

11 October 2023

Dale Allen
Manager, Listings Compliance
ASX Limited
Level 40, Central Park
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Perth WA 6000

By email: Dale.Allen@asx.com.au
Copy: listingscomplianceperth@asx.com.au

Dear Dale,

Response to ASX aware query

WestStar Industrial Limited (ASX:WSI) (**WestStar** or the **Company**) refers to your letter dated 5 October 2023 (**ASX Aware Query**). Unless specifically defined otherwise, capitalised terms used in this letter have the same meaning as given in the ASX Aware Query.

The Company responds to each of your queries as follows:

1. **In the context of paragraph A above, does WSI consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

Yes.

2. **If the answer to question 1 is “no”, please advise the basis for that view, commenting specifically on the 33% decrease in WSI’s share price following the release of the Preliminary Final Report containing the Information.**

N/A.

3. **When did WSI first become aware of the Information? As part of your answer, please state the date that WSI first became aware of the financial settlement required on each of the two projects mentioned.**

31 August 2023.

4. **If the answer to question 1 is “yes” and WSI first became aware of the Information before the relevant date, did WSI make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe WSI was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps WSI took to ensure that the information was released promptly and without delay.**

The Company did not make an announcement prior to the relevant date because it was not in a position to quantify the financial impact of the close out settlements on the two contracts until the day the Preliminary Final Report was due for lodgement on 31 August 2023. As required by the Accounting Standards and as part of the audit process, the Company was required to take a position as to the forecast financial results of all projects as at 30 June 2023. This includes taking into account all recently available information relating to close out negotiations at that point in time on those projects for which close out had not been finalised. Key information was received on 31 August 2023 (as part of preparations for the release of the Company's accounts) with the position being confirmed on 31 August 2023.

5. Please confirm that WSI is complying with the Listing Rules and, in particular, Listing Rule 3.1.

The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

6. Please confirm that WSI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of WSI with delegated authority from the board to respond to ASX on disclosure matters.

The Company confirms that the responses provided in this letter have been authorised and approved by the Board.

Should you have any further queries, please contact the undersigned.

Yours sincerely for and on behalf of WestStar Industrial Limited

A handwritten signature in black ink, appearing to read 'D Coletta', written over a horizontal line.

Daniel Coletta
Company Secretary
WestStar Industrial Limited



5 October 2023

Reference: 81008

Mr Daniel Coletta
Company Secretary
Weststar Industrial Limited

By email

Dear Mr Coletta

Weststar Industrial Limited ('WSI'): General – Aware Query

ASX refers to the following:

- A. WSI's Half Yearly Report and Accounts for the period ended 31 December 2022, released on the ASX Market Announcements Platform ('MAP') on 28 February 2023 ('Half Year Report'), which stated, amongst other things:

"Having consistently maintained a strong order book of contracted revenue, the Company has delivered another record first half with the ability to improve upon these results in the second half of the financial year." (emphasis added)

- B. WSI's Preliminary Final Report for the financial year ended 30 June 2023 released on MAP after the close of trading on 31 August 2023 (the 'Announcement'), disclosing, amongst other things, the following:

- i) A reduction in net profit after tax, as compared to the prior corresponding period, of 59.2%.
- ii) Despite the strong performance of Alltype Engineering, the consolidated results have been impacted with SIMPEC delivering a FY23 loss of (\$1,212,418). The FY23 loss was largely attributable to close out financial settlements on two projects combined with significant supplier and subcontractor cost inflation and skilled labour quality and availability pressures on major long term construction projects.
- iii) The Group, similar to the broader construction contracting industry, faced numerous challenging conditions across key markets during the year. Factors including difficult contracts, delays in the award of a number of key projects, significant cost inflation and limited availability of experienced and skilled labour have affected SIMPEC particularly.
- iv) Management of the cost pressures and labour shortages heavily affected earnings for the Group with profits funding shortfalls to deliver on commitments.

('Information').

- C. The 33% decrease in price of WSI's securities following the release of WSI's Preliminary Final Report from a closing price of \$0.21 on 31 August 2023 to a closing price of \$0.14 on 1 September 2023.
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in

Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information.”

- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- G. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for information

Having regard to the above, ASX asks WSI to respond separately to each of the following questions and requests for information:

1. In the context of paragraph A above, does WSI consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view, commenting specifically on the 33% decrease in WSI’s share price following the release of the Preliminary Final Report containing the Information.
3. When did WSI first become aware of the Information? As part of your answer, please state the date that WSI first became aware of the financial settlement required on each of the two projects mentioned.
4. If the answer to question 1 is “yes” and WSI first became aware of the Information before the relevant date, did WSI make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe WSI was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps WSI took to ensure that the information was released promptly and without delay.
5. Please confirm that WSI is complying with the Listing Rules and, in particular, Listing Rule 3.1.

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6. Please confirm that WSI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of WSI with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:00 PM AWST Wednesday, 11 October 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, WSI's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require WSI to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in WSI's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in WSI's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to WSI's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that WSI's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Dale Allen
Manager, Listings Compliance