



Kresta Holdings Limited

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ASX ANNOUNCEMENT

## June 2015 Half Year Results

Kresta Holdings Limited (ASX: KRS) would like to report it has achieved an after tax loss of (\$1,981k) for the six months ended 30 June 2015. This compares with an after tax loss of (\$1,940k) for the corresponding period last year.

The company recorded revenue of \$47,003k for the period, a 4% increase from last year. An improvement in our made to measures revenues, especially from our flagship Kresta brand was behind the improved revenue position.

Earnings for the period were impacted by a number of factors. These included:

- Interruption to our manufacturing efficiency as we establish an east coast operation in a new premises in Brisbane. Activities included moving our existing curtain workroom, establishing a curtain tracks and poles and a roller blind production lines.
- The 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.
- As announced on 10 April 2015, the agreement to acquire Franklyn Blinds Awnings Security was terminated. Approximately \$450k of costs relating to this acquisition were written off during the period.
- We continued our refurbishment plans for our Kresta showrooms during the period.

Operating cash flow for the period was a cash outflow of \$3,281k reflecting the operating performance of the business and an investment in additional stock as part of our recent procurement initiatives. Investing activities were a further outflow of \$1,461k reflecting the stores refurbishment program and purchase of machinery for our new Queensland manufacturing operations.

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.