

## Appendix 4E Preliminary Final Report

Name of entity

WESTSTAR INDUSTRIAL LIMITED

ABN or equivalent company reference:

38 119 047 693

### 1. Reporting period

Preliminary report for the financial year ended	30 June 2018
Previous corresponding period is the financial year ended	30 June 2017

### 2. Results for announcement to the market

				\$'000
Revenues from ordinary activities ( <i>item 2.1</i> )	up	101.0%	to	9,201
Profit from ordinary activities after tax attributable to members ( <i>item 2.2</i> )	up	59.3%	to	(2,671)
Net profit for the period attributable to members ( <i>item 2.3</i> )	up	59.3%	to	(2,671)

Dividends (item 2.4)	Amount per security	Franked amount per security
Interim dividend	Nil	Nil
Final dividend	Nil	Nil
Record date for determining entitlements to the dividend (item 2.5)	Not Applicable	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6): Refer to item 12.		

### 3. Statement of profit or loss and other comprehensive income

Refer to attached unaudited Preliminary Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018.

### 4. Statement of financial position

Refer to attached unaudited Preliminary Consolidated Statement of Financial Position as at 30 June 2018.

### 5. Statement of Cash flows

Refer to attached unaudited Preliminary Consolidated Statement of Cash flows for the year ended 30 June 2018.

### 6. Statement of changes in equity

Refer to attached unaudited Preliminary Consolidated Statement of Cash flows for the year ended 30 June 2018.

## 7. Dividends

	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2018	N/A	N/A
Final dividend – year ended 30 June 2018	N/A	N/A

### Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
<b>Total dividend:</b> Current year	N/A	N/A	N/A
Previous year	N/A	N/A	N/A

### Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (each class separately)	N/A	N/A
Preference securities (each class separately)	N/A	N/A
Other equity instruments (each class separately)	N/A	N/A
<b>Total</b>	N/A	N/A

## 8. Details of dividend or distribution reinvestment plans in operation are described below:

N/A	
The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	N/A

## 9. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(\$0.042)	\$0.002

## 10. Details of entities over which control has been gained or lost during the period:

### Control gained over entities

Name of entities (*item 10.1*)

1. SIMPEC Pty Ltd (SIMPEC)
2. Distinct Developments Pty Ltd (Distinct)

Date(s) of gain of control (*item 10.2*)

1. 29 December 2017
2. 21 February 2018

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (*item 10.3*)

1. FY2018 is SIMPEC's first year of operations.
2. FY2018 is Distinct's first year of operations.

### Loss of control of entities

Name of entities (*item 10.4*)

N/A

Date(s) of loss of control (*item 10.5*)

N/A

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (*item 10.6*).

N/A

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (*item 10.7*)

N/A

## 11. Details of associates and joint venture entities

**Name of associate or joint venture entity** (*item 11.1*)

**% Securities held** (*item 11.2*)

N/A

N/A

### Aggregate share of profits (losses) of associates and joint venture entities (*item 11.3*)

**Group's share of associates' and joint venture entities':**

**2018**  
**\$**

**2017**  
**\$**

Profit (loss) from ordinary activities before tax

N/A

N/A

Income tax on ordinary activities

**Net profit (loss) from ordinary activities after tax**

N/A

N/A

Adjustments

**Share of net profit (loss) of associates and JV entities**

N/A

N/A

**12. Significant information relating to the entity's financial performance and financial position.**

*Overview*

WestStar Industrial Limited ("WestStar" or the 'Company') is an industrial conglomerate consisting of Precast Australia Pty Ltd ("Precast"), SIMPEC Pty Ltd ("SIMPEC") and Distinct Developments Pty Ltd ("Distinct Developments").

Precast Australia is a Western Australian business involved in the manufacture of precast concrete products, structures and elements. During the period, Precast focussed on delivering quality product for its clients resulting in significant repeat work from clients such as Pindan Constructions and RHG Contractors.

WestStar flagged its acquisition of SIMPEC in August 2017. SIMPEC Pty Ltd is a construction contractor with specialist experience in both Structural, Mechanical and Piping (SMP), and Electrical and Instrumentation (E&I) works. During the period, SIMPEC won significant contract works with BHP, MSP Engineering and Iluka Resources via Grounded Construction. These awards were a significant achievement for SIMPEC, building traction as a new player in the market.

With the assistance of SIMPEC, Precast Australia is now offering: precast concrete supply; precast concrete installation; and structural steel supply and installation as a package – a compelling point of difference which is being well received in the market. The addition of SIMPEC's Electrical and Instrumentation capability will also represent a further unique product offering.

On 1 May 2018, WestStar announced the establishment of a new property development business; Distinct Developments. Distinct Developments is a natural progression for the WestStar Group which, due to its existing businesses and management, has a wealth of contacts across the building, construction and investment sectors. On 12 June 2018, WestStar announced that Distinct Developments had secured a contract to design and manage an inner city mixed-use commercial property development in Perth, Western Australia with a total construction value of ~\$9M.

*Revenue*

The Company posted revenue of \$9.2M, 101% higher than FY2017 (\$4.6M). This was a direct result of the acquisition of SIMPEC, improved performance from Precast and the work generated from SIMPEC and Precast working together.

*Explanation of loss*

The Company's loss for the year of \$2.67M includes an accounting impairment loss of \$992k recognised as a result of the acquisition of SIMPEC. The Company also recognised \$148k in depreciation charges. Aside from this, the Company incurred establishment costs for SIMPEC including supporting the business until it won its first contract in November 2017.

*Outlook*

Both SIMPEC and Precast are ramping up their activity and are well positioned to scale and take advantage of any upturn in the building, construction and resources industries.

**13. The financial information provided in the Appendix 4E is based on the preliminary financial report (attached), which has been prepared in accordance with Australian accounting standards.**

**14. Commentary on the results for the period.**

Refer to explanation item 12.

**15. Information on Audit.**

This Appendix 4E and Preliminary Final Report is based on financial statements which are in the process of being audited.

**16. Audit Opinion.**

The audit of the Company is ongoing and so the audit opinion will be delivered in due course.

**WestStar Industrial Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**FOR THE YEAR ENDED 30 JUNE 2018**

	Note	30 June 2018 \$	30 June 2017 \$
Revenue	2	9,189,031	4,561,286
Other income	2	12,127	17,055
		<u>9,201,158</u>	<u>4,578,341</u>
Expenses:			
Cost of goods sold	3	(7,343,133)	(3,642,250)
Distribution expenses		(91,508)	(43,688)
Occupancy expenses		(627,043)	(645,063)
Administration expenses	3	(2,669,876)	(2,145,180)
Listing expense		-	(3,374,335)
Depreciation		(147,950)	(161,259)
Impairment of intangibles	4	(992,198)	-
Finance costs	3	-	(103,000)
Share based payments expense		-	(1,040,234)
<b>Expenses</b>		<u><b>(11,871,708)</b></u>	<u><b>(11,155,009)</b></u>
<b>Profit / (loss) before income tax</b>		<u><b>(2,670,550)</b></u>	<u><b>(6,576,668)</b></u>
Income tax expense		-	-
<b>Profit / (loss) after income tax</b>		<u><b>(2,670,550)</b></u>	<u><b>(6,576,668)</b></u>
<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>		<u><b>(2,670,550)</b></u>	<u><b>(6,576,668)</b></u>
<b>Earnings / (loss) per share</b>			
Basic (loss)/earnings per share (cents)		(0.007)	(0.030)

**WestStar Industrial Limited**  
**Consolidated Statement of Financial Position**

**AS AT 30 JUNE 2018**

	Note	30 June 2018 \$	30 June 2017 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	1,711,826	1,559,215
Trade and other receivables		1,735,541	726,711
Other assets		147,197	218,823
<b>Total Current Assets</b>		<b>3,594,564</b>	<b>2,504,749</b>
<b>Non-Current Assets</b>			
Trade and other receivables		-	64,218
Investments		148,323	145,293
Bank guarantees		155,362	-
Property, plant & equipment	6	435,033	533,953
Loans Receivable	7	750,000	-
Intangible assets		-	-
<b>Total Non-Current Assets</b>		<b>1,488,718</b>	<b>743,464</b>
<b>Total Assets</b>		<b>5,083,282</b>	<b>3,248,213</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	4,200,626	1,908,362
Provisions		156,408	95,009
Borrowings	9	785,461	565,442
<b>Total Current Liabilities</b>		<b>5,142,495</b>	<b>2,568,813</b>
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>5,142,495</b>	<b>2,568,813</b>
<b>Net Assets / (Liabilities)</b>		<b>(59,213)</b>	<b>679,400</b>
<b>EQUITY</b>			
Issued capital		10,162,478	8,284,978
Reserves		821,045	766,608
Accumulated losses		(11,042,736)	(8,372,186)
<b>Total Equity / (Deficiency)</b>		<b>(59,213)</b>	<b>679,400</b>

**WestStar Industrial Limited**  
**Consolidated Statement of Changes in Equity**

**FOR THE YEAR ENDED 30 JUNE 2018**

Attributable to Owners of the Company				
Notes	Issued Capital \$	Share-based Payments Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 30 June 2016</b>	<b>160</b>	<b>-</b>	<b>(1,795,518)</b>	<b>(1,795,358)</b>
Loss for the year	-	-	(6,576,668)	(6,576,668)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(6,576,668)</b>	<b>(6,576,668)</b>
<b>Transactions with owners in their capacity as owners</b>				
Shares and options issued for the 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>Balance at 30 June 2017</b>	<b>8,284,978</b>	<b>766,608</b>	<b>(8,372,186)</b>	<b>679,400</b>
Loss for the year			(2,670,550)	(2,670,550)
<b>Total comprehensive loss for the year</b>			<b>(2,670,550)</b>	<b>(2,670,550)</b>
<b>Transactions with owners in their capacity as owners</b>				
Shares issued for the acquisition of SIMPEC Pty Ltd	4 937,500	-	-	937,500
Contribution of equity, net of transaction costs	940,000	-	-	940,000
Recognition of share-based payments	-	54,437	-	54,437
<b>Balance at 30 June 2018</b>	<b>10,162,478</b>	<b>821,045</b>	<b>(11,042,736)</b>	<b>(59,213)</b>



**WestStar Industrial Limited**  
**Consolidated Statement of Cashflows**

**FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	30 June 2018 \$	30 June 2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		8,235,998	4,079,223
Payments to suppliers and employees		(8,296,387)	(6,343,897)
Interest received		92,849	8,823
Interest paid		(105,865)	(80,585)
<b>Net cash flows used in operating activities</b>		<b>(73,405)</b>	<b>(2,336,436)</b>
<b>Cash flows from investing activities</b>			
Payment for investment in term deposit		-	(145,293)
Payment for bank guarantees		(158,392)	-
Receipt for redemption of investment in term deposit		-	142,007
Purchase of subsidiary, net cash acquired	4	79,633	3,111,752
Purchase of property, plant & equipment		(43,105)	(314,960)
<b>Net cash flows provided by/(used in) investing activities</b>		<b>(121,864)</b>	<b>2,793,506</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,000,000	1,673,475
Proceeds from borrowings		218,074	-
Amounts loaned	7	(750,000)	-
Repayment of borrowings		(120,194)	(806,000)
<b>Net cash provided by/(used in) financing activities</b>		<b>347,880</b>	<b>867,475</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>152,611</b>	<b>1,324,545</b>
Cash and cash equivalents at beginning of period		1,559,215	234,670
<b>Cash and cash equivalents at the end of the period</b>	5	<b>1,711,826</b>	<b>1,559,215</b>

## **NOTE 1: BASIS OF PREPARATION OF THE FINAL REPORT**

### **BASIS OF PREPARATION**

This preliminary final report for the year ended 30 June 2018 relates to the consolidated entity consisting of WestStar Industrial Limited ("WestStar" or "the Group") and its controlled entities.

The preliminary final report has been prepared on an accruals basis and a historical cost basis except for certain current and non-current assets and financial instruments which are measured at fair value or where otherwise stated. Cost is based on the fair value of consideration given in exchange for assets.

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual financial report of the year ended 30 June 2017, the half year report for the period ended 31 December 2017 and any public announcements made by WestStar during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The amounts contained in this preliminary final report are presented in Australian dollars, the functional currency of the consolidated entity.

### **STATEMENT OF COMPLIANCE**

The preliminary final report is a general-purpose financial report and has been prepared in accordance with applicable Australian Accounting Standards, other pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. The preliminary final report is also in compliance with ASX listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. Australian Accounting Standards include Australian equivalents of International Reporting Standards ("AIFRS").

## **NOTE 2: REVENUE AND OTHER INCOME**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>		
- Revenue from sale of goods	9,096,182	4,552,464
- Interest income	92,849	8,823
	<u>9,189,031</u>	<u>4,561,286</u>
<b>OTHER INCOME</b>		
- Other income	12,127	17,055
	<u><b>9,201,158</b></u>	<u><b>4,578,341</b></u>

## **NOTE 3: EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>COST OF SALES</b>		
Cost of sales		
- Purchases/Materials used	3,081,496	1,215,037
- Other cost of goods sold	2,258,572	431,516
- Manufacturing costs	2,003,065	1,995,697
	<u><b>7,343,133</b></u>	<u><b>3,642,250</b></u>

**NOTE 3: EXPENSES (continued)**

**ADMINISTRATIVE EXPENSES**

- Employee wages and salaries	1,301,759	987,971
- Professional services and consultant fees	690,907	446,892
- Doubtful debts expense	-	233,771
- Insurance	89,336	66,494
- Motor vehicle costs	91,510	43,688
- ASX and Share registry fees	32,951	51,597
- General administrative costs	463,413	239,114
	<u>2,669,876</u>	<u>2,069,527</u>

**FINANCE COSTS**

- Associated companies	-	59,515
- Other	-	43,485
	<u>-</u>	<u>103,000</u>

**NOTE 4: ACQUISITION OF SIMPEC PTY LTD**

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

(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:

	<b>Fair Value</b>
	<b>\$</b>
<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>

**NOTE 4: ACQUISITION OF SIMPEC PTY LTD (continued)**

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	(54,698)
Goodwill	992,198
Less impairment of goodwill	(992,198)
	-

**NOTE 5: CASH AND CASH EQUIVALENTS**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash and bank balances	1,711,826	1,559,215
Balances as above	1,711,826	1,559,215
Bank overdraft	-	-
<b>BALANCES PER STATEMENT OF CASHFLOWS</b>	<b>1,711,826</b>	<b>1,559,215</b>

**NOTE 6: PROPERTY, PLANT AND EQUIPMENT**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Gross carrying value	893,498	845,625
Accumulated depreciation	(458,465)	(311,672)
Net carrying value	435,033	533,953

	<b>Leasehold Improvements</b>	<b>Plant &amp; Equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Gross carrying value</b>			
At 1 July 2017	256,129	589,496	845,625
Additions	-	59,212	59,212
Disposals	-	(11,339)	(11,339)
At 30 June 2018	256,129	637,369	893,498
<b>Accumulated depreciation</b>			
At 1 July 2017	(56,401)	(255,270)	(311,672)
Disposals	-	1,157	1,157
Depreciation charge	(39,946)	(108,004)	(147,950)
At 30 June 2018	(96,347)	(362,118)	(458,465)

## **NOTE 7: LOAN RECEIVABLE**

On 12 June 2018, WestStar announced that Distinct Developments Pty Ltd ("Distinct") has secured a management contract (the "Contract") for the design and construction of a commercial mixed-use building (the "Project") in West Perth, Western Australia. To fast-track the development, Distinct made a working capital facility ("Facility") of \$750,000 available to the Owner, 24 Prowse Street Pty Ltd, for the purposes of assisting with the property settlement, design consultants, development approvals, rates and taxes. The Facility is provided with an interest rate of 10% per annum payable to Distinct with a 36 months' maturity period.

## **NOTE 8: TRADE AND OTHER PAYABLES**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade payables	3,215,474	1,468,048
Sundry creditors and accruals	985,152	440,314
	<b>4,200,626</b>	<b>1,908,362</b>

## **NOTE 9: BORROWINGS**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Loan from related parties (i)	565,442	565,442
Unsecured loan (ii)	220,019	-
	<b>785,461</b>	<b>565,442</b>

(i) On 24 April 2017, the Company entered into a Convertible Note agreement with WestStar Precast Pte Ltd, an entity associated with a Non-Executive Director, Lay Ann Ong in satisfaction of an outstanding loan. The balance reflected will be extinguished on conversion of 20,000,000 Convertible Notes 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.

(ii) Unsecured loan bears interest at a rate of 10% p.a. This loan has been repaid in full, post period end.

## **NOTE 10: OPERATING SEGMENTS**

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 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 \$9,096,182 (2017:\$4,552,464) 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.

**NOTE 11: CONTINGENCIES AND COMMITMENTS**

The Group has given bank guarantees as at 30 June 2018 of \$155,362 to various customers and suppliers.

**Operating lease commitments**

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Within one year	445,908	445,908
After one year but not more than five years	185,795	631,703
	<u>631,703</u>	<u>1,077,611</u>

Other than the above, there were no material contingencies as at 30 June 2018.

**NOTE 12: SUBSEQUENT EVENTS**

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 2018.