

Appendix 4E

Preliminary Final Report

1. Name of entity

Kresta Holdings Limited

ABN

26 008 675 803

Financial year ended ("current year")

31 December 2015

Comparative prior year ended ("prior year")

31 December 2014 (**6 months**)

2. For announcement to the market

						\$'000
2.1	Revenue from ordinary activities	Up	98.3%	to		95,931
2.2	Profit from ordinary activities after tax attributable to members	Down	5,155.8%	to		(2,629)
2.3	Net profit for the period attributable to members	Down	5,155.8%	to		(2,629)
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.					

3. Consolidated statement of comprehensive income

	<i>Note</i>	12 months ended December 2015 \$000	6 months ended December 2014 \$000
Sale of goods		95,931	48,382
Revenue		95,931	48,382
Other income	4a	489	213
Changes in inventories of finished goods and work in progress		7,610	(205)
Raw materials and consumables used		(33,763)	(13,525)
Employee benefits expense	4b	(44,673)	(20,362)
Depreciation and amortisation charge	4c	(1,867)	(804)
Other expenses	4d	(27,339)	(13,555)
Results from operating activities		(3,612)	144
Finance income		5	38
Finance costs		(244)	(18)
Net finance (expense) / income	4e	(239)	20
Profit / (loss) before income tax		(3,851)	164
Income tax (expense) / benefit	5	1,222	(112)
Net profit / (loss) for the period		(2,629)	52
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net foreign currency translation		(20)	5
Effective portion of changes in fair value of cash flow hedges, net of tax		-	18
Other comprehensive income / (loss) for the period, net of tax		(20)	23
Total comprehensive income / (loss) for the period		(20)	75
Total comprehensive income / (loss) attributable to owners of the Company		(2,649)	75
Earnings / (loss) per share for profit attributable to the ordinary equity holders of the parent:			
Basic earnings / (loss) per share	6	(1.75 cents)	0.03 cents
Diluted earnings / (loss) per share		(1.75 cents)	0.03 cents

3. Other income and expenses

	12 months ended December 2015 \$000	6 months ended December 2014 \$000
(a) Other income		
Government grants	87	3
Foreign exchange gains	70	-
Other	332	210
	<u>489</u>	<u>213</u>
(b) Employee benefits expense		
Wages and salaries	28,349	12,852
Superannuation expense	2,450	1,116
Employee share-based payment	-	68
Subcontractors	10,939	5,019
Other employee benefits expense	2,935	1,307
	<u>44,673</u>	<u>20,362</u>
(c) Depreciation and amortisation charge		
Depreciation	1,815	768
Amortisation of IT software	52	36
	<u>1,867</u>	<u>804</u>
(d) Other expenses		
Advertising	7,185	4,590
Property rent	7,961	3,600
Property outgoings	3,757	1,697
Communication expenses	2,044	980
Banking and transaction expenses	608	302
Impairment loss – receivables	285	45
Net loss from disposal of property, plant & equipment	122	21
Foreign exchange losses	315	118
Freight	2,251	903
Other expenses	2,811	1,299
	<u>27,339</u>	<u>13,555</u>
(e) Net finance (expense) / income		
Finance income	5	38
Finance charges payable under finance leases and hire purchase contracts	(14)	(7)
Other borrowing costs	(230)	(11)
Finance costs	(244)	(18)
Net finance (expense) / income	<u>(239)</u>	<u>20</u>

4. Consolidated statement of financial position

	Note	December 2015 \$000	December 2014 \$000
ASSETS			
Current assets			
Cash and cash equivalents	8	8,650	1,235
Trade and other receivables	9	3,216	2,377
Inventories	10	17,461	9,446
Deposits		-	550
Prepayments		1,766	2,546
Total current assets		31,093	16,154
Non-current assets			
Trade and other receivables	9	32	28
Property, plant and equipment	12	13,764	12,755
Deferred tax assets	5	4,271	3,051
Intangible assets and goodwill	13	2,586	2,260
Total non-current assets		20,653	18,094
TOTAL ASSETS		51,746	34,248
LIABILITIES			
Current liabilities			
Trade and other payables	15	11,865	7,561
Interest-bearing loans and borrowings	16	16,397	286
Provisions	17	3,780	3,847
Derivative financial instruments	26	-	-
Total current liabilities		32,042	11,694
Non-current liabilities			
Interest-bearing loans and borrowings	16	85	230
Provisions	17	1,294	1,350
Total non-current liabilities		1,379	1,580
TOTAL LIABILITIES		33,421	13,274
NET ASSETS		18,325	20,974
EQUITY			
Issued capital	18	12,892	12,892
Employee reserved shares	18	-	69
Reserves	18	(51)	(31)
Retained earnings	18	5,484	8,044
TOTAL EQUITY		18,325	20,974

5. Consolidated statement of cash flows

	<i>Note</i>	12 months ended December 2015 \$000	6 months ended December 2014 \$000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		105,049	54,392
Payments to suppliers and employees (inclusive of GST)		(110,719)	(56,474)
Receipt of government grants	19	163	3
Interest received	4e	5	38
Interest paid	4e	(211)	(18)
Income tax received		-	-
Net cash flows utilised in operating activities	8	(5,713)	(2,059)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		157	15
Purchase of property, plant and equipment	12	(3,014)	(2,134)
Purchase of intangibles	13	(392)	(222)
Deposit refund / (paid)		367	(550)
Net cash flows used in investing activities		(2,882)	(2,891)
Cash flows from financing activities			
Proceeds from issue of shares		-	325
Proceeds from borrowings		17,216	730
Repayment of borrowings		(1,226)	(581)
Payment of finance lease liabilities		-	-
Net cash flows from financing activities		15,990	474
Net (decrease) / increase in cash and cash equivalents		7,395	(4,476)
Net foreign exchange differences		20	9
Cash and cash equivalents at beginning of period		1,235	5,702
Cash and cash equivalents at end of period	8	8,650	1,235

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

	12 months ended December 2015 \$000	6 months ended December 2014 \$000
Net profit / (loss)	(2,629)	52
<i>Adjustments for:</i>		
Depreciation	1,815	768
Amortisation	53	36
Net loss on disposal of property, plant and equipment	122	21
Net unrealised (gain) / loss	(24)	-
Share-based payment expense	-	68
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in trade and other receivables	(713)	(34)
(Increase) / decrease in inventories	(8,015)	(521)
(Increase) / decrease in deferred tax assets	(1,222)	112
Increase in prepayments	780	(1,145)
Increase / (decrease) in trade and other payables	4,304	(1,356)
(Decrease) / increase in government grants	-	-
Increase in tax receivables/payable	-	-
Increase / (decrease) in provisions	(184)	(60)
Net cash from operating activities	(5,713)	(2,059)

5.2 Reconciliation of cash

	December 2015 \$000	December 2014 \$000
Cash at bank and on hand	8,650	1,235

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 2015 of \$3.62m (December 2014: \$3.52m), consisting of \$2.58m (December 2014: \$2.08m) overdraft, \$0.42m (December 2014: \$0.74m) bank guarantee, \$Nil (December 2014: \$0.18m) trade, and \$0.62m (December 2014: \$0.52m) other finance loan.

5.5 Financing facilities used

Total facilities used at 31 December 2015 of \$1.01m (December 2014: \$0.94m), consisting of \$0.39m (December 2014: \$0.42m) bank guarantee, and \$0.62m (December 2014: \$0.52m) 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 January 2015	12,892	69	495	-	(526)	8,044	20,974
Profit for the period	-	-	-	-	-	(2,629)	(2,629)
Other comprehensive income	-	-	-	18	(20)	-	(20)
Total comprehensive loss for the period	-	-	-	18	(20)	(2,629)	(2,649)
Transfers	-	(69)	-	-	-	69	-
Proceeds from issue of shares	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-
At 31 December 2015	12,892	-	495	-	(546)	5,484	18,325
At 1 July 2014	12,892	(256)	427	(18)	(531)	7,992	20,506
Loss 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	-	-	-	-	325
Share-based payments	-	-	68	-	-	-	68
At 31 December 2014	12,892	69	495	-	(526)	8,044	20,974

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 2015 Current year	31 December 2014 Prior year
Net tangible asset backing per ordinary security	10.5 cents	12.5 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	6 months 31 December Prior year
	\$'000	\$'000
Basic earnings / (loss):	(2,629)	52
Diluted earnings / (loss):	(2,629)	52
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic EPS:	150,258,518	149,612,364
Weighted average number of ordinary shares used in the calculation of diluted EPS:	150,258,518	149,612,364
Basic earnings / (loss) per security:	(1.75 cents)	0.03 cents
Diluted earnings / (loss) per security:	(1.75 cents)	0.03 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:

- | | | | |
|-------------------------------------|--|--------------------------|---|
| ☒ | The accounts have been audited. | ☐ | The accounts have been subject to review. |
| ☐ | The accounts are in the process of being audited or subject to review. | ☐ | 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