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# Kresta

Kresta Holdings Limited  
ACN 008 675 803

Half-Year Financial Report

30 June 2015

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## Corporate information

ABN 26 008 675 803

### Directors

Xianfeng Lu, Executive Chairman  
Richard Taylor, Non-executive Director  
Sean Shwe, Executive Director  
Andrew Tacey, Executive Director

### Company Secretary

Brendan Cocks

### Registered Office and Principal Place of Business

380 Victoria Road  
Malaga WA 6090  
Australia  
Phone: +61 8 9249 0777  
Website: [www.kresta.com.au](http://www.kresta.com.au)

### Share Register

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth WA 6000  
Phone: 1300 787 272

Kresta Holdings Limited shares are listed on the Australian Securities Exchange (ASX).  
ASX Code: KRS.

### Bankers

Commonwealth Bank of Australia Limited

### Auditors

Ernst & Young  
The Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000

### Solicitors

K&L Gates  
Level 32, 44 St Georges Terrace  
Perth WA 6000

## Directors' report

Your directors of Kresta Holdings Limited submit their report for the half-year ended 30 June 2015.

### Directors

The names of the Company's directors in office during the half-year and until the date of this report are:

Xianfeng Lu, Executive Chairman  
Richard Taylor, B.Econ., ACA. (Non-executive Director)  
Sean Shwe, B. Com., MBA., AFAIM. (Director & Chief Operating Officer)  
Andrew Tacey, B.Econ. (Director)

The directors were in office from the beginning of the half-year until the date of this report, unless otherwise stated.

### Principal activities

The principal activities during the half-year of entities within the consolidated entity were the manufacturing, distribution and retailing of window coverings treatments and components. There have been no significant changes in the nature of those activities during the year.

### Review and results of operations

The business recorded revenue of \$47,003k which was a 3.7% growth from the corresponding period last year. Sales growth in our Kresta and Vista brands were the main contributors to our growth. Revenue in our Curtain Wonderland Ready Made business was relatively subdued for the period as we went through changes in our in store ranging and our approach to and mix of marketing expenditure.

A number of initiatives during the period impacted on the Company's earnings.

- During the period there were M&A costs of approximately \$450k relating to the acquisition of Franklyn Blinds Awnings and Security which didn't proceed and were expensed during the period.
- We commenced the establishment of a manufacturing facility in Queensland to supply window furnishings for our East Coast Operations. During the period we moved our Curtain Workroom into the new facility and established production lines producing curtain tracks and poles and a roller blind line that was commissioned in July. The above activities had a material impact to our production efficiency during this time. It is expected that the transition will be substantially complete prior to year end.
- A continuing process of transitioning our procurement to expand our range and offering with a focus on suitable quality and pricing from reputable suppliers was substantially completed during the period which also had an impact on efficiency.

The Company recorded a net loss for the period of \$1,981k which compared with a net loss of \$1,940k for the comparative period last year.

Operating cash flow for the period was a negative movement of \$3,281k reflecting the operating performance of the business and an investment in additional stock as part of our recent procurement changes. Investing activities were a further negative movement of \$1,461k reflecting investment in our stores via a refurbishment program, purchase of machinery for our new Queensland manufacturing operation, somewhat offset by a partial refund on a deposit paid for the Franklyn acquisition.

The above cash outflows were predominantly funded by an unsecured loan provided from our parent Company, Ningbo Xianfeng New Material Co. Ltd, of \$3,357k.

Cash at the end of the period (excluding the intercompany loan) was an overdraft of \$83k.

## Directors' report (continued)

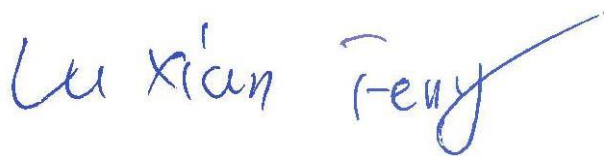
### Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable and where noted (\$'000)) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

### Auditor's independence declaration

We have obtained an independence declaration from our auditor, Ernst and Young, which is set out on this page and forms part of this report.

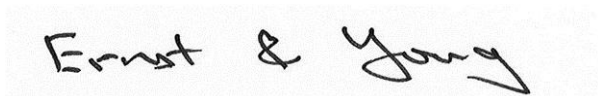
Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink that reads "Lu Xian Feng". The signature is written in a cursive style with a long horizontal stroke extending from the end.

Xianfeng Lu  
Executive Chairman  
Perth, 14 August 2015

## Auditor's Independence Declaration to the Directors of Kresta Holdings Limited

In relation to our audit of the financial report of Kresta Holdings Limited for the half-year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



T G Dachs  
Partner  
14 August 2015

## Consolidated statement of comprehensive income

For the half-year ended 30 June 2015

		Consolidated	
	Note	June 2015 \$000	June 2014 \$000
Sale of goods		47,003	45,325
<b>Revenue</b>		47,003	45,325
Other income	3a	175	499
Changes in inventories of finished goods and work in progress		3,856	24
Raw materials and consumables used		(17,501)	(14,589)
Employee benefits expense	3b	(21,956)	(18,665)
Depreciation and amortisation charge	3c	(906)	(819)
Other expenses	3d	(13,482)	(14,354)
<b>Results from operating activities</b>		(2,811)	(2,579)
Finance income		2	42
Finance costs		(86)	(16)
<b>Net finance costs</b>	3e	(84)	26
<b>Loss before income tax</b>		(2,895)	(2,553)
Income tax benefit		914	613
<b>Net loss for the period</b>		(1,981)	(1,940)
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net foreign currency translation		(12)	(22)
Effective portion of changes in fair value of cash flow hedges		-	(29)
<b>Other comprehensive loss for the period, net of tax</b>		(12)	(51)
<b>Total comprehensive loss for the period</b>		(1,993)	(1,991)
<b>Total comprehensive loss attributable to owners of the Company</b>		(1,993)	(1,991)
<b>Loss per share for loss attributable to the ordinary equity holders of the parent:</b>			
Basic loss per share		(1.32) cents	(1.29) cents
Diluted loss per share		(1.32) cents	(1.29) cents

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated statement of financial position

As at 30 June 2015

		Consolidated	
	Note	June 2015 \$000	December 2014 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		-	1,235
Trade and other receivables		3,345	2,377
Inventories	6	13,693	9,446
Deposits		-	550
Prepayments		1,743	2,546
<b>Total current assets</b>		<b>18,781</b>	<b>16,154</b>
<b>Non-current assets</b>			
Trade and other receivables		39	28
Property, plant and equipment	4	13,407	12,755
Deferred tax assets		3,964	3,051
Intangible assets and goodwill	5	2,458	2,260
<b>Total non-current assets</b>		<b>19,868</b>	<b>18,094</b>
<b>TOTAL ASSETS</b>		<b>38,649</b>	<b>34,248</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank Overdraft	12	83	-
Trade and other payables		10,304	7,561
Interest-bearing loans and borrowings	15	3,813	286
Provisions		3,975	3,847
Government grants	8	51	-
<b>Total current liabilities</b>		<b>18,226</b>	<b>11,694</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	15	169	230
Provisions		1,269	1,350
<b>Total non-current liabilities</b>		<b>1,438</b>	<b>1,580</b>
<b>TOTAL LIABILITIES</b>		<b>19,664</b>	<b>13,274</b>
<b>NET ASSETS</b>		<b>18,985</b>	<b>20,974</b>
<b>EQUITY</b>			
Contributed equity	10	12,892	12,892
Employee reserved shares	10	69	69
Reserves		(39)	(31)
Retained earnings		6,063	8,044
<b>TOTAL EQUITY</b>		<b>18,985</b>	<b>20,974</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated statement of cash flows

For the half-year ended 30 June 2015

		Consolidated	
	Note	June 2015 \$000	June 2014 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		49,523	49,447
Payments to suppliers and employees (inclusive of GST)		(52,779)	(48,649)
Government grant received		(3)	-
Interest received	3e	2	42
Interest paid	3e	(24)	(16)
Income tax (paid) / refund		-	243
<b>Net cash flows (utilised in)/from operating activities</b>		<b>(3,281)</b>	<b>1,067</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	4	119	23
Purchase of property, plant and equipment	4	(1,718)	(499)
Purchase of intangibles	5	(229)	(34)
Refund of deposit		367	-
<b>Net cash flows used in investing activities</b>		<b>(1,461)</b>	<b>(510)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares			660
Equity dividends paid		-	-
Proceeds from borrowings		3,770	525
Repayment of borrowings		(334)	(308)
Payment of finance lease liabilities		-	(64)
<b>Net cash flows from financing activities</b>		<b>3,436</b>	<b>813</b>
Net (decrease)/increase in cash and cash equivalents		(1,306)	1,370
Net foreign exchange differences		(12)	(26)
Cash and cash equivalents at beginning of period		1,235	4,358
<b>Cash and cash equivalents at end of period</b>	12	<b>(83)</b>	<b>5,702</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## Consolidated statement of changes in equity

For the half-year ended 30 June 2015

	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
<b>At 1 January 2015</b>	12,892	69	499	-	(526)	8,044	20,978
Profit for the period	-	-	-	-	-	(1,981)	(1,981)
Other comprehensive income	-	-	-	-	(12)	-	(12)
<b>Total comprehensive income for the period</b>	-	-	-	-	(12)	(1,981)	(1,993)
Dividends	-	-	-	-	-	-	-
Employee share plan issue	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-
<b>At 30 June 2015</b>	12,892	69	499	-	(538)	6,063	18,985
<b>At 1 January 2014</b>	12,892	(916)	214	11	(509)	9,932	21,624
Profit for the period	-	-	-	-	-	(1,940)	(1,940)
Other comprehensive income	-	-	-	(29)	(22)	-	(51)
<b>Total comprehensive income for the period</b>	-	-	-	(29)	(22)	(1,940)	(1,991)
Proceeds from issue of shares	-	660	-	-	-	-	660
Employee share plan issue	-	-	-	-	-	-	-
Share-based payments	-	-	213	-	-	-	213
<b>At 30 June 2014</b>	12,892	(256)	427	(18)	(531)	7,992	20,506

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Notes to the consolidated financial statements

For the half-year ended 30 June 2015

### 1. Corporate information

This consolidated half-year report of Kresta Holdings Limited and its subsidiaries (the Group) for the half-year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 14 August 2015.

Kresta Holdings Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. Kresta Holdings Limited is a company domiciled in Australia. The address of the Company's registered office is 380 Victoria Road Malaga WA 6090.

The Group is a for-profit entity and the nature of the operations and principal activities of the Group are described in the directors' report.

### 2. Basis of preparation and accounting policies

#### (a) Basis of preparation

This half-year financial report for the half-year ended 30 June 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year report does not include all the information and disclosures required in the annual financial report and should be read in conjunction with the Group's Annual Report for the period ended 31 December 2014.

The half-year financial report has been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The half-year report is presented in Australian Dollars and all values are rounded to the nearest \$'000 except where otherwise indicated.

#### (b) Going concern

During the half-year ended 30 June 2015, the company had a net loss of \$1.98 million, negative cash flow from operations of \$3.28 million and positive working capital of \$0.56 million. The company maintained positive working capital, however additional funding will be necessary to continue with the planned investment across the group during the next 12 months. The financial statements have been prepared on a going concern basis as Ningbo Xianfeng New Material Company ("Aplus"), a majority shareholder, has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements.

## Notes to the consolidated financial statements (continued)

For the half-year ended 30 June 2015

### Basis of preparation and accounting policies (continued)

#### (c) New and amended accounting standards and interpretations

The accounting policies adopted in the preparation of the half-year report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the period ended 31 December 2014, except for the adoption of new and amended standards and interpretation noted below:

AASB 2014-1 Part A: Sets out amendments to Australian Accounting Standards from the issuance by the International Accounting Standards Board (IASB) of IFRS. Annual improvements to IFRS 2010-2012 Cycle of Annual Improvements to IFRS 2011-2013 cycle. Annual Improvements to IFRS's 2010 – 2012 Cycle addresses the following items:

- AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
- AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.
- AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.
- AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.
- AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of IAS 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

These amendments are effective for annual periods beginning on or after 1 July 2014. The adoption of these amendments had no material impact on the financial position or performance of the Group.

#### (d) Significant accounting judgments and estimates

The preparation of half-year report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing the half-year, the significant judgements made by management in applying the Group's accounting policies, and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the period ended 31 December 2014.

## Notes to the consolidated financial statements (continued)

For the half-year ended 30 June 2015

## 3. Revenue, income and expenses

		Consolidated	
		June 2015 \$000	June 2014 \$000
<b>(a) Other income</b>			
Government grants	2	34	
Foreign Exchange gains	7	--	
Other	166	465	
	175	499	
<b>(b) Employee benefits expense</b>			
Wages and salaries	14,043	11,905	
Superannuation expense	1,195	970	
Employee share-based payment	-	213	
Subcontractors fees and related expenses	5,354	4,302	
Other employee benefits expense	1,364	1,275	
	21,956	18,665	
<b>(c) Depreciation and amortisation charge</b>			
Depreciation	862	784	
Amortisation of IT software	44	35	
	906	819	
<b>(d) Other expenses</b>			
Advertising	3,712	4,141	
Property rent	3,842	3,959	
Property outgoings	1,786	1,881	
Communication expenses	1,032	1,042	
Banking and transaction expenses	298	258	
Impairment loss – receivables	37	76	
Net loss from disposal of property, plant & equipment	3	194	
Foreign exchange losses	116	51	
Net unrealised loss on related party loan	32	-	
Freight	1,087	943	
Other expenses	1,537	1,809	
	13,482	14,354	

## Notes to the consolidated financial statements (continued)

For the half-year ended 30 June 2015

### 3. Revenue, income and expenses (continued)

	Consolidated	
	June 2015 \$000	June 2014 \$000
<b>(e) Net finance costs</b>		
Finance income	2	42
Finance charges payable under finance leases and hire purchase contracts	(3)	(7)
Other borrowing costs	(83)	(9)
Finance costs	(86)	(16)
<b>Net finance costs</b>	<b>(84)</b>	<b>26</b>

### 4. Property, plant and equipment

During the six months ended 30 June 2015, the Group acquired property, plant and equipment with a cost of \$1,663,000 (December 2014: \$2,209,000). Assets with a net book value of \$129,000 were disposed of by the Group during the six months ended 30 June 2015 (December 2014: \$36,000) resulting in a net loss on disposal of \$10,000 (December 2014: loss \$21,000).

### 5. Intangibles and Goodwill

During the six months ended 30 June 2015, the Group acquired \$229,000 of intangibles (December 2014: \$222,000).

### 6. Inventories

During the six months ended 30 June 2015, the Group incurred a charge of \$309,000 for the write down of inventory to net realisable value (December 2014: \$Nil). This charge is included in 'raw materials and consumables used' in the consolidated statement of comprehensive income. For the six months ended 30 June 2015, there was a write back totalling \$70,000 of the previously provided amount due to the realisation of the inventory and review of the provision (December 2014: \$736,000).

### 7. Other financial assets and financial liabilities

#### Fair Values

The directors have concluded that the fair value of the financial assets and liabilities are not materially different to their carrying values. At 30 June 2015, the Group had the following classes of financial instruments measured at fair value

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets;
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability; and
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

During the six month period ended 30 June 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

## Notes to the consolidated financial statements (continued)

For the half-year ended 30 June 2015

**8. Government grants***Movement in government grants*

	<b>June 2015 \$000</b>	<b>December 2014 \$000</b>
At 1 January	-	-
Received during the period	127	3
Recognised as income	(76)	(3)
At 30 June	51	-

In the six month period ended 30 June 2015, the Group received government grants totalling \$127,000 in relation to the Lean Manufacturing training program which was implemented at our Malaga factory. No government grants were received in the six month period ended 31 December 2014

**9. Dividends paid and proposed****(a) Recognised amounts***Declared and paid during the six month period*

Dividends on ordinary shares:

Final franked dividend for 2015 Nil (2014: nil)

	<b>June 2015 \$000</b>	<b>June 2014 \$000</b>
	-	-
	-	-

**(b) Unrecognised amounts**

Dividends on ordinary shares:

Interim franked dividend for 2015: nil (2014: nil)

	-	-
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**10. Contributed equity****Ordinary shares**

	<b>June 2015 \$000</b>	<b>December 2014 \$000</b>
Issued capital - ordinary shares	12,892	12,892
Employee reserved shares	69	69
	12,961	12,961

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Shares issued to employees under the share loan plan are fully issued via a limited recourse loan to employees, and as such the arrangement is accounted for as in-substance options. The legal loans are repaid from dividends declared, capital returns and cash repayments. Once the loan is repaid in full the employee reserved shares are converted to unrestricted ordinary shares. In September 2014 all loans were repaid by the employees and there were no outstanding loans pursuant to the employee incentive plan.

## Notes to the consolidated financial statements (continued)

For the half-year ended 30 June 2015

### 10. Contributed equity (continued)

#### Ordinary shares (continued)

*Movement in ordinary shares on issue*

At 1 January 2015

Shares issued during the period

At 30 June 2015

No. of shares Thousands	\$000
150,258	12,892
-	-
150,258	12,892

*Movement in employee reserved shares on issue*

At 1 January 2015

Dividends applied

Shares Issued during the period

At 30 June 2015

No. of shares Thousands	\$000
-	(69)
-	-
-	-
-	(69)

### 11. Segment information

The Group operates predominantly in Australia in one operating segment being the manufacture and sale of window coverings.

### 12. Notes to the cash flow statement

For the purpose of the half-year cash flows, cash and cash equivalent are comprised of the following:

	Consolidated	
	2015	2014
	\$000	\$000
Cash at Bank	-	5,702
Overdraft Facility	(83)	-
Cash at bank and on hand	(83)	5,702

### 13. Commitments

#### Capital commitments

There are no capital commitments as at 30 June 2015 (December 2014: \$Nil).

### 14. Events occurring after the reporting date

There has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of the Group, or the state of affairs of the Group, in future financial years.

## Notes to the consolidated financial statements (continued)

For the half-year ended 30 June 2015

## 15. Interest-bearing loans and borrowings

	Consolidated	
	June 2015 \$000	December 2014 \$000
<b>Current</b>		
Software licence finance loan	145	145
Insurance finance loan	311	141
Related Party Loan	3,357	-
	<b>3,813</b>	<b>286</b>
<b>Non-current</b>		
Software licence finance loan	169	230
	<b>169</b>	<b>230</b>

**Related Party Loan**

During the half-year, the company obtained an unsecured loan of RMB16,000,000 from Suntarget (HongKong) Trading Co., Limited, a subsidiary of Ningbo Xianfeng New Material Company ("Aplus"). The Loan expires on 31 December 2015. The loan contract requires both parties to agree to any extensions of the loan term. The interest rate on this loan is fixed at 6% per annum.

**Software licence finance loan**

Software licence finance loan has a zero interest rate.

**Insurance finance loan**

Insurance finance loan has a fixed rate of 1.45%.

## Directors' declaration

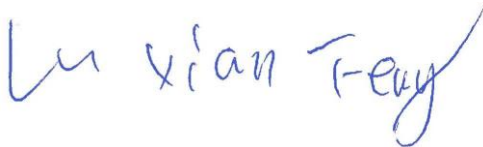
In accordance with a resolution of the directors of Kresta Holdings Limited, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of Kresta Holdings Limited for the half-year ended 30 June 2015 are in accordance with the Corporations Act 2001, including:
  - (i) Giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
  - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001
- (b) There are reasonable grounds to believe that Kresta Holdings Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the board



Xianfeng Lu  
Executive Chairman

Perth, 14 August 2015

## Independent auditor's report to the members of Kresta Holdings Limited

### Report on the Half-Year Financial Report

We have audited the accompanying half-year financial report of Kresta Holdings Limited, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities is controlled at half-year end or from time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the half-year financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

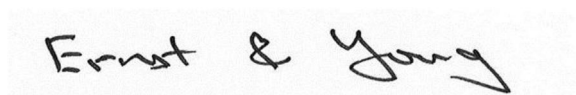
### Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

## Opinion

In our opinion, the half-year financial report of Kresta Holdings Limited is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position of Kresta Holdings Limited as at 30 June 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



T G Dachs  
Partner  
Perth  
14 August 2015