000	1.27%
18	CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	4,000,000	1.13%
18	TURNQUEST INVESTMENTS LIMITED	4,000,000	1.13%
19	MR ILARIO DIMASI	3,333,333	0.94%
19	AGENS PTY LTD <THE MARK COLLINS S/F A/C>	3,333,333	0.94%
20	A & J TANNOUS NOMINEES PTY LTD <ASSAD TANNOUS A/C>	3,100,000	0.88%
	<b>Totals</b>	<b>234,111,550</b>	<b>66.12%</b>
	<b>Total Issued Capital</b>	<b>354,087,949</b>	<b>100.00%</b>

### Listed Options

In addition to its ordinary shares, the Company has 155,000,000 listed options on issue trading on the ASX as WSIO. The listed options do not carry voting rights

Distribution of Optionholders	Listed Options	
	Number of Holders	Number of Options
1 – 1,000	1	112
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	3	250,000
100,001 – and over	65	154,749,888
<b>Total</b>	<b>69</b>	<b>155,000,000</b>

## ADDITIONAL ASX INFORMATION

Top twenty shareholders of listed options exercisable at \$0.02 with an expiry of 6 December 2018:

Position	Holder Name	Holding	% IC
1	RIVERGRADE PTY LTD <RIVERGRADE A/C>	12,317,000	7.95%
2	KIORAKU PTY LTD <KIORAKU A/C>	12,250,000	7.90%
3	LTL CAPITAL PTY LTD	12,083,334	7.80%
4	BACCELLO PTY LTD <SALVATORE MONDELLO FAMILY A/C>	11,250,000	7.26%
5	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	10,000,000	6.45%
5	AXE INVESTMENTS PTY LTD <AXE INVESTMENT A/C>	10,000,000	6.45%
6	LTL CAPITAL PTY LTD <LTL CAPITAL A/C>	7,666,666	4.95%
7	R-SQUARED PTY LTD	5,000,000	3.23%
8	ECON (WA) PTY LTD <RECHICHI FAMILY A/C>	4,666,667	3.01%
9	MR ILARIO DIMASI	3,333,333	2.15%
9	ON TIME TAXIS PTY LTD	3,333,333	2.15%
9	MR BIN LIU	3,333,333	2.15%
9	AGENS PTY LIMITED <THE MARK COLLINS FAMILY A/C>	3,333,333	2.15%
10	A & J TANNOUS NOMINEES PTY LTD <ASSAD TANNOUS A/C>	2,766,667	1.78%
11	TYRRHENIAN HOLDINGS PTY LTD <TYRRHENIAN A/C>	2,733,333	1.76%
12	RICHSAM NOMINEES PTY LTD	2,700,000	1.74%
13	LIMITS PTY LIMITED <DUNCAN GAMBLE FAMILY A/C>	2,000,000	1.29%
13	LARRAKEYAH PTY LIMITED <THE MOORE FAMILY A/C>	2,000,000	1.29%
13	INVERNESS INVESTMENTS PTY LTD <SAM DE VITA FAMILY A/C>	2,000,000	1.29%
13	MR ROBERT GEMELLI	2,000,000	1.29%
14	BOLT CONSULTING PTY LTD	1,716,667	1.11%
15	JETMAX TRADING PTY LTD	1,700,000	1.10%
16	M & T K PTY LTD <MTK SF FUND>	1,666,667	1.08%
16	SIMON PIGLIARDO	1,666,667	1.08%
17	MR JASON COLE MIZEN	1,500,000	0.97%
18	STEVESAND INVESTMENTS PTY LTD <STEVEN FORMICA FAMILY A/C>	1,333,333	0.86%
18	PROFESSIONAL PAYMENT SERVICES PTY LTD	1,333,333	0.86%
18	MRS ANDREA MURRAY <MURRAY FAMILY FUND NO 2 A/C>	1,333,333	0.86%
18	MR SHANE HOEHOCK WEE <WEE FAMILY A/C>	1,333,333	0.86%
18	MR TYSON SMITH	1,333,333	0.86%
18	RAVEN INVESTMENT HOLDINGS PTY LTD <RAVEN INVESTMENT A/C>	1,333,333	0.86%
18	MR JIMMY FAUSTO CAFFIERI & MRS LUCIA CAFFIERI <CAFFIERI FAMILY A/C>	1,333,333	0.86%
18	WHITE LINE CAPITAL PTY LTD <WHITE LINE UNIT A/C>	1,333,333	0.86%
19	MR ADAM STUART DAVEY <THE DAVEY INVESTMENT A/C>	1,333,000	0.86%
20	BOLT CONSULTING PTY LTD	1,250,000	0.81%
	<b>Totals</b>	<b>136,266,664</b>	<b>87.91%</b>
	<b>Total Issued Capital</b>	<b>155,000,000</b>	<b>100.00%</b>