

Appendix 4E

Preliminary Final Report

1. Name of entity

Kresta Holdings Limited

ABN

26 008 675 803

Financial year ended ("current year")

31 December 2014

Comparative prior year ended ("prior year")

30 June 2014

2. For announcement to the market

					\$'000
2.1	Revenue from ordinary activities	down	49.4%*	to	48,382
2.2	Profit from ordinary activities after tax attributable to members	up	103.8%*	to	52
2.3	Net profit for the period attributable to members	up	103.8%*	to	52
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: On 13 th January 2015, the Group advised the market of a change in the financial year for reporting purposes from 30 June to 31 December each year, with a transitional period of six months to 31 December 2014. This decision was taken to synchronise the Group with Ningbo Xianfeng New Material Co. Ltd (Aplus) the parent company of our major shareholder, Suntarget (Hong Kong) Trading Co. Ltd. * Due to the change of year the comparatives are a full 12 month results against the current year figures which are only for 6 months.				

3. Consolidated statement of comprehensive income

	<i>Note</i>	6 months ended December 2014 \$000	12 months ended June 2014 \$000
Sale of goods		48,382	95,611
Revenue		48,382	95,611
Other income	3a	213	721
Changes in inventories of finished goods and work in progress		(205)	(536)
Raw materials and consumables used		(13,525)	(28,420)
Employee benefits expense	3b	(20,362)	(38,699)
Depreciation and amortisation charge	3c	(804)	(1,659)
Other expenses	3d	(13,555)	(28,822)
Results from operating activities		144	(1,804)
Finance income		38	95
Finance costs		(18)	(86)
Net finance income	3e	20	9
Profit / (loss) before income tax		164	(1,795)
Income tax (expense) / benefit		(112)	420
Net profit / (loss) for the period		52	(1,375)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net foreign currency translation		5	(23)
Effective portion of changes in fair value of cash flow hedges, net of tax		18	(22)
Other comprehensive income / (loss) for the period, net of tax		23	(45)
Total comprehensive income / (loss) for the period		75	(1,420)
Total comprehensive income / (loss) attributable to owners of the Company		75	(1,420)
Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic earnings / (loss) per share		0.03 cents	(0.95 cents)
Diluted earnings / (loss) per share		0.03 cents	(0.95 cents)

3. Other income and expenses

	6 months ended December 2014 \$000	12 months ended June 2014 \$000
(a) Other income		
Government grants	3	34
Net unrealised gain from derivatives	-	28
Other	210	659
	<u>213</u>	<u>721</u>
(b) Employee benefits expense		
Wages and salaries	12,852	24,585
Superannuation expense	1,116	2,063
Employee share-based payment	68	315
Subcontractors	5,019	9,308
Other employee benefits expense	1,307	2,428
	<u>20,362</u>	<u>38,699</u>
(c) Depreciation and amortisation charge		
Depreciation	768	1,578
Amortisation of IT software	36	81
	<u>804</u>	<u>1,659</u>
(d) Other expenses		
Advertising	4,590	8,545
Property rent	3,600	7,892
Property outgoings	1,697	3,813
Communication expenses	980	2,182
Banking and transaction expenses	302	530
Impairment loss – receivables	45	76
Net loss from disposal of property, plant & equipment	21	359
Foreign exchange losses	118	128
Freight	903	1,998
Other expenses	1,299	3,299
	<u>13,555</u>	<u>28,822</u>
(e) Net finance income		
Finance income	38	95
Finance charges payable under finance leases and hire purchase contracts	(7)	(16)
Other borrowing costs	(11)	(70)
Finance costs	(18)	(86)
Net finance income	<u>20</u>	<u>9</u>

4. Consolidated statement of financial position

	December 2014 \$000	June 2014 \$000
ASSETS		
Current assets		
Cash and cash equivalents	1,235	5,702
Trade and other receivables	2,377	2,330
Inventories	9,446	8,925
Deposits	550	-
Prepayments	2,546	1,401
Total current assets	<u>16,154</u>	<u>18,358</u>
Non-current assets		
Trade and other receivables	28	41
Property, plant and equipment	12,755	11,352
Deferred tax assets	3,051	3,163
Intangible assets and goodwill	2,260	2,074
Total non-current assets	<u>18,094</u>	<u>16,630</u>
TOTAL ASSETS	<u>34,248</u>	<u>34,988</u>
LIABILITIES		
Current liabilities		
Trade and other payables	7,561	8,917
Interest-bearing loans and borrowings	286	366
Provisions	3,847	3,702
Derivative financial instruments	-	18
Total current liabilities	<u>11,694</u>	<u>13,003</u>
Non-current liabilities		
Interest-bearing loans and borrowings	230	-
Provisions	1,350	1,479
Total non-current liabilities	<u>1,580</u>	<u>1,479</u>
TOTAL LIABILITIES	<u>13,274</u>	<u>14,482</u>
NET ASSETS	<u>20,974</u>	<u>20,506</u>
EQUITY		
Contributed equity	12,892	12,892
Employee reserved shares	69	(256)
Reserves	(31)	(122)
Retained earnings	8,044	7,992
TOTAL EQUITY	<u>20,974</u>	<u>20,506</u>

5. Consolidated statement of cash flows

	6 months ended December 2014 \$000	12 months ended June 2014 \$000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	54,392	105,241
Payments to suppliers and employees (inclusive of GST)	(56,474)	(103,085)
Receipt of government grants	3	-
Interest received	38	95
Interest paid	(18)	(86)
Income tax received	-	243
Net cash flows (utilised in) / from operating activities	<u>(2,059)</u>	<u>2,408</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	15	34
Purchase of property, plant and equipment	(2,134)	(1,030)
Purchase of intangibles	(222)	(94)
Acquisition of investment	(550)	-
Net cash flows used in investing activities	<u>(2,891)</u>	<u>(1,090)</u>
Cash flows from financing activities		
Proceeds from issue of shares	325	660
Equity dividends paid	-	(360)
Proceeds from borrowings	730	841
Repayment of borrowings	(581)	(1,844)
Payment of finance lease liabilities	-	(92)
Net cash flows from / (used in) financing activities	<u>474</u>	<u>(795)</u>
Net (decrease) / increase in cash and cash equivalents	(4,476)	523
Net foreign exchange differences	9	(27)
Cash and cash equivalents at beginning of period	5,702	5,206
Cash and cash equivalents at end of period	<u>1,235</u>	<u>5,702</u>

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

	6 months ended December 2014 \$000	12 months ended June 2014 \$000
Net profit / (loss)	52	(1,375)
<i>Adjustments for:</i>		
Depreciation	768	1,578
Amortisation	36	81
Net loss on disposal of property, plant and equipment	21	359
Net unrealised gain on derivatives	-	(28)
Share-based payment expense	68	315
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in trade and other receivables	(34)	17
(Increase) / decrease in inventories	(521)	168
(Increase) / decrease in deferred tax assets	112	(449)
Increase in prepayments	(1,145)	(248)
Increase / (decrease) in trade and other payables	(1,356)	1,607
(Decrease) / increase in government grants	-	(34)
Increase in tax receivables/payable	-	272
Increase / (decrease) in provisions	(60)	145
Net cash from operating activities	(2,059)	2,408

5.2 Reconciliation of cash

	December 2014 \$000	June 2014 \$000
Cash at bank and on hand	1,235	5,702

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 2014 of \$3.52m (June 2014: \$3.37m), consisting of \$2.08m (June 2014: \$2.08m) overdraft, \$0.74m (June 2014: \$0.74m) bank guarantee, \$0.18m (June 2014: \$0.18m) trade, and \$0.52m (June 2014: \$0.37m) other finance loan.

5.5 Financing facilities used

Total facilities used at 31 December 2014 of \$0.94m (June 2014: \$0.78m), consisting of \$0.42m (June 2014: \$0.41m) bank guarantee, and \$0.52m (June 2014: \$0.37m) other finance loan.

6. Consolidated statement of changes in equity

	Ordinary shares	Employee reserved shares	Employee equity benefits reserve	Cashflow hedge reserve	Foreign currency translation reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 July 2014	12,892	(256)	427	(18)	(531)	7,992	20,506
Profit for the period	-	-	-	-	-	52	52
Other comprehensive income	-	-	-	18	5	-	23
Total comprehensive loss for the period	-	-	-	18	5	52	75
Proceeds from issue of shares	-	325	-	-	-	-	-
Share-based payments	-	-	68	-	-	-	-
At 31 December 2014	12,892	69	495	-	(526)	8,044	20,974
At 1 July 2013	12,733	(772)	112	4	(508)	9,742	21,311
Loss for the period	-	-	-	-	-	(1,375)	(1,375)
Other comprehensive income	-	-	-	(22)	(23)	-	(45)
Total comprehensive loss for the period	-	-	-	(22)	(23)	(1,375)	(1,420)
Dividends	-	15	-	-	-	(375)	(360)
Proceeds from issue of shares	-	660	-	-	-	-	660
Employee share plan issue	159	(159)	-	-	-	-	-
Share-based payments	-	-	315	-	-	-	315
At 30 June 2014	12,892	(256)	427	(18)	(531)	7,992	20,506

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
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 Current year	30 June Prior year
Net tangible asset backing per ordinary security	12.5 cents	12.3 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.

Refer audited financial statements

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 audited financial statements

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	30 June Prior year
	\$'000	\$'000
Basic earnings / (loss):	52	(1,375)
Diluted earnings / (loss):	52	(1,375)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic EPS:	149,612,364	144,565,367
Weighted average number of ordinary shares used in the calculation of diluted EPS:	149,612,364	144,748,780
Basic earnings / (loss) per security:	0.03 cents	(0.95 cents)
Diluted earnings / (loss) per security:	0.03 cents	(0.95 cents)

14.2 Returns to shareholders

Including distributions and buy backs.

N/A

14.3 Significant features of operating performance

Refer audited financial statements

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 audited financial statements

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 checked="" 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 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