



ABN 38 119 047 693

Appendix 4D
for the Half-year Ended
31 December 2020

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WestStar Industrial Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: WestStar Industrial Limited
 ABN: 38 119 047 693
 Reporting period: For the half-year ended 31 December 2020
 Previous period: For the half-year ended 31 December 2019

2. Results for announcement to the market

	HY 31 Dec 2020	HY 31 Dec 2019	Up/Down	Change	Change
	\$	\$		\$	%
Revenues from ordinary activities	25,215,142	33,260,051	Down	8,044,909	24%
Profit/ (Loss) from ordinary activities after tax attributable to the owners of WestStar Industrial Limited	(577,258)	495,616	Down	1,072,874	216%
Profit/ (Loss) for the half-year attributable to the owners of WestStar Industrial Limited	(577,258)	495,616	Down	1,072,874	216%

Dividends

WestStar Industrial Limited did not declare a dividend during the current reporting or corresponding previous reporting period.

Comments

The loss after tax for the half-year ended 31 December 2020 was (\$577,258) (31 December 2019 profit: \$495,616).

Revenue for the Group was \$25,215,142 for the six months ending 31 December 2020, a decrease of 24% over the prior corresponding period (31 December 2019: revenue of \$33,260,051).

The Group incurred an after-tax loss attributed to members of (\$577,258) for the half year ending 31 December 2020 (31 December 2019: profit of \$495,616).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.90</u>	<u>0.52</u>

4. Control gained over entities

Not applicable.

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
	-	-	-	-

7. Audit qualification or review

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

The 2020 Half-Year report is based upon accounts that were reviewed by the Company's auditor and are not subject to a modified opinion.

8. Attachments

Details of attachments (if any):

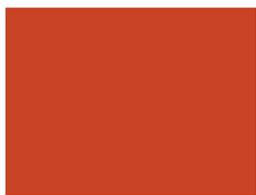
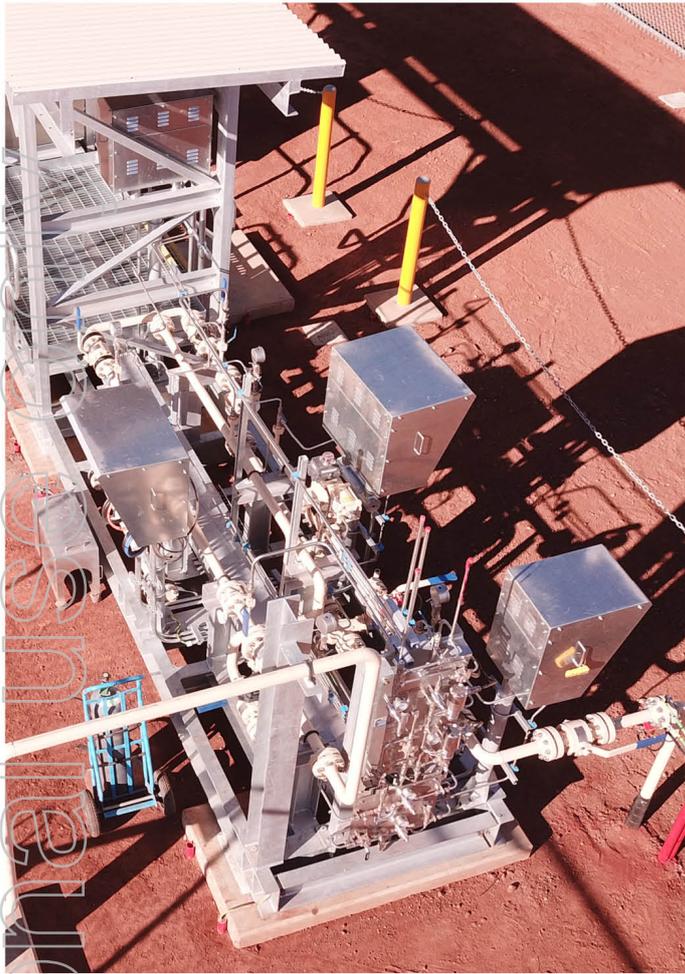
The Interim Report of WestStar Industrial Limited for the half-year ended 31 December 2020 is attached.

9. Signed



Philip Re
Non-Executive Chairman

Date: 28 February 2021



Financial Report for the half-year ended 31 December 2020

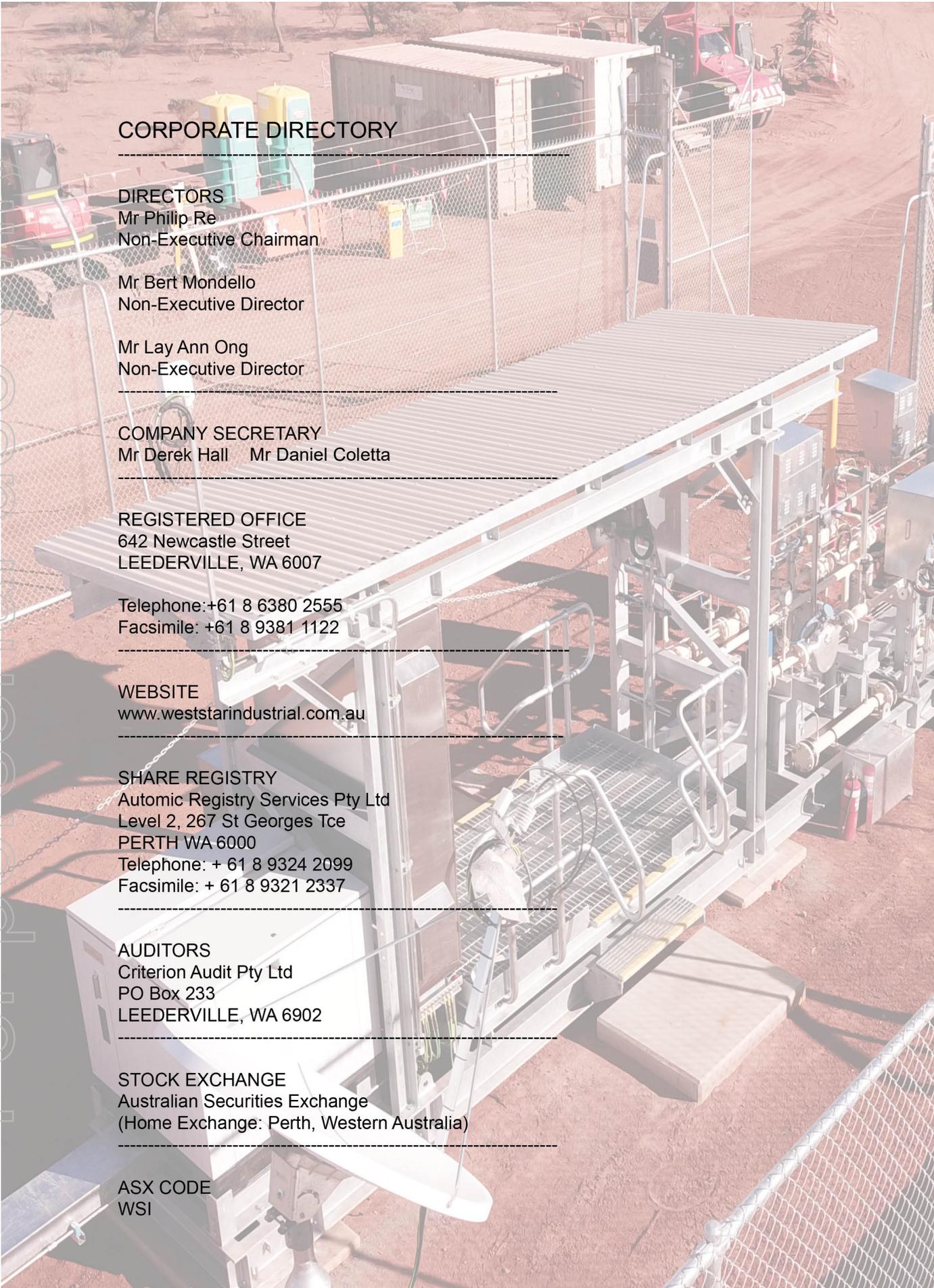


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CORPORATE DIRECTORY

DIRECTORS

Mr Philip Re
Non-Executive Chairman

Mr Bert Mondello
Non-Executive Director

Mr Lay Ann Ong
Non-Executive Director

COMPANY SECRETARY

Mr Derek Hall Mr Daniel Coletta

REGISTERED OFFICE

642 Newcastle Street
LEEDERVILLE, WA 6007

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Facsimile: +61 8 9381 1122

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PERTH WA 6000

Telephone: + 61 8 9324 2099

Facsimile: + 61 8 9321 2337

AUDITORS

Criterion Audit Pty Ltd
PO Box 233
LEEDERVILLE, WA 6902

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 2020. 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 Philip Re	Non-Executive Chairman
Mr Bert Mondello	Non-Executive Director
Mr Lay Ann Ong	Non-Executive Director

RESULTS OF OPERATIONS

Revenue for the Group was \$25,215,143 for the half year ending 31 December 2020 (31 December 2019: revenue of \$33,260,051).

The Group posted an after-tax loss attributed to members of (\$577,258) for the half year ending 31 December 2020 (31 December 2019 after tax profit: \$495,616). Several non-cash expenses are recorded in the Company's accounts.

	Half-year ended 31 December 2020
	\$
Profit/(loss) after income tax expense	(577,258)
Add back:	
Share based payment expense	413,406
Interest costs	105,408
Depreciation and amortisation	<u>654,664</u>
Underlying EBITDA*	596,220

*Underlying EBITDA is an unaudited, non-AIFRS financial measure which is not prescribed by Australian Accounting Standards ('AAS')

REVIEW OF OPERATIONS

First Half Year Revenue Highlights

- Strong Cash Holdings of \$7.5M (Increase of \$900k 1HFY21)
- Earnings (EBITDA) \$596 k with Strong Operating profit for ALLTYPE Engineering.
- 1HFY21 Group Contract Awards received of \$36M
- 1HFY21 Revenue of ~\$25M with \$28M to be delivered in 2HFY20
- Strong forward Order book for ALLTYPE Engineering circa \$15M
- Strong forward Order book for SIMPEC circa \$13M
- Imminent awards expected to increase Revenue with Live tender submissions > \$400M
- Strong 2HFY21 expected for SIMPEC as it delivers on recent awards and up and coming opportunities
- Alltype Engineering transaction delivers a step change in scale and diversity to WestStar Industrial's Oil and Gas market as the industry continues to gain traction

Commenting on the performance of the business, Robert Spadanuda, WestStar Industrial Chief Executive Officer said: "I would once again like to begin by recognising the significant contributions made by the workforce in both Alltype Engineering and SIMPEC delivering these results in what remains a continuing challenging environment presented by COVID-19.

The strength in our people continues to build this company. In particular I would like to acknowledge the two Managing Directors Mark Dimasi SIMPEC and Kelvin Andrijich of Alltype Engineering and their respective management teams for staying the course. Whilst the first half of FY21 is slightly down on revenue we remain optimistic that through recent awards and imminent future awards the company is on track to deliver a STRONG 2HFY20.

The company remains in a strong position heading into 2HFY21.

Forward order book continues to grow, tender opportunities are strong and 1HFY21 investment in new project opportunities is expected to transfer into live projects in 2HFY21. Cash holdings remains strong at \$7.5M an increase of circa \$900k from FY20.

The strength in our people continues to build this company.

Outlook **ALLTYPE ENGINEERING**

Highlights

- 1HFY21 Revenue circa \$15M (1HFY20 \$12M)
- 1HFY21 Operating Profit \$1.1M (1HFY20 \$1M)
- 1HFY21 forward order book of circa \$15M

Alltype Engineering has an historical track record of sustainable earnings and in FY19 delivered revenue of \$29.8M and FY19 EBITDA of ~\$2.0M.

Alltype Engineering Segment reporting has delivered ~\$15M in revenue and operating profit of ~\$1.1M.

Alltype Engineering remains on track to continue deliver on its historical performance in line with its sustainable earnings expectations.

“We continue to integrate the successful acquisition of Alltype Engineering into the group.”

WestStar Industrial Chief Executive Officer Robert Spadanuda said: “Growth is expected to continue as a result of increasing expenditure on Infrastructure projects at state and federal level, demand for commodities remaining strong and the recent awards to the group with new opportunities nearing award.”

Working closely with the Alltype Engineering team over the last year has combined expertise to pursue new business initiatives across a large pipeline of opportunities. The addition of the Alltype Engineering business represents a further diversification of our strategic platform to offer clients continuity of services across the whole lifecycle of resource projects – from design, construction to operations and maintenance.

“The Order Pipeline remains strong with the potential for further projects to be accelerated as part of joint federal and state priorities to address the economic consequences of COVID-19.”



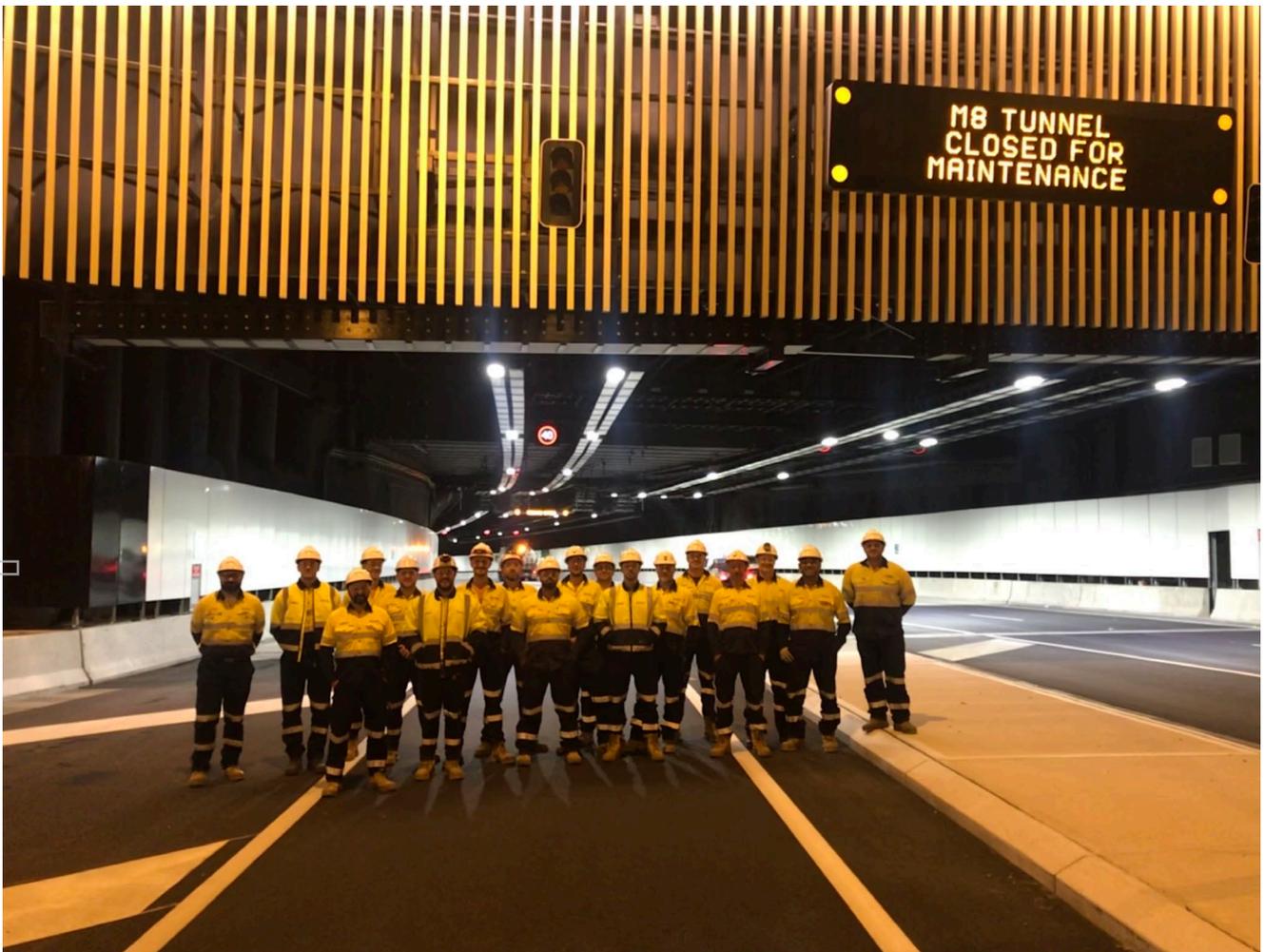
SIMPEC

During the half year, SIMPEC was awarded new contracts and forged new relationships:

- ~\$9M contract by First Quantum Minerals (FQM) at their Ravensthorpe Nickel Operations. The contract scope is for the electrical and instrumentation (E&I) portion of work for the Shoemaker-Levy project.
- Avertas Energy
 - Kwinana Waste to Energy Project a contract with Spanish infrastructure and renewable energy company Acciona, in the construction of the waste-to-energy facility (Avertas Energy) at Kwinana, south of Perth, WA.
 - SIMPEC is performing nightshift mechanical works on the project with a team of more than 50 personnel. This scope is planned to be completed during calendar 2021.
- WestStar industrial subsidiary SIMPEC has formed a Joint Venture with IronMerge Pty Ltd
 - A Nyamal family business.
 - Iron Merge is a Supply Nation Aboriginal-owned mining and civil works service company, delivering local contracting solutions to customers across the Pilbara, driving employment outcomes for Indigenous people and local communities in the Port Hedland region.
- IronMerge is SIMPEC's first Indigenous JV Partner.
- The JV represents a milestone achievement in SIMPEC's Aboriginal Engagement Strategy and offers direct employment for Nyamal people in the Pilbara.

WestStar Industrial is very confident that the SIMPEC and IronMerge JV will cooperate and support one another in construction and service opportunities in and around the Pilbara. Joint engagement and active participation will positively contribute to the communities in which the parties operate by continuing to create local employment opportunities and community interest.

It is envisaged that SIMPEC will improve on its half year performance as projects now gain momentum and tendering opportunities come to fruition.



CORPORATE OVERVIEW and OUTLOOK

The Pipeline of tenders and prospects expected to be awarded in the coming months has increased significantly with Live tender submissions > \$400M. Order Intake for 1HFY21 was just over \$36M with \$28M of those orders expected to be completed in 2HFY21. This order book of circa \$28M has provided a strong runway to the second half of the year.

The Board of Directors and CEO continue to identify opportunities and recognise that the company must continue to grow not solely through organic growth but through synergistic acquisitive opportunities all whilst continuing to fund its projects with strong cash generation.

WestStar Industrial through its subsidiaries Alltype Engineering and SIMPEC continue providing a range of services including structural, mechanical & piping, electrical & instrumentation, construction and maintenance services, across many industries of Australia.

We look forward to delivering upon the existing and new opportunities presented to the company and continuing to strategically position WestStar Industrial as a sophisticated Industrial Services Company, with a diversified portfolio of projects.



DIRECTORS' REPORT

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Other than the above, there are no other significant events subsequent to balance date.

AUDITOR INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Criterion 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 8 and forms part of this directors' report for the half-year ended 31 December 2020.

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.



Philip Re
Non- Executive Chairman
Perth, Western Australia
28 February 2021

AUDITORS INDEPENDENCE DECLARATION



Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street

LEEDERVILLE WA 6007

Phone: 9466 9009

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 Controlled Entities for the half-year ended 31 December 2020, 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

A handwritten signature in blue ink that reads "Chris Watts".

CHRIS WATTS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 28th day of February 2021

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2020

	Note	31 December 2020 \$	31 December 2019 \$
Revenue	3	24,945,379	33,187,523
Cost of goods sold		(21,110,554)	(28,934,176)
		3,834,825	4,253,347
Other income	3	269,763	72,528
Distribution expenses		(43,381)	(74,806)
Occupancy expenses		(146,792)	(321,526)
Depreciation and amortisation	6,7	(654,664)	(56,522)
Employment expenses		(2,056,130)	(1,486,372)
Administration expenses		(993,155)	(317,494)
Insurance		(316,894)	(200,639)
Finance costs		(67,061)	(154,773)
Doubtful debts expense		(15,869)	(50,437)
Share based payments expense	15,16	(413,406)	(1,167,690)
Profit on sale of plant and equipment		25,506	-
Expenses		(4,412,084)	(4,149,278)
Profit/ (Loss) before income tax		(577,258)	495,616
Income tax expense	2 (c)	-	-
Profit/ (Loss) after income tax		(577,258)	495,616
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>		-	-
Other comprehensive income / (loss), net of tax		-	-
Total comprehensive income / (loss)		(577,258)	495,616
Earnings / (loss) per share			
Basic and diluted (loss)/earnings per share (cents)		(0.06)	0.08

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

As at 31 December 2020

	Note	31 December 2020 \$	30 June 2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents		7,283,873	6,642,063
Trade and other receivables	4	8,367,296	10,260,551
Stock on hand		399,547	410,222
Other assets	5	3,661,877	7,012,541
Total Current Assets		19,712,593	24,325,377
Non-Current Assets			
Trade and other receivables	4	216,475	844,419
Bank guarantees		61,750	60,650
Property, plant & equipment	6	4,335,515	4,338,653
Right of Use Asset	7	2,409,027	2,255,123
Loans receivable	8	1,073,168	908,903
Intangible Assets	9	4,508,116	4,508,116
Total Non-Current Assets		12,604,051	12,915,864
Total Assets		32,316,644	37,241,241
LIABILITIES			
Current Liabilities			
Trade and other payables	11	11,181,477	13,955,912
Provisions	12	1,119,574	962,330
Borrowings	13	712,456	790,000
Lease liabilities	14	825,317	660,125
Other liabilities	10	3,241,584	5,867,141
Total Current Liabilities		17,080,408	22,235,508
Non-Current Liabilities			
Provisions	12	150,089	23,276
Lease liabilities	14	1,783,203	1,698,074
Total Non-Current Liabilities		1,933,292	1,731,350
Total Liabilities		19,013,700	23,956,858
Net Assets		13,302,944	13,284,383
EQUITY			
Issued capital	15	20,394,082	19,811,669
Reserves	16	785,901	772,495
Accumulated losses		(7,877,039)	(7,299,781)
Total Equity		13,302,944	13,284,383

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

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

for the half-year ended 31 December 2020

	31 December 2020	31 December 2019
	\$	\$
Cash flows from operating activities		
Receipts from customers	26,175,213	29,145,517
Payments to suppliers and employees	(25,268,317)	(31,600,833)
Other revenue	208,628	-
Interest received	1,629	9,384
Interest paid	(29,358)	(154,773)
Net cash flows provided by/(used in) operating activities	1,087,795	(2,600,705)
Cash flows from investing activities		
Receipt (Payment) for investment in term deposit / bank guarantee	(1,100)	226,380
Purchase of property, plant & equipment	(41,340)	(9,919)
Proceeds from disposal of property, plant & equipment	55,816	-
Net cash flows provided by investing activities	13,376	216,461
Cash flows from financing activities		
Loans to related parties	(169,361)	(38,471)
Repayment of borrowings	(290,000)	39
Net cash (used in) financing activities	(459,361)	(38,432)
Net increase / (decrease) in cash and cash equivalents	641,810	(2,422,676)
Cash and cash equivalents at beginning of period	6,642,063	10,068,300
Cash and cash equivalents at the end of the period	7,283,873	7,645,624

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 2020

	Issued capital \$	Accumulated losses \$	Share based payment reserve \$	Total \$
At 1 July 2020	19,811,669	(7,299,781)	772,495	13,284,383
Profit/(loss) for the half-year	-	(577,258)	-	(577,258)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	(577,258)	-	(577,258)
Transactions with owners in their capacity as owners				
Issue of shares to directors and key personnel	582,413	-	-	582,413
Recognition of share-based payments	-	-	13,406	13,406
Transactions with owners in their capacity as owners	582,413	-	13,406	595,819
Balance at 31 December 2020	20,394,082	(7,877,039)	785,901	13,302,944

	Issued capital \$	Accumulated losses \$	Share based payment reserve \$	Total \$
At 1 July 2019	13,004,376	(10,757,834)	484,805	2,731,347
Profit/(loss) for the half-year	-	495,616	-	495,616
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	495,616	-	495,616
Transactions with owners in their capacity as owners				
Issue of shares for SIMPEC earn-out	550,000	-	-	550,000
Issue of shares to related party for services rendered	330,000	-	-	330,000
Recognition of share-based payments	-	-	287,690	287,690
Transactions with owners in their capacity as owners	880,000	-	287,690	1,167,690
Balance at 31 December 2019	13,884,376	(10,262,218)	772,495	4,394,653

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 2020

1. Corporate

The consolidated half-year financial report of WestStar Industrial Limited (“the Company”) and its controlled entities (“the Group” or “Consolidated Entity”) for the half-year ended 31 December 2020 was authorised for issue on 28 February 2021 in accordance with a resolution of the directors on 28 February 2021.

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 2020 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 2020 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.

(b) 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 posted a net loss after tax for the half-year ended 31 December 2020 of \$577,258 (31 December 2019: net profit of \$495,616). The Group had net cash inflows from operating activities of \$1,087,795 (31 December 2019: net cash outflows \$2,600,705), had Cash of \$7,283,873 (30 June 2020: \$6,642,063) and a working capital surplus of \$2,653,702 (31 December 2019: \$1,380,192).

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 have reviewed the Group’s financial position and are of the opinion that the use of the going concern basis of accounting is appropriate.

(c) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company’s subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

2 Basis of Preparation and Accounting Policies (continued)

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

WestStar Industrial Limited (the 'head entity') and its wholly-owned subsidiaries currently account for their own current and deferred tax amounts. The Company has formed a tax consolidated group which incorporates all entities in the Group and the Company has assumed that all available transferred losses are available for use.

(d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of WestStar Industrial Limited.

(e) Accounting estimates and judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(f) New and revised Standards and Interpretations

For the period ended 31 December 2020, 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 current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

	31 December 2020 \$	31 December 2019 \$
3. Revenue and Other Income		
Revenue		
Sale of goods and services	24,945,379	33,187,523
Other income		
Interest income	1,630	9,384
Other income	118,133	63,143
ATO Cash boost payment	150,000	-
	<u>269,763</u>	<u>72,528</u>
	25,215,142	33,260,051
	31 December 2020 \$	30 June 2020 \$
4. Trade and Other Receivables		
Current		
Trade receivables	6,543,183	9,209,699
Less Provision for doubtful debts	(393,033)	(413,033)
	<u>6,150,150</u>	<u>8,796,666</u>
Retentions	1,755,761	1,233,588
Other receivables	23,959	138,901
Prepayments	437,425	91,396
	<u>8,367,295</u>	<u>10,260,551</u>
Non-current		
Retentions	<u>216,475</u>	<u>844,418</u>
	31 December 2020 \$	30 June 2020 \$
5. Other Assets		
Contract assets	3,661,877	7,012,541
	<u>3,661,877</u>	<u>7,012,541</u>
	31 December 2020 \$	30 June 2020 \$
6. Property, Plant and Equipment		
Gross carrying value at cost	1,124,893	818,389
Accumulated depreciation	(393,209)	(372,211)
Net carrying value	<u>731,684</u>	<u>446,178</u>
Gross carrying value at valuation	4,054,865	4,097,665
Accumulated depreciation	(451,034)	(205,190)
Net carrying value	<u>3,603,831</u>	<u>3,892,475</u>
TOTAL	<u>4,335,515</u>	<u>4,338,653</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2020

6. Property, Plant and Equipment (continued)

	Leasehold Improvements \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
Gross carrying value at cost				
At 1 July 2020	200,000	531,476	86,913	818,389
Additions	-	233,163	132,841	366,004
Disposals	-	(59,500)	-	(59,500)
At 31 December 2020	200,000	705,139	219,754	1,124,893
Accumulated depreciation				
At 1 July 2020	(119,600)	(249,033)	(3,578)	(372,211)
Disposals	-	48,895	-	48,895
Depreciation	(8,040)	(36,297)	(25,557)	(69,893)
At 31 December 2020	(127,640)	(236,434)	(29,135)	(393,209)
Gross carrying value at valuation				
At 1 July 2020	-	3,843,665	254,000	4,097,665
Additions (Note 6)	-	-	-	-
Disposals	-	(7,800)	(35,000)	(42,800)
At 31 December 2020	-	3,835,865	219,000	4,054,865
Accumulated depreciation				
At 1 July 2020	-	(197,707)	(10,483)	(205,190)
Disposals	-	1,102	1,663	2,765
Depreciation	-	(236,442)	(12,167)	(248,609)
At 31 December 2020	-	(430,047)	(20,987)	(451,034)

7. Right of Use Asset and Liability

The Group has adopted AASB 16 from 1 July 2019.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

	31 December 2020 \$	30 June 2020 \$
Right of Use Lease Assets	3,389,510	2,899,444
Accumulated amortisation	(980,483)	(644,321)
	2,409,027	2,255,123

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2020

8. Loan Receivable

In 2018, as part of a property development contract, WestStar subsidiary Distinct Developments Pty Ltd (“Distinct”) made a working capital facility (the “Facility”) of \$750,000 available to 24 Prowse Street Pty Ltd (the “Owner”), for the purposes of assisting with property settlement and other costs. The Facility was provided with an interest rate of 10% per annum payable to Distinct with a 36 months’ maturity period and is secured with a mortgage over the property. The amount of \$750,000 plus accrued interest is secured over the facility.

The Group has since been advised by the Owner that the property under development has been put on the market for sale. The Group understands that the Owner is testing the market and if these efforts are successful, the Owner may or may not proceed with its development plans. The Group continues to act for the Owner under the Contract. Further unsecured funds were advanced during the period with the balance which includes secured funds plus interest owing of \$1,073,168 at period end.

	31 December 2020	30 June 2020
	\$	\$
9. Intangible assets		
Goodwill - Alltype Engineering Pty Ltd	3,515,918	3,515,918
Goodwill - SIMPEC	992,198	992,198
	4,508,116	4,508,116

	31 December 2020	30 June 2020
	\$	\$
10. Other Liabilities		
Contract liabilities	3,241,584	5,867,141
	3,241,584	5,867,141

	31 December 2020	30 June 2020
	\$	\$
11. Trade and Other Payables		
Trade payables	5,074,591	8,454,453
Other creditors and accruals	6,106,886	5,501,459
	11,181,477	13,955,912

	31 December 2020	30 June 2020
	\$	\$
12. Provisions		
Annual Leave - Current	953,658	745,931
Long Service Leave - Current	165,916	216,399
	1,119,574	962,330
Long Service Leave – Non-Current	150,089	23,276
	150,089	23,276

	31 December 2020	30 June 2020
	\$	\$
13. Borrowings		
Financing facility (i)	500,000	650,000
Insurance Premium Funding facility (ii)	212,456	-
Other Facility (iii)	-	140,000
	712,456	790,000

- (i) On 12 December 2018, the Company advised that it had received commitments for an unsecured working capital facility of up to \$1 million. As at 30 June 2020 the facility had been drawn down to \$650,000, interest payable at 10% p.a. During the period an amount of \$150,000 was repaid, reducing the value of the drawn facility to \$500,000. At 31 December 2020, the Company was negotiating with the lenders to extend the facility for an additional year.
- (ii) Insurance Premium funding loan facility provided by Bank of Queensland repayable in instalments by Mar 2021 at an interest rate of 1.6%.

This relates to a short term Westpac financing facility replacing a bank guarantee facility, repaid in July 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2020

	31 December 2020	30 June 2020
	\$	\$
14. Lease Liabilities		
Right of Use Lease liability - Current	789,900	638,796
Other lease liabilities - Current	35,417	21,329
	825,317	660,125

	31 December 2020	30 June 2020
	\$	\$
Right of Use Lease liability – Non-Current	1,606,681	1,612,580
Other lease liabilities – Non-Current	176,522	85,494
	1,783,203	1,698,074

15. Issued Capital

(a) Issued and paid up capital

	31 December 2020	30 June 2020
	\$	\$
Ordinary shares fully paid	20,394,082	19,811,669

(b) Movements in shares on issue

	6 mths to 31 December 2020		Year to 30 June 2020	
	No.	\$	No.	\$
<i>Movements in ordinary shares on issue</i>				
Opening balance	936,846,296	19,811,669	615,754,616	13,004,376
Details of the Company shares issued during the period:				
Shares issued in lieu of Management remuneration (i)	26,666,666	400,000	-	-
Shares issued in lieu of Directors fees (ii)	10,423,587	182,413	-	-
Shares issued – Acquisition of Alltype Engineering Pty Ltd (iii)	-	-	237,091,680	5,927,292
SIMPEC earn out (iv)	-	-	25,000,000	550,000
Regency Corporate Advisory fee (v)	-	-	15,000,000	330,000
Acuity Capital Collateral shares (vi)	-	-	44,000,000	-
	37,090,323	582,413	321,091,680	6,807,293
Closing balance	973,936,549	20,394,082	936,846,296	19,811,669

- (i) On 6 August 2020, Shareholders approved the issue of 26,666,666 Shares to senior management (and their nominees) in lieu of management remuneration.
- (ii) On 6 August 2020, Shareholders approved the issue of 10,423,587 Shares to the Directors (and their nominees) in lieu of directors' fees.
- (iii) On 28 January 2020, WestStar acquired 100% of the ordinary share capital and voting rights in Alltype Engineering Pty Ltd ("Alltype"). The consideration for the acquisition comprised the issue to Alltype's shareholders of 237.1 million fully paid ordinary shares on completion.
- (iv) On 29 November 2019, Shareholders approved the issue of 25,000,000 Shares to the vendors of SIMPEC Pty Ltd (and their nominees) on the terms and conditions in the Explanatory Statement.
- (v) On 29 November 2019 Shareholders approved the Company to grant 15,000,000 Shares to Regency Corporate Pty Ltd (or its nominees).
- (vi) On 29 April 2020 the Company placed 44,000,000 fully paid ordinary shares at Nil consideration to Acuity Capital (Collateral shares).

(c) Share options

Nil share options were issued during the period.

(d) Performance shares

Nil performance shares were issued during the period however performance rights were issued during the period to the value of \$13,406 per Note 16 (i).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2020

16. Reserves

The share based payment reserve is used to record the value of share based payments provided to directors and employees, including Key Management Personnel and suppliers which are not recorded directly in equity.

	31 December 2020 \$	30 June 2020 \$
Share based payment reserve	785,901	772,495
<i>Movements in share based payment reserve</i>		
Opening balance	772,495	484,805
Performance Rights issue (i)	13,406	-
Grant on unlisted options to advisors (ii)	-	287,690
Closing balance	785,901	772,495

- (i) On 30 November 2020 shareholders approved the grant of up to 45,000,000 Performance Rights to Directors (or their nominees). The value of the Performance Rights at grant date was estimated using a Trinomial Model which takes into account the exercise price and expected life of the instrument, the current share price and its expected volatility, expected dividends and the risk-free interest rate for the expected life of the instrument. The value of performance rights vested at 31 December 2020 was \$13,406. The total share based payment expense for the period ended 31 December 2020 was \$413,406 which includes the value of shares issued to key personnel amounting to \$400,000 included in Note 14 (b) (i).
- (ii) On 29 November 2019 shareholders approved the issue of 30,000,000 Options. 15,000,000 Options to Hartley's Ltd (or their nominee) and 15,000,000 Options to ECK Investments Pty Ltd (or their nominee).

17. Segment Information

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 three relevant businesses segment being:

Alltype Engineering Pty Ltd leverages off its fabrication capability and provides complete project solutions including SMP and E&I site installation, construction and maintenance services, across almost every industry in Australia; and.

SIMPEC, a construction contractor with specialist experience in both Structural Mechanical and Piping, Electrical and Instrumentation works.

Precast Australia, which provides prefabricated concrete construction services to the construction and resources sectors in Australia.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the half-year ended 31 December 2020

17. Segment Information (continued)

Segment reporting	Precast \$	SIMPEC \$	Alltype \$	Group \$
Half - year ended 31 December 2020				
Segment revenue	(46,374)	10,660,175	14,331,578	24,945,379
Segment operational expense	27,955	(10,158,221)	(10,980,288)	(21,110,554)
Segment gross margin	(18,419)	501,954	3,351,290	3,834,825
Segment overheads	(112,782)	(1,055,637)	(2,265,708)	(3,434,127)
Segment operating profit (loss)	(131,201)	(553,683)	1,085,582	400,698
Other Income				269,763
Corporate & administration				(1,247,719)
Net operating Profit (Loss) after Tax				(577,258)
Half - year ended 31 December 2019				
Segment revenue	2,696,202	30,491,321	-	33,187,523
Segment operational expense	(2,282,165)	(26,654,014)	-	(28,936,179)
Segment gross margin	414,037	3,837,307		4,251,344
Segment overheads	(1,141,428)	(1,181,669)		(2,323,097)
Segment operating profit (loss)	(727,390)	2,655,638	-	1,928,247
Other Income				72,528
Corporate & administration				(1,505,159)
Net operating Profit (Loss) after Tax				495,616
Half - year ended 31 December 2020				
Segment assets	237,223	10,941,756	16,028,567	27,207,547
Segment liabilities	(1,234,017)	(4,379,700)	(11,804,176)	(17,417,893)
Segment asset & liabilities	(996,793)	6,562,056	4,224,391	9,789,654
Cash and corporate assets				5,109,098
Corporate liabilities				(1,595,808)
Total asset & liabilities				13,302,944
Half - year ended 31 December 2019				
Segment assets	1,602,200	17,036,965	-	18,639,165
Segment liabilities	(2,503,629)	(13,243,780)	-	(15,747,409)
Segment asset & liabilities	(901,429)	3,793,185	-	2,891,756
Cash and corporate assets				2,658,334
Corporate liabilities				(1,155,438)
Total asset & liabilities				4,394,652

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.

18. Financial Instruments

At 31 December 2020, 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.

19. Events after Reporting Date

Other than the above, there are no other significant events subsequent to balance date.

DIRECTORS' DECLARATION

for the half-year ended 31 December 2020

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 2020 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(b).

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.



Philip Re
Non- Executive Chairman
Perth, Western Australia
28 February 2021

Criterion Audit Pty Ltd

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Independent Auditor's Report

To the Members of WestStar Industrial Limited

Conclusion

We have reviewed the half-year financial report of WestStar Industrial Limited ("the Company") and Controlled Entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of condensed significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the ethical requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2020 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.

A review of a 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.

Criterion Audit

CRITERION AUDIT PTY LTD

Watts

CHRIS WATTS CA
Director

DATED at PERTH this 28th day of 2021

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