

WestStar Quarterly Review – Q3 FY2018

ASX Release

27 April 2018

**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:

391,587,949 shares
158,500,000 options

ASX Symbol:

WSI
WSIO

Activity Highlights:

- WestStar's engineering contractor subsidiary SIMPEC Pty Ltd ("**SIMPEC**"), was awarded contracts by BHP and MSP Engineering;
- Precast Australia Pty Ltd ("**Precast Australia**") was awarded contracts with a combined value in excess of \$1.7M;
- SIMPEC and Precast Australia have begun to package their unique skillsets together tendering for combined precast concrete and structural steel works;
- The Group continues to actively tender for substantial works.

The Directors of **WestStar Industrial Limited** (the "Company", ASX: WSI) are pleased to report on the Company's performance for the quarter ended 31 March 2018.

SIMPEC OPERATIONS

On 8 February 2018, the Company announced that SIMPEC, its engineering contracting subsidiary was progressing well with its first contract with Grounded Construction Pty Ltd (Grounded) at Iluka Resources' new mineral sands mine development at Cataby, 150km north of Perth, Western Australia ("Cataby Project").

Under the scope of works, SIMPEC was engaged to fulfil a key Mechanical, Electrical and Communications contract in the construction of accommodation facilities for use by Iluka and Tronox Limited at the Cataby Project. Once completed, the facilities will cater for ~400 employees over 2 sites.

SIMPEC is working well with Grounded and looks forward to developing this first project into a mutually beneficial long-term partnership.

Following on from this contract, SIMPEC was awarded further minor procurement and services works by tier 1 clients BHP and MSP Engineering. It is anticipated that these works will result in further awards.

SIMPEC has submitted tenders in excess of \$100M in the last quarter - a significant value given the small team involved. Of note is the acceptance of an EOI with a major commodities exporter. Updates on new contract awards will be provided to the market in due course.

PRECAST AUSTRALIA OPERATIONS

During the quarter, the Company announced that Precast Australia had been awarded new contracts with a combined total value in excess of \$1.7M. One of these awards was a key contract with tier 1 construction company Built Environs in the redevelopment of Australia's largest naval base (HMAS Stirling) in Perth, Western Australia.

Built Environs will construct the Central Emergency Power System structure at HMAS Stirling and Precast Australia will supply precast concrete in this regard. This is the Company's first contract with Built Environs.

The key production focus for past few months has been Scentre Group's Westfield Carousel project and the Salini Impregilo NRW Joint Venture Forrestfield Airport Rail Link project. Substantial product has been produced and both clients are in the process of taking delivery. Notably, Precast Australia has been formally invited to tender for further works with both of these tier 1 clients.

Precast Australia is now offering: precast concrete supply; precast concrete installation; and with assistance from SIMPEC, structural steel supply and installation as a package – a compelling point of difference which is being well received in the market. These synergies will form a template for future offerings, allowing the WestStar Group to diversify and extract further value from Precast Australia's contracts rather than only the precast concrete component.

COMPANY FINANCIAL OVERVIEW

During the March 2018 quarter, the Company banked total net cash receipts of ~\$2,791,000 (Q2 FY2018: \$1,642,000). Receipts were up on the prior quarter, based on completion of substantial works for Precast; further revenues for SIMPEC and late receipts related to work from the prior quarter.

Operating payments for the quarter totalled ~\$1,753,000 (Q2 FY2018: \$1,457,000). This amount is reduced as a result of taking on more staff and reducing labour hire costs. This initiative also had a positive impact on margins. At the end of the period, there was a small cash build from the last quarter resulting in a cash balance of ~\$732,000. The Group has contracted receipts of at least ~\$2.5M due in the June 2018 quarter.

-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 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,791	5,635
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,753)	(4,191)
(c) advertising and marketing	-	-
(d) leased assets	(186)	(523)
(e) staff costs	(406)	(929)
(f) administration and corporate costs	(246)	(1,075)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
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)	-	79
1.9 Net cash from / (used in) operating activities	201	(1,002)

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 (9 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	531	1,559
4.2	Net cash from / (used in) operating activities (item 1.9 above)	201	(1,002)
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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter*	732	732

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	732	531
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)	732	531

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**

22

-

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

- 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**

167

-

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)

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: 27 April 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.