

## Appendix 4E

### Preliminary Final Report

**1. Name of entity**

Kresta Holdings Limited

ABN

26 008 675 803

Financial year ended ("current year")

31 December 2016

Comparative prior year ended ("prior year")

31 December 2015

**2. Results for announcement to the market**

					\$'000
2.1	Revenue from ordinary activities	Down	10.5%	to	85,834
2.2	Profit from ordinary activities after tax attributable to members	Up	67.5%	to	(861)
2.3	Net profit for the period attributable to members	Up	67.5%	to	(861)
2.4	Dividends (see section 7)	Amount per security		Franked amount per security	
	Final dividend	Nil		Nil	
	Interim dividend	Nil		Nil	
2.5	Record date for determining entitlements to the dividends	N/A			
2.6	Payment date of the dividends	N/A			
2.7	Brief explanation of any of the figures reported above:  The Group recorded revenue of \$85,834,000 which was a decrease of \$10,097,000 or 10.5% from the corresponding year ending 31 December 2015. Factors contributing to this reduction in revenue include Vista closing stores across Australia that were not generating profits and Curtain Wonderland Ready Made business was relatively subdued for the year as the company went through changes in its ranging.  The company recorded a pre-tax loss of \$1,071,000 (December 2015 loss \$3,851,000). During the year, the Company completed its restructure and made a significant progress with its cost reduction initiatives. These two areas had a material impact on our profitability for the year.  Net loss after tax was a loss of \$861,000 compared with a prior year loss of \$2,649,000.				

**3. Consolidated statement of comprehensive income**

	<b>Note</b>	<b>December 2016 \$000</b>	<b>December 2015 \$000</b>
Sale of goods		85,834	95,931
<b>Revenue</b>		<b>85,834</b>	<b>95,931</b>
Other income	4a	1,965	489
Changes in inventories of finished goods and work in progress		(4,975)	7,610
Raw materials and consumables used		(18,336)	(33,763)
Employee benefits expense	3b	(38,725)	(44,673)
Depreciation and amortisation charge	3c	(1,981)	(1,867)
Other expenses	3d	(24,170)	(27,339)
<b>Results from operating activities</b>		<b>(388)</b>	<b>(3,612)</b>
Finance income		45	5
Finance costs		(728)	(244)
<b>Net finance expense</b>	3e	<b>(683)</b>	<b>(239)</b>
<b>Loss before income tax</b>		<b>(1,071)</b>	<b>(3,851)</b>
Income tax benefit		214	1,222
<b>Loss for the period</b>		<b>(857)</b>	<b>(2,629)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net foreign currency translation		(4)	(20)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(4)</b>	<b>(20)</b>
<b>Total comprehensive loss for the period</b>		<b>(4)</b>	<b>(20)</b>
<b>Total comprehensive loss attributable to owners of the Company</b>		<b>(861)</b>	<b>(2,649)</b>
<b>Loss per share for profit attributable to the ordinary equity holders of the parent:</b>			
Basic loss per share	14.1	(0.57 cents)	(1.75 cents)
Diluted loss per share	14.1	(0.57 cents)	(1.75 cents)

**3. Other income and expenses**

	December 2016 \$000	December 2015 \$000
<b>(a) Other income</b>		
Government grants	19	87
Foreign exchange gains	849	70
Net unrealised gain on related party loan	804	-
Other	293	332
	<u>1,965</u>	<u>489</u>
<b>(b) Employee benefits expense</b>		
Wages and salaries	24,757	28,349
Superannuation expense	2,140	2,450
Employee share-based payment	-	-
Subcontractors	9,517	10,939
Other employee benefits expense	2,311	2,935
	<u>38,725</u>	<u>44,673</u>
<b>(c) Depreciation and amortisation charge</b>		
Depreciation	1,941	1,815
Amortisation of IT software	40	52
	<u>1,981</u>	<u>1,867</u>
<b>(d) Other expenses</b>		
Advertising	5,819	7,185
Property rent	8,295	7,961
Property outgoings	3,871	3,757
Communication expenses	1,692	2,044
Banking and transaction expenses	544	608
Impairment loss – receivables	13	285
Net loss from disposal of property, plant & equipment	347	122
Foreign exchange losses	3	315
Freight	1,331	2,251
Other expenses	2,255	2,811
	<u>24,170</u>	<u>27,339</u>
<b>(e) Net finance (expense) / income</b>		
Finance income	45	5
Finance charges payable under finance leases and hire purchase contracts	(14)	(14)
Other borrowing costs	(714)	(230)
Finance costs	(728)	(244)
<b>Net finance (expense) / income</b>	<u>(683)</u>	<u>(239)</u>

**4. Consolidated statement of financial position**

	<i>Note</i>	<b>December 2016 \$000</b>	<b>December 2015 \$000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.2	9,009	8,650
Trade and other receivables		1,699	3,216
Inventories		12,473	17,461
Prepayments		1,206	1,766
<b>Total current assets</b>		<b>24,387</b>	<b>31,093</b>
<b>Non-current assets</b>			
Trade and other receivables		12	32
Property, plant and equipment		13,227	13,764
Deferred tax assets		4,730	4,271
Intangible assets and goodwill		2,554	2,586
<b>Total non-current assets</b>		<b>20,523</b>	<b>20,653</b>
<b>TOTAL ASSETS</b>		<b>44,910</b>	<b>51,746</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		9,619	11,865
Interest-bearing loans and borrowings		13,318	16,397
Provisions		3,319	3,780
Income tax payable		99	-
<b>Total current liabilities</b>		<b>26,355</b>	<b>32,042</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings		-	85
Provisions		1,091	1,294
<b>Total non-current liabilities</b>		<b>1,091</b>	<b>1,379</b>
<b>TOTAL LIABILITIES</b>		<b>27,446</b>	<b>33,421</b>
<b>NET ASSETS</b>		<b>17,464</b>	<b>18,325</b>
<b>EQUITY</b>			
Issued capital		12,892	12,892
Reserves		(55)	(51)
Retained earnings		4,627	5,484
<b>TOTAL EQUITY</b>		<b>17,464</b>	<b>18,325</b>

**5. Consolidated statement of cash flows**

	<b>Note</b>	<b>December 2016 \$000</b>	<b>December 2015 \$000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		96,317	105,049
Payments to suppliers and employees (inclusive of GST)		(91,736)	(110,719)
Receipt of government grants		-	163
Interest received		47	5
Interest paid		(104)	(211)
Income tax paid		(146)	-
<b>Net cash flows utilised in operating activities</b>	<b>15.1</b>	<b>4,378</b>	<b>(5,713)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		153	157
Purchase of property, plant and equipment		(1,761)	(3,014)
Purchase of intangibles		(21)	(392)
Refund of deposit		-	367
<b>Net cash flows used in investing activities</b>		<b>(1,629)</b>	<b>(2,882)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,017	17,216
Repayment of borrowings		(3,397)	(1,226)
<b>Net cash flows from financing activities</b>		<b>(2,380)</b>	<b>15,990</b>
Net increase in cash and cash equivalents		369	7,395
Net foreign exchange differences		(10)	20
Cash and cash equivalents at beginning of period		8,650	1,235
<b>Cash and cash equivalents at end of period</b>	<b>5.2</b>	<b>9,009</b>	<b>8,650</b>

## 5.1 Reconciliation of net profit after tax to net cash flows from operations

	December 2016 \$000	December 2015 \$000
Net profit / (loss)	(857)	(2,629)
<i>Adjustments for:</i>		
Depreciation	1,941	1,815
Amortisation	40	53
Net loss on disposal of property, plant and equipment	347	122
Net unrealised (gain) / loss	(784)	(24)
Share-based payment expense	-	-
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in trade and other receivables	1,533	(713)
(Increase) / decrease in inventories	4,988	(8,015)
Increase in deferred tax assets	(459)	(1,222)
Decrease in prepayments	560	780
Increase / (decrease) in trade and other payables	(2,237)	4,304
Increase in tax receivables/payable	99	-
Decrease in provisions	(793)	(184)
Net cash from operating activities	4,378	(5,713)

## 5.2 Reconciliation of cash

	December 2016 \$000	December 2015 \$000
Cash at bank and on hand	9,009	8,650

## 5.3 Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows:

Nil

## 5.4 Financing facilities available

Total facilities at 31 December 2016 is \$0.24m, consisting of insurance finance \$0.16m and software finance \$0.08m.

## 5.5 Financing facilities used

Total facilities at 31 December 2016 is \$0.24m, consisting of insurance finance \$0.16m and software finance \$0.08m.

6. Consolidated statement of changes in equity

	Ordinary shares	Employee reserved shares	Employee equity benefits reserve	Foreign currency translation reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>At 1 January 2016</b>	12,892	-	495	(546)	5,484	18,325
Loss for the period	-	-	-	-	(857)	(857)
Other comprehensive loss	-	-	-	(4)	-	(4)
<b>Total comprehensive loss for the period</b>	-	-	-	(4)	(857)	(861)
Transactions with owners in their capacity as owners	-	-	-	-	-	-
<b>At 31 December 2016</b>	12,892	-	495	(550)	4,627	17,464
<b>At 1 January 2015</b>	12,892	69	495	(526)	8,044	20,974
Loss for the period	-	-	-	-	(2,629)	(2,629)
Other comprehensive loss	-	-	-	(20)	-	(20)
<b>Total comprehensive loss for the period</b>	-	-	-	(20)	(2,629)	(2,649)
Transfers	-	(69)	-	-	69	-
Transactions with owners in their capacity as owners	-	-	-	-	-	-
<b>At 31 December 2015</b>	12,892	-	495	(546)	5,484	18,325

7. Dividends

Date dividend is payable	N/A
Record date to determine entitlements to the dividend (i.e. on the basis of security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules – securities are CHESS approved)	N/A
If it is a final dividend, has it been declared	N/A

7.1 Amount per security

		Amount per security	Franked amount per security at 30% tax
<b>Final dividend:</b>	Current year	Nil	Nil
	Prior year	Nil	Nil
<b>Interim dividend:</b>	Current year	Nil	Nil
	Prior year	Nil	Nil

**7.2 Total dividend per security (interim plus final)**

	Current year	Prior year
Ordinary securities	Nil	Nil

**7.3 Preliminary final report – final dividend on all securities**

	Current year	Prior year
Ordinary securities	Nil	Nil
Total	Nil	Nil

Any other disclosures in relation to dividends

Nil

**8. Dividend plan**

Details of the dividend reinvestment plan are as follows:

There is no dividend reinvestment plan in place.

The last date for receipt of election notices for participation in the dividend reinvestment plan

N/A

**9. NTA backing**

	31 December 2016 Current year	31 December 2015 Prior year
Net tangible asset backing per ordinary security	9.9 cents	10.5 cents

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

Nil

**11. Details of associates and joint venture entities**

Nil

**12. Other significant information**

Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.

There is no other significant information required by an investor to make an informed assessment of the entity's financial performance and financial position.



### 13. Foreign entities

For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Financial Accounting Standards).

N/A

### 14. Commentary on results

A commentary on the results for the period. The commentary must be sufficient for the user to be able to compare the information presented with equivalent information for previous periods. The commentary must include any significant information needed by an investor to make an informed assessment of the entity's activities and results.

Refer to section 2.7 above for additional comments regarding the results for the year.

On a cash flow basis, the Company recorded a cash inflow from operations of \$4,378,000. This reflects the operating performance of the business and the Company's focus on improvements to Working Capital Management. Furthermore, there was \$1,761,000 of capital expenditure during the year which was spent on show room refurbishments and relocations for our Kresta stores, East Coast expansion of our Curtain Wonderland stores and investment in new manufacturing plant and equipment for our Queensland factory.

During the year, the Company repaid the related party loan provided by the Lylu Trust of \$2,000,000.

Cash at the end of the period was \$9,009,000 (up from \$8,650,000 at December 2015).

#### 14.1 Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with AASB 133: <i>Earnings Per Share</i> are as follows:	31 December Current year	31 December Prior year
	\$'000	\$'000
Basic earnings / (loss):	(857)	(2,629)
Diluted earnings / (loss):	(857)	(2,629)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic EPS:	150,258,518	150,258,518
Weighted average number of ordinary shares used in the calculation of diluted EPS:	150,258,518	150,258,518
Basic earnings / (loss) per security:	(0.57 cents)	(1.75 cents)
Diluted earnings / (loss) per security:	(0.57 cents)	(1.75 cents)

**14.2 Returns to shareholders**

Including distributions and buy backs.

N/A

**14.3 Significant features of operating performance**

Refer above.

**14.4 Segment report**

The consolidated entity operates predominantly in Australia and substantially in one business segment being the manufacturing and sale of window coverings.

**14.5 Trends**

Refer above.

**14.6 Other factors**

Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified.

Nil

**15. Status of audit or review**

This report is based on accounts to which one of the following applies:

- |                                     |  |                          |   |
|-------------------------------------|--|--------------------------|---|
| <input type="checkbox"/>            | The accounts have been audited.  | <input type="checkbox"/> | The accounts have been subject to review.           |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have not yet been audited or reviewed. |

**16. Dispute or qualification – accounts not yet audited or subject to review**

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification.

N/A

**17. Dispute or qualification – accounts audited or subject to review**

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.

N/A