

## WestStar Quarterly Review – Q1 FY2018

### ASX Release

31 October 2017

**WESTSTAR  
INDUSTRIAL LIMITED**  
ACN 119 047 693

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**Contact:**

Philip Re  
Bert Mondello

**Directors:**

Lay Ann Ong  
Bert Mondello  
Philip Re

**Secretary:**

Derek Hall

**Issued Capital:**

354,087,949 shares  
155,000,000 options

**ASX Symbol:**

WSI  
WSIO

### Activity Highlights:

- WestStar completed the transformational acquisition of SIMPEC Pty Ltd ("**SIMPEC**")
- SIMPEC is a game changing opportunity for WestStar to execute on its overarching business strategy to **diversify into complementary sectors and expand nationally**
- SIMPEC was integrated into the WestStar group during the quarter and is actively tendering for significant contract works leveraging its own and WestStar business Precast Australia Pty Ltd's ("**Precast Australia**") combined resources
- Further Precast Australia contract wins announced included the Westfield Carousel redevelopment for **Scentre Group**
- Precast Australia commenced works on high profile engagements for **Salini Impregilo / NRW Joint Venture** and Scentre Group
- The Group continues to actively tender for substantial works for both engineering and concrete construction.

The Directors of **WestStar Industrial Limited** (the "Company", ASX: WSI) are pleased to report on the Company's performance for the quarter ended 30 September 2017.

### SIMPEC ACQUISITION

On 2 August 2017, the Company announced that it had entered into a Share Sale Agreement to acquire 100% of SIMPEC Pty Ltd ("**SIMPEC**"). This acquisition represents the next phase of the WestStar's business model following the successful Supply and Install strategy roll out for the Precast Australia Pty Ltd (Precast Australia) business which has added more than \$8M to the contract order book to date.

SIMPEC is a construction contractor with specialist experience in both Structural, Mechanical and Piping (SMP), and Electrical and Instrumentation (E&I) works. SIMPEC is led by Managing Director Mark Dimasi and Director David Dimasi who together have over 35 years' experience delivering major Infrastructure, Mining and Oil and Gas projects for blue-chip clients for a large ASX listed engineering group.

SIMPEC's core capabilities provide clients with a fully integrated solution with multi-disciplined experience from design, fabrication, site installation, commissioning and asset management services, providing skills for all infrastructure, mining and oil and gas and urban development projects.

During the quarter, the SIMPEC business was integrated into the WestStar Group. As a result, SIMPEC will leverage off WestStar's shared services allowing SIMPEC to deliver its offering with minimal administrative and operational overheads. Together with SIMPEC, the Group's combined customer relationships and skills will provide further leverage to win more contracts in other geographies and industries. SIMPEC has begun actively tendering for projects and updates will be provided to the market in due course.

## **PRECAST OPERATIONS**

The Company's tendering based on the Supply and Installation business model continues to gain traction. Key initial contracts won on large projects should translate into further work, either in continuation of these projects or others in the clients' portfolios.

During the quarter, the Company announced that it 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 Australia 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 on this project commenced during the quarter and in the current month it is a production focus.

The key production focus for August and September was the Sigma Healthcare Distribution Centre for Vaughan Constructions and Dan Murphy's Secret Harbour for Tricon WA. During the last 2 months, substantial work was completed to materially finalise both of these projects.

In the previous quarter, Precast was awarded a key 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 Australia 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 on this project commenced in late September with substantial product to be delivered throughout October.

Precast Australia continues to experience strong levels of tender activity and heightened interest in Precast Australia's quality product offering. Feedback from jobs completed and underway with Precast Australia has been very positive and the Company looks forward to delivering for its clients during the December quarter.

## **CORPORATE**

As detailed, the executive team identified and executed the SIMPEC acquisition. The acquisition was fully funded in script with a substantial portion of this script consideration subject to performance KPIs and service based vesting criteria. Refer to the 2 August 2017 announcement for full details.

**COMPANY FINANCIAL OVERVIEW**

During the September 2017 quarter, the Company banked total net cash receipts of ~\$1,202,000 (Q4 FY2017: \$1,038,000). Receipts were up on the prior quarter, based on increased activity in the sector. Substantial works have commenced on previously awarded major contracts with strong throughput anticipated in the December quarter.

Operating payments for the quarter totalled ~\$981,000 (Q3 FY2017: \$828,000). This is consistent with the higher revenue in the current quarter however some early capital expenditure for major projects were expended during this period along with one off integration costs.

**-Ends-**

**For further information please contact:****Philip Re**

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Non-Executive Director

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

WESTSTAR INDUSTRIAL LIMITED

**ABN**

38 119 047 693

**Quarter ended ("current quarter")**

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,202	1,202
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(981)	(981)
(c) advertising and marketing	-	-
(d) leased assets	(223)	(223)
(e) staff costs	(223)	(223)
(f) administration and corporate costs	(447)	(447)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	68	68
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(603)</b>	<b>(603)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	250	250
(c) investments	(75)	(75)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>175</b>	<b>175</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,559	1,559
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(603)	(603)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	175	175
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>1,131</b>	<b>1,131</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,131	1,559
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,131</b>	<b>1,559</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

51

-

Directors' fees and salaries paid to executive and non-executive directors.  
All payments are on normal commercial terms.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

70

-

Corporate advisory, secretarial, accounting and administrative support. Reimbursement of travel and other expenses related to performing directors' duties.

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,000	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		


Loan from WestStar Precast Pte Ltd, a director related entity, secured with an interest rate of BBSY+6% on drawn down balance. This facility is open and available as required.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(850)
9.3 Advertising and marketing	-
9.4 Leased assets	(180)
9.5 Staff costs	(220)
9.6 Administration and corporate costs	(150)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(1,400)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	SIMPEC Pty Ltd	-
10.2 Place of incorporation or registration	Australia	-
10.3 Consideration for acquisition or disposal	Consideration paid in WSI shares, performance rights and performance shares (i.e. no cash consideration) as follows: - 37.5M fully paid ordinary shares (subject to 24 month escrow); - 37.5M performance rights subject to achievement of service based vesting criteria (subject to 12 month escrow from date of issue); - 25M fully paid ordinary shares subject to achievement of \$500,000 EBITDA within 18 calendar months of the acquisition completion	-
10.4 Total net assets	\$250,000	-
10.5 Nature of business	Fully integrated engineering contractor providing management of design engineering in Civil, SMP and E&I	-

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  ..... Date: 31 October 2017  
(Company Secretary)

Print name: Derek Hall  
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### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.