



ABN 38 119 047 693

Appendix 4D
for the Half-year Ended
31 December 2017

1. Company details

Name of entity:	WestStar Industrial Limited
ABN:	38 119 047 693
Reporting period:	For the half-year ended 31 December 2017
Previous period:	For the half-year ended 31 December 2016

2. Results for announcement to the market

	HY 31 Dec 2017 \$	HY 31 Dec 2016 \$	Up/Down	Change \$	Change %
Revenues from ordinary activities	3,059,254	2,512,444	Up	547,810	22
Loss from ordinary activities after tax attributable to the owners of WestStar Industrial Limited	(2,084,004)	(4,330,889)	Down	2,246,885	25
Loss for the half-year attributable to the owners of WestStar Industrial Limited	(2,084,004)	(4,330,889)	Down	2,246,885	25

Dividends

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the half - year ended 31 December 2017 (no dividend paid)	-	-

Comments

The loss after tax for the half-year ended 31 December 2017 was \$2,084,004 (31 December 2016 loss: \$4,330,889).

Delays in the commencement of works and schedule changes by clients again impacted on Precast Australia Pty Ltd's financial performance for the first half of the financial year. With quality product, the Company has been building a strong client base including the Salini Impregilo NRW JV and Scentre Group which should ensure that scheduling issues will have less impact going forward. The Company has also bolstered its tendering processes, ensuring that all jobs worth winning are being bid for.

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 business. The Company has spent time and resources establishing this new entity and was quickly rewarded on 13 November 2017 with SIMPEC winning its first contract on Iluka Resources' new Cataby Mine Development Project, north of Perth, Western Australia.

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.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.08	0.13

4. Control gained over entities

On 29 December 2017, the Company completed the acquisition of 100% of the shares in SIMPEC Pty Ltd ABN 44 619 238 505 (SIMPEC), a Western Australian business involved in Structural, Mechanical and Piping (SMP), and Electrical and Instrumentation (E&I) works.

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

- 37.5 million fully paid ordinary shares on completion
- 37.5 million service-based performance securities
- up to 25 million shares to be issued on the achievement of \$500,000 of earnings before interest, taxation, depreciation and amortisation (EBITDA) within 18 calendar months of the Transaction completion date.

As the acquisition was completed on 29 December 2017, results from SIMPEC including recent job wins will largely not be reflected in this report.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
None	-	-	-	-

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The 2017 Half-Year report is based upon accounts that were reviewed by the Company's auditor are not subject to a modified opinion. The report does include an emphasis of matter regarding the going concern basis of preparation of the interim financial accounts.

8. Attachments

Details of attachments (if any):

The Interim Report of WestStar Industrial Limited for the half-year ended 31 December 2017 is attached.

9. Signed



Date: 28 February 2018

Bert Mondello
Director



ABN 38 119 047 693

Financial Report for the Half-year Ended
31 December 2017

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CORPORATE DIRECTORY

Directors

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

Company Secretary

Mr Derek Hall

Registered Office

Suite 1, GF
437 Roberts Road
Subiaco WA 6008
Telephone: +61 8 6380 2555
Facsimile: +61 8 9381 1122

Website

www.wsiindustrial.com.au

Share Registry

Automatic Registry Services Pty Ltd
Level 1
7 Ventnor Ave,
West Perth WA 6005
Telephone: + 618 9324 2099
Facsimile: + 618 9321 2337

Auditors

Regency Audit Pty Ltd
Suite 1, GF
437 Roberts Road
Subiaco WA 6008

Stock Exchange

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

ASX Code

WSI

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 half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Lay Ann Ong	Non-Executive Chairman
Mr Bert Mondello	Non-Executive Director
Mr Philip Re	Non-Executive Director)

RESULTS OF OPERATIONS

The loss after tax for the half-year ended 31 December 2017 was \$2,084,004 (31 December 2016: loss of \$4,330,889). This includes impairment of goodwill of \$992,198 in relation to the acquisition of SIMPEC Pty Ltd.

REVIEW OF OPERATIONS***Operations***

The loss after tax for the half-year ended 31 December 2017 was \$2,084,004 (31 December 2016: loss of \$4,330,889). This includes impairment of goodwill of \$992,198 in relation to the acquisition of SIMPEC Pty Ltd.

Whilst the directors are disappointed with the first half results of Precast Australia Pty Ltd(**Precast**), due to delays in commencing production of booked orders requested by customers, the directors believe the implementation of the company's supply and install strategy will generate improved performance in the second half of the financial year. The tender register is strong and active and the company expects to receive further letters of award for work that needs to be delivered before the end of the financial year.

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 SIMPEC Pty Ltd

On 29 December 2017, the Company completed the acquisition of 100% of the shares in SIMPEC Pty Ltd ABN 44 619 238 505 (**SIMPEC**), a Western Australian business involved in Structural, Mechanical and Piping (SMP), and Electrical and Instrumentation (E&I) works.

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

- 37.5 million fully paid ordinary shares on completion
- 37.5 million service based performance securities
- up to 25 million shares to be issued on the achievement of \$500,000 of earnings before interest, taxation, depreciation and amortisation (EBITDA) within 18 calendar months of the Transaction completion date.

DIRECTORS' REPORT

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There are no other significant events subsequent to balance date.

AUDITOR INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Regency Audit Pty Ltd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 5 and forms part of this directors' report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Bert Mondello

Director

Perth, Western Australia

28 February 2018

Regency Audit Pty Ltd

ABN 85 165 181 822

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SUBIACO WA 6008

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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 review of the financial statements of Weststar Industrial Limited and its controlled entities for the half year ended 31 December 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



CHRIS WATTS CA
Director

REGENCY AUDIT PTY LTD

DATED at PERTH this 28th day of February 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2017

	Note	31 December 2017 \$	31 December 2016 \$
Revenue	3	3,058,153	2,512,030
Other income	3	1,101	414
		3,059,254	2,512,444
Expenses:			
Cost of goods sold		(2,689,116)	(2,055,340)
Distribution expenses		(29,474)	(21,665)
Occupancy expenses		(325,889)	(317,395)
Administration expenses		(1,078,328)	(1,052,931)
Impairment of intangibles	12	(992,198)	-
Listing expense		(16,269)	(3,374,335)
Finance costs		(11,984)	(21,667)
Expenses		(5,143,258)	(6,843,333)
Loss before income tax		(2,084,004)	(4,330,889)
Income tax expense			-
Loss after income tax		(2,084,004)	(4,330,889)
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>		-	-
Other comprehensive loss, net of tax		-	-
Total comprehensive income / (loss)		(2,084,004)	(4,330,889)
Earnings / (loss) per share			
Basic and diluted (loss)/earnings per share (cents)		(0.59)	(2.22)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position
for the half-year ended 31 December 2017

	Note	31 December 2017 \$	30 June 2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents		518,926	1,559,215
Trade and other receivables	4	2,028,000	726,711
Investments		146,823	145,293
Other assets	5	434,443	218,823
Total Current Assets		3,128,193	2,650,042
Non-Current Assets			
Trade and other receivables	4	73,227	64,218
Property, plant & equipment		495,153	533,953
Investments		125,000	-
Total Non-Current Assets		693,380	598,171
Total Assets		3,821,573	3,248,213
LIABILITIES			
Current Liabilities			
Trade and other payables	6	2,690,925	1,908,362
Unearned Income		850,455	-
Provisions		127,416	95,009
Borrowings	7	565,442	565,442
Total Current Liabilities		4,234,240	2,568,813
Total Liabilities		4,234,240	2,568,813
Net Assets / (Liabilities)		(412,667)	679,400
EQUITY			
Issued capital	8	9,222,478	8,284,978
Reserves		821,045	766,608
Accumulated losses		(10,456,190)	(8,372,186)
Total Equity / (Deficiency)		(412,667)	679,400

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows
for the half-year ended 31 December 2017

	Note	31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities			
Receipts from customers		2,450,842	2,706,801
Payments to suppliers and employees		(3,414,969)	(4,352,036)
Interest received		1,441	6,092
Interest paid		(9,472)	(14,107)
Net cash flows used in operating activities		(972,158)	(1,653,250)
Cash flows from investing activities			
Payment for investment in term deposit / bank guarantee		(125,000)	(143,714)
Receipt for redemption of investment in term deposit		-	142,007
Purchase of subsidiary, net cash acquired	12	79,633	3,111,752
Purchase of property, plant & equipment		(22,765)	(151,648)
Net cash flows provided by/(used in) investing activities		(68,132)	2,958,397
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	(747,841)
Net cash provided by/(used in) financing activities		-	(747,841)
Net increase / (decrease) in cash and cash equivalents		(1,040,289)	557,306
Cash and cash equivalents at beginning of period		1,559,215	234,670
Cash and cash equivalents at the end of the period		518,926	791,976

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

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2017

	Issued capital \$	Accumulated losses \$	Share based payment reserve \$	Total \$
At 1 July 2017	8,284,978	(8,372,186)	766,608	679,400
Profit/(loss) for the half-year	-	(2,084,004)	-	(2,084,004)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	(2,084,004)	-	(2,084,004)
Transactions with owners in their capacity as owners	-	-	-	-
Shares and options issued for the acquisition of Simpec Pty Limited	937,500	-	54,437	991,937
Transactions with owners in their capacity as owners	937,500	-	54,437	991,937
Balance at 31 December 2017	9,222,478	(10,456,190)	821,045	(412,667)

	Issued capital \$	Accumulated losses \$	Share based payment reserve \$	Total \$
At 1 July 2016	160	(1,795,518)	-	(1,795,358)
Profit for the half-year	-	(4,330,889)	-	(4,330,889)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	(4,330,889)	-	(4,330,889)
Transactions with owners in their capacity as owners	-	-	-	-
Issue of shares	6,186,343	-	484,805	6,671,148
Shares issued to corporate advisors	200,000	-	-	200,000
Transactions with owners in their capacity as owners	6,386,343	-	484,805	6,871,148
Balance at 31 December 2016	6,386,503	(6,126,407)	484,805	744,901

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

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2017

1. Corporate

The consolidated half-year financial report of WestStar Industrial Limited ("the Company") for the half-year ended 31 December 2017 was authorised for issue on 28 February 2018 in accordance with a resolution of the directors on 28 February 2018.

WestStar Industrial Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Basis of Preparation and Accounting Policies

(a) Basis of preparation

These general purpose condensed financial statements for the half-year ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2017 and any public announcements made by WestStar Industrial Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on a historical cost basis, except for the revaluation of certain financial instruments to fair value.

For the purpose of preparing the half-year financial report, the half year has to be treated as a discrete reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2017

2. Basis of Preparation and Accounting Policies (continued)**(a) Basis of preparation (continued)****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 half-year ended 31 December 2017 of \$2,084,004 (31 December 2016: net loss of \$4,330,889).

The Group experienced net cash operating outflows of \$972,158, had Cash of \$518,925 and a working capital deficit of \$1,106,048 at 31 December 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 had 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.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2017

2. Basis of Preparation and Accounting Policies (continued)

Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2017

In the half-year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the half-year reporting periods beginning on or after 1 July 2017.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Group and therefore no material change is necessary to Company accounting policies.

Standards and Interpretations in issue not yet adopted applicable to 31 December 2017

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2018.

As a result of this review, the Directors have determined that that AASB 15 'Revenue from contracts with Customers' and AASB 16 'Leases' may have a material effect on the application in future periods. The potential impact has not been quantified at this time.

Other than the above, there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Company accounting policies.

(b) Segment Reporting

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information.

The Board of Directors review internal management reports on a monthly basis that are consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

Notes to the Condensed Consolidated Financial Statements
for the half-year ended 31 December 2017

	31 December 2017 \$	31 December 2016 \$
3. Revenue and Other Income		
Revenue		
Sale of goods	3,055,183	2,505,938
Interest income	2,970	6,092
	3,058,153	2,512,030
Other income		
Other income	1,101	414
	1,101	414
	31 December 2017 \$	30 June 2017 \$
4. Trade and Other Receivables		
Current		
Trade receivables	1,566,889	452,404
Retentions	381,648	154,618
Other receivables	-	78,253
Prepayments	79,463	41,436
	2,028,000	726,711
Non-current		
Retentions	73,227	64,218
	31 December 2017 \$	30 June 2017 \$
5. Other Assets		
Accrued Income	681,271	465,650
Provision for doubtful debts	(246,827)	(246,827)
	434,443	218,823
	31 December 2017 \$	30 June 2017 \$
6. Trade and Other Payables		
Trade payables	2,310,935	1,468,048
Sundry creditors and accruals	379,990	440,314
	2,690,925	1,908,362

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2017

31 December 2017 30 June 2017
\$ \$

7. Borrowings

Loan from related parties	565,442	565,442
	565,442	565,442

Loans from WestStar Resources 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.

8. Issued Capital

(a) Issued and paid up capital

31 December 2017 30 June 2017
\$ \$

Ordinary shares fully paid	9,222,478	8,284,978
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(b) Movements in shares on issue

	6 months to 31 December 2017		Year to 30 June 2017	
	No.	\$	No.	\$
<i>Movements in ordinary shares on issue</i>				
Opening balance	354,087,949	8,284,978	160	160
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	-	-	30,000,000	279,000
Stage 2 Placement to sophisticated investors	-	-	100,000,000	1,394,475
Shares issued for the acquisition of Precast (iv)	-	-	25,000,000	425,000
			235,000,000	8,284,978
Shares issued for acquisition of SIMPEC (Note 13)	37,500,000	937,500	-	-
Closing balance	391,587,949	9,222,478	354,087,949	8,284,978

(i) the Company shares issued 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 shares issued 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 shares issued 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 shares issued 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.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2017

(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 158,500,000 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.

- 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).

(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.

(e) SIMPEC Performance Rights

Under the terms of acquisition of SIMPEC, 37.5 million performance securities, the issue of which will be subject to shareholder approval and that will vest upon the achievement of service based vesting criteria (subject to 12-month voluntary escrow from date of issue)

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2017

9. Contingent Liabilities & Commitments.

Operating lease commitments

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

	31 December 2017	30 June 2017
	\$	\$
Within One Year	445,908	445,908
After one year but not more than five years	408,749	631,703
	854,657	1,077,611

10. Events after Reporting Date

There are no other significant events subsequent to balance date.

11. Financial Instruments

At 31 December 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 half-year.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2017

12. Acquisition of SIMPEC Pty Ltd

On 29 December 2017, WestStar Industrial Limited acquired 100% of the ordinary share capital and voting rights in SIMPEC Pty Ltd.

(a) Acquisition Consideration

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

- 37.5 million fully paid ordinary shares on completion
- 37.5 million service based performance securities
- up to 25 million shares to be issued on the achievement of \$500,000 of earnings before interest, taxation, depreciation and amortisation (EBITDA) within 18 calendar months of the Transaction completion date.

(b) Fair value of consideration transferred

Under the principles of AASB 3, the assets and liabilities of SIMPEC Pty Ltd are measured at fair value on the date of acquisition.

(c) Goodwill

Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of SIMPEC Pty Ltd. Details of the transaction are as follows:

	Fair Value
	\$
<i>Consideration</i>	
37.5 million fully paid ordinary shares on completion	937,500
37.5 million service based performance securities	-
25 million shares to be issued on the achievement of \$500,000 of earnings before interest, taxation, depreciation and amortisation (EBITDA) within 18 calendar months of the Transaction completion date.	-
Total consideration	<u>937,500</u>
 Fair value of assets and liabilities held at acquisition date:	
Cash	79,633
Trade and other receivables	960,703
Plant and equipment	5,925
Trade and other payables	(179,431)
Provisions	(71,073)
Unearned Income	(850,455)
Fair value of identifiable assets and liabilities assumed	<u>(54,698)</u>
Goodwill	992,198
 Less impairment of goodwill	 <u>(992,198)</u>
	<u>-</u>

Director's Declaration

for the half-year ended 31 December 2017

In the opinion of the directors of WestStar Industrial Limited ('the company'):

1. The financial statements and notes thereto, are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable subject to the matters set out in Note 2(a).

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Bert Mondello

Director

Perth, Western Australia

28 February 2018

Regency Audit Pty Ltd

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Independent Auditor's Review Report

To the Members of Weststar Industrial Limited

We have reviewed the accompanying half-year financial report of Weststar Industrial Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Weststar Industrial Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Weststar Industrial Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion above, we draw attention to Note 2(a) to the financial report, which indicates that the Consolidated Entity incurred a net loss of \$2,084,004 and as of that date, the Consolidated Entity had net cash operating outflows of \$972,158. 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 Consolidated Entity 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.

Regency Audit

REGENCY AUDIT PTY LTD



CHRIS WATTS CA
Director

DATED at PERTH this 28th day of February 2018