

WestStar Quarterly Review – Q2 FY2018

ASX Release

31 January 2018

**WESTSTAR
INDUSTRIAL LIMITED**
ACN 119 047 693

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Contact:
Philip Re
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Directors:
Lay Ann Ong
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Philip Re

Secretary:
Derek Hall

Issued Capital:
354,087,949 shares
155,000,000 options

ASX Symbol:
WSI
WSIO

Activity Highlights:

- Following on from completing the transformational acquisition of SIMPEC Pty Ltd (“**SIMPEC**”), SIMPEC was awarded its first contract for construction works at Iluka Resources’ new mineral sands mine development in WA;
- Precast Australia Pty Ltd’s was awarded contracts with a combined value in excess of \$1M;
- Precast Australia continued works 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 31 December 2017.

SIMPEC OPERATIONS

On 2 August 2017, the Company announced that it had entered into an agreement to acquire SIMPEC, 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.

In a short period of time, SIMPEC has laid the foundations to become a substantial player in the construction contractor space. SIMPEC’s active tendering efforts resulted in the award of its first contract - construction works at Iluka Resources’ new mineral sands mine development at Cataby, 150km north of Perth, Western Australia (“Cataby Project”).

Under the scope of works, SIMPEC will fulfil a key Mechanical, Electrical and Communications contract in the construction of 2 separate accommodation facilities for use by Iluka and Tronox Limited respectively, at the Cataby Project. In total, the facilities will cater for ~400 employees over the 2 sites. The contract, awarded by Grounded Construction Pty Ltd (“Grounded Construction”) has a value exceeding \$1.5M. This award was a significant milestone for the WestStar group representing the first step in the implementation of the next stage of WestStar’s business model - diversifying into new lines of products and services. Refer to the announcement of 13 November 2017 for more details.

Following on from the Grounded Construction / Iluka contract, SIMPEC has since been awarded further minor procurement and services works by tier 1 clients including BHP. SIMPEC is actively tendering for projects and updates will be provided to the market in due course.

PRECAST OPERATIONS

During the quarter, the Company announced that Precast had been awarded new contracts with a combined total value in excess of \$1M. One of these awards was a key contract in the construction of a new internationally operated hotel development in Perth, Western Australia.

The hotel development will be one of very few new-build hotels over the past decade in Perth. The contract, with Pindan Constructions ("Pindan") is for the supply of precast concrete and architectural concrete wall panels to this major new Perth project. This is the second contract awarded by Pindan to Precast Australia following on from the precast concrete and architectural concrete wall panels contract for the Quest Hotel and Apartments development as announced on 6 April 2017. Refer to the announcement of 24 October 2017 for more details on the most recent Pindan award.

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 in particular for Scentre Group and Salini Impregilo / NRW Joint Venture has been very positive. As at 31 December 2017, the Company also carried a material amount of WIP which will unwind and be converted into receivables in the next period.

COMPANY FINANCIAL OVERVIEW

During the December 2017 quarter, the Company banked total net cash receipts of ~\$1,642,000 (Q1 FY2018: \$1,202,000). Receipts were up on the prior quarter, based on increased activity in the sector, commencement and completion of substantial works for Precast which had previously been delayed; and first revenues for SIMPEC.

Operating payments for the quarter totalled ~\$1,457,000 (Q1 FY2018: \$981,000). This is consistent with the higher revenue in the current quarter. The lower than budgeted cash balance of ~\$531,000 is a direct result of the period end falling on a weekend. Post the 31 December 2017 reporting date i.e. in early January 2018, more than \$663,000 was receipted in the bank by the Company.

-Ends-

For further information please contact:

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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")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,642	2,844
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,457)	(2,438)
(c) advertising and marketing	-	-
(d) leased assets	(114)	(337)
(e) staff costs	(300)	(523)
(f) administration and corporate costs	(382)	(829)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	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)	11	79
1.9 Net cash from / (used in) operating activities	(600)	(1,203)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)	-	-
2.6	Net cash from / (used in) investing activities	-	175

3.	Cash flows from financing activities		
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,131	1,559
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(600)	(1,203)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter*	531*	531*

*As 31 December 2017 fell on a weekend, the Company had substantial funds due which were not physically receipted into the bank account as at 31 December 2017. More than \$663,000 was banked by the Company in early January 2018.

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	531	1,131
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	531	1,131

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	27
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

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

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

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	43
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

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

8. Financing facilities available <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 available, subject to shareholder approval.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(1,500)
9.3 Advertising and marketing	-
9.4 Leased assets	(100)
9.5 Staff costs	(300)
9.6 Administration and corporate costs	(300)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows*	(2,200)

*As at the date of this report, more than \$840,000 in Receipts from customers has been banked by the Company since quarter end with further receipts of \$600,000 due at the end of January 2018.

The Company has issued invoices in excess of \$1.1M for work in the month of January 2018 alone for receipt in February 2018. On this basis, in the next quarter there will be a minimum of \$2.5M in Receipts from customers with February invoices to be added to this total.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

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

Sign here: 
(Company Secretary)

Date: 31 January 2018

Print name: Derek Hall

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.