

20 February 2020

ASX ANNOUNCEMENT

KRS FY18 ANNUAL RESULTS ANNOUNCEMENT

Kresta Holdings Limited (**Company**) (ASX:KRS) announces it has today lodged its annual report for the financial year ended 31 December 2018.

Key points:

- | | Change from 2017 |
|---|---------------------------------|
| • Net loss after tax of \$18.33 million | \$10.04 million loss in PCP |
| • Sales revenue of \$65.32 million | \$75.73 million in PCP |
| • Net Operating Cash inflow of \$827k | \$4.09 million cash outflow PCP |

The Group recorded revenue of \$65,319,000 which was a decrease of \$10,412,000 or 14% from the corresponding year ended 31 December 2017. Factors contributing to the reduction in revenue include high staff turnovers with Curtain Wonderland stores and declined business activities in In-home sales division, Kresta is also facing tough trading conditions and competitive local competitors in each state.

The Company recorded a pre-tax loss of \$18,330,000 (December 2017: \$5,311,000). During the year the Company made progress with its cost reduction initiatives, however it continues to experience production inefficiencies while the business was being restructured.

Net loss after tax was \$18,376,000 compared with a prior year loss of \$10,041,000, including the recognition of onerous lease provision of \$3,199,007 and Property, Plant & Equipment impairment of \$412,325.

On a cash flow basis, the Company recorded a cash inflow from operations of \$827,000. This is partly due to the extension of credit term from 6 month to 18 months with its major supplier Ningbo Cathayan Waving MFG Co Ltd and Ningbo Mardo Import and Export Co Ltd, the Company has deferred payment of \$9,289,399 including \$442,352 of interest till 31 December 2018

As previously announced, due to the Company's focus on finalising its annual report for the financial year ended 31 December 2018, there has been a delay in the lodgement of the Company's financial reports for the financial half-year ended 30 June 2019. The Company now expects its half-year 2019 financial statements to 30 June 2019 to be approved and issued for release in early March 2020.

Board Change

The Company also announces a change to the Kresta board. Mr Yongjiu Xu has tendered his resignation as a non-executive director of Kresta Holdings Limited, effective 15th February 2020 due to personal reasons.

Mr Yongjiu Xu was employed by the Company as Chief Information Officer from June 2014 to May 2016 and was appointed as a non-executive director on 30 November 2018. The board wishes to record their appreciation for Mr Yongjiu Xu's service and contribution to the business during this time.

Further, Kresta is pleased to advise that the Company has appointed Mr Xueqiang Liu to the board as a non-executive director, effective 15th February 2020. Mr Liu has over 20 years executive management experiences in both China and Australia in manufacturing and retail industries.

For further information please contact:

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