

Appendix 4E

Preliminary Final Report

1. Name of entity

Kresta Holdings Limited

ABN

26 008 675 803

Financial year ended ("current year")

31 December 2019

Comparative prior year ended ("prior year")

31 December 2018

2. Results for announcement to the market

					\$'000
2.1	Revenue from ordinary activities	Down	3%	to	62,944
2.2	Profit from ordinary activities after tax attributable to members	Up	36%	to	(11,651)
2.3	Net profit for the period attributable to members	up	36%	to	(11,651)
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	Brief explanation of any of the figures reported above:				
	<p>The Group recorded revenue of \$62,944,000 which was a decrease of 3% from the corresponding year ended 31 December 2018. This is mainly caused by the continues poor performance of its Curtain Wonderland brand with its reduced sales and un-cuttable high retail expenses. On 31 December 2019 the Group sold its Curtain Wonderland brand to a Hong Kong based entity, the management is still assessing the financial impacts on its annual financial statements.</p> <p>The company recorded a pre-tax loss of \$11,651,000 (December 2018 loss \$18,388,000). This proven the efforts of cost reduction the Group been making in the past 2 years.</p>				

3. Consolidated statement of comprehensive income

	Note	December 2019 \$000	December 2018 \$000
Sale of goods		62,944	65,319
Revenue		62,944	65,319
Other income	3a	2,983	132
Changes in inventories of finished goods and work in progress		-	(547)
Raw materials and consumables used		(30,946)	(22,019)
Employee benefits expense	3b	(23,581)	(29,517)
Depreciation and amortisation charge	3c	(8,024)	(1,901)
Other expenses	3d	(13,590)	(29,239)
Results from operating activities		(73,158)	(77,772)
Finance income		12	14
Finance costs		(1,449)	(572)
Net finance expense	3e	(1,437)	(558)
Loss before income tax		(11,651)	(18,330)
Income tax benefit		-	(46)
Loss for the period		(11,651)	(18,376)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net foreign currency translation		-	(12)
Other comprehensive loss for the period, net of tax		-	-
Total comprehensive loss for the period		(11,651)	(18,388)
Total comprehensive loss attributable to owners of the Company		(11,651)	(18,388)
Loss per share for profit attributable to the ordinary equity holders of the parent:			
Basic loss per share	14.1	(8 cents)	(12.22 cents)
Diluted loss per share	14.1	(8 cents)	(12.22 cents)

3. Other income and expenses

	December 2019 \$000	December 2018 \$000
(a) Other income		
Other income	52	-
Miscellaneous Income	1,191	-
Gain (Loss) on Sale of Assets	1,740	-
Other	-	132
	<u>2,983</u>	<u>132</u>
(b) Employee benefits expense		
Wages and salaries	18,180	18,141
Superannuation expense	1,632	1,772
Subcontractors	1,742	7,962
Other employee benefits expense	2,027	1,642
	<u>23,581</u>	<u>29,517</u>
(c) Depreciation and amortisation charge		
Depreciation	7,699	1,600
Amortisation of IT software	325	301
	<u>8,024</u>	<u>1,901</u>
(d) Other expenses		
Advertising	6,505	5,107
Property rent	1,825	8,581
Property outgoing	1,514	3,604
Onerous lease	-	3,199
Communication expenses	857	1,368
Banking and transaction expenses	-	334
Impairment loss – receivables	-	14
Impairment loss – goodwill	-	1,148
Impairment loss – intangible	-	412
Net loss from disposal of property, plant & equipment	-	1,039
Net unrealised loss on related party loan	-	508
Foreign exchange losses	-	70
Freight	-	854
Other expenses	2,889	3,001
	<u>13,590</u>	<u>29,239</u>
(e) Net finance (expense) / income		
Finance income	12	14
Finance charges payable under finance leases and hire purchase contracts	-	(17)
Other borrowing costs	(1,449)	(555)
Finance costs	(1,449)	(572)
Net finance (expense) / income	<u>(1,437)</u>	<u>(558)</u>

4. Consolidated statement of financial position

	<i>Note</i>	December 2019 \$000	December 2018 \$000
ASSETS			
Current assets			
Cash and cash equivalents	5.2	4,010	3,129
Trade and other receivables		768	1,345
Inventories		8,431	10,034
Prepayments		652	1,084
Total current assets		13,861	15,592
Non-current assets			
Trade and other receivables		431	-
Property, plant and equipment		3,119	9,627
Deferred tax assets		5	33
Right of use asset		18,818	-
Intangible assets and goodwill		20	302
Total non-current assets		22,392	9,962
TOTAL ASSETS		36,253	25,554
LIABILITIES			
Current liabilities			
Trade and other payables		26,818	17,947
Deferred revenue		-	1,465
Interest-bearing loans and borrowings		6,277	11,278
Provisions		3,308	6,089
Lease liability		7,076	-
Income tax payable		51	50
Total current liabilities		43,530	36,829
Non-current liabilities			
Interest-bearing loans and borrowings		-	120
Lease liability		15,461	-
Deferred tax liability		-	28
Provisions		-	723
Total non-current liabilities		15,461	871
TOTAL LIABILITIES		58,992	37,700
NET ASSETS		(22,739)	(12,146)
EQUITY			
Issued capital		12,992	12,892
Reserves		(120)	(95)
Retained earnings		(35,611)	(24,943)
TOTAL EQUITY		(22,739)	(12,146)

5. Consolidated statement of cash flows

	Note	December 2019	December 2018
		\$000	\$000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		69,223	73,747
Payments to suppliers and employees (inclusive of GST)		(69,399)	(72,889)
Receipt of government grants		-	-
Interest received		12	14
Interest paid		(395)	(17)
Income tax paid		1	(28)
Net cash flows utilised in operating activities	15.1	(558)	827
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		7,796	198
Purchase of property, plant and equipment		(904)	(223)
Purchase of intangibles		-	-
Refund of deposit		-	-
Net cash flows used in investing activities		6,892	(25)
Cash flows from financing activities			
Proceeds from borrowings		-	536
Repayment of borrowings		(5,500)	(867)
Net cash flows from financing activities		(5,500)	(331)
Net increase in cash and cash equivalents		834	471
Net foreign exchange differences		46	12
Cash and cash equivalents at beginning of period		3,129	2,646
Cash and cash equivalents at end of period	5.2	4,009	3,129

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

	December 2019 \$000	December 2018 \$000
Net profit / (loss)	(11,651)	(18,376)
<i>Adjustments for:</i>		
Depreciation	7,699	1,599
Amortisation	325	302
Impairment of goodwill	-	-
Net loss on disposal of property, plant and equipment	(1,739)	1,039
Net unrealised (gain) / loss	-	508
Onerous lease	-	3,199
PP&E Impairment	-	412
Bad debts		540
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in trade and other receivables	(306)	1,426
(Increase) / decrease in inventories	1,603	1,547
Increase in deferred tax assets	445	(33)
(Increase)/ decrease in prepayments	432	146
Increase / (decrease) in trade and other payables	9,250	5,734
(Increase)/ decrease in Right of use asset	(25,205)	-
Increase/ (decrease) in lease liabilities	22,537	-
Increase in tax receivables/payable	839	50
Decrease in provisions	(3,504)	2,734
Net cash from operating activities	(558)	827

5.2 Reconciliation of cash

	December 2019 \$000	December 2018 \$000
Cash at bank and on hand	4,009	3,129

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 third-party facilities at 31 December 2019 is \$0.35m, consisting of insurance finance \$0.05m and software finance \$0.30m.

5.5 Financing facilities used

Total third-party facilities at 31 December 2019 is \$0.35m, consisting of insurance finance \$0.05m and software finance \$0.30m.

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
At 1 January 2019	12,892	-	495	(590)	(24,943)	(12,146)
Adjustment to retained earnings	-	-	-	-	983	983
Loss for the period	-	-	-	-	(11,651)	(11,651)
Other comprehensive loss	-	-	(495)	470	-	(25)
Total comprehensive loss for the period	-	-	-	-	(11,651)	(11,651)
Transactions with owners in their capacity as owners	100	-	-	-	-	100
At 31 December 2019	12,992	-	-	(120)	(35,611)	(22,739)
At 1 January 2018	12,892	-	495	(578)	(5,414)	7,395
Adjustment for change in AASB15	-	-	-	-	(1,153)	(1,153)
Loss for the period	-	-	-	-	(18,376)	(18,376)
Other comprehensive loss	-	-	-	(12)	-	(12)
Total comprehensive loss for the period	-	-	-	(12)	(18,376)	(18,388)
Transfers	-	-	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-	-	-
At 31 December 2018	12,892	-	495	(590)	(24,943)	(12,146)

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
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7.1 Amount per security

	Amount per security	Franked amount per security at 30% tax
Final dividend: Current year	Nil	Nil
Prior year	Nil	Nil
Interim dividend: 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.
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The last date for receipt of election notices for participation in the dividend reinvestment plan

N/A

9. NTA backing

	31 December 2019 Current year	31 December 2018 Prior year
Net tangible asset backing per ordinary security	(15.15 cents)	(10.1 cents)

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

On 31 December 2019, the Group sold it's Curtain Wonderland brand to a Hong Kong based entity – Champ Profit Industrial Limited for the consideration of \$1 AUD.

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 2.6 above for additional comments regarding the results for the year.

On a cash flow basis, the Company recorded a net cash outflow from operations of \$557,800. This is due to early repayments of its loans to Dream Curtain Holding before year end of \$5.5 million, and early repayments to its major over supplier Ningbo Zhexiang Trade Co, when the Group had sufficient cash to make the repayments in order to save further interest costs.

Cash and cash equivalent at the end of the period was \$4,009,000 (up from \$3,240,000 at December 2018).

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):	(11,651)	(18,388)
Diluted earnings / (loss):	(11,651)	(18,388)
	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:	(8 cents)	(12.22 cents)
Diluted earnings / (loss) per security:	(8 cents)	(12.22 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 type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input checked="" 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.

Qualification on inventory will be received for the Group's annual report.

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