

Kresta Holdings Limited

A.B.N. 26 008 675 803

389 Victoria Road
MALAGA WA 6090

PO Box 3036
MALAGA DC WA 6945

Telephone: (08) 9249 0781
Facsimile: (08) 9249 7923

19 August 2010

The Manager
Company Announcements Office
Australian Securities Exchange
Level 4, 20 Bridge St
SYDNEY NSW 2000

Dear Sir/Madam

2010 FULL YEAR RESULT

In accordance with the ASX Listing Rule 4.3A please find attached:

- Managing Director's Announcement
- Appendix 4E

Yours faithfully,


Thye Tan
COMPANY SECRETARY

enc


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A.B.N. 26 008 675 803389 Victoria Road
MALAGA WA 6090PO Box 3036
MALAGA DC WA 6945Telephone: (08) 9249 0781
Facsimile: (08) 9249 7923**ASX ANNOUNCEMENT****19 August 2010****Kresta delivers 85% increase full year profit
on continued strong sales result****Key points:**

- **EBIT increases by 69% to \$10.7M**
- **Sales revenue increases by 5% to \$123M**
- **NPAT up by 85% to \$6.8M**
- **Fully franked final dividend of 1.5 cents declared**

Leading national window furnishings retailer and manufacturer Kresta Holdings Limited (**ASX: KRS**) ("**Kresta**" or "**the Company**") has delivered a strong increase in profit for the full year to 30 June 2010, with net profit after tax (**NPAT**) up 85% to \$6.8 million.

This result was achieved on higher sales **revenues** for the year of \$123 million, 5% higher on the previous corresponding period. Full year Earnings Before Interest and Tax (**EBIT**) lifted to \$10.7 million, 69% higher than the previous year.

Kresta Managing Director Tass Zorbas said the Company's strong sales results, particularly in the first half of the period, was positively impacted by the successful introduction of a range of innovative product ranges, together with recent acquisitions performing at or above expectations, in the second half.

"In January 2010, we acquired Ace of Shades and this business has performed very well as part of the Kresta Group," Mr Zorbas said.

"In addition, we expanded the Vista Window Coverings business, with new metropolitan stores opened in Queensland and Victoria and refurbished/relocated six other stores across the Group during the year in line with our corporate strategy to expand market coverage via stores locations."

Stable Management Group

Mr Zorbas cites the Kresta's continued focus on creating and maintaining a highly experienced management group as another key reason for the strong sales results.

"Any business is ultimately only as good as its people and to this end we believe our ability to attract and retain a highly experienced management group is providing positive benefits to the Group's results," said Mr Zorbas.

Dividend Payment

Kresta's continues its record of paying a fully franked dividend with Directors declaring a final dividend of 1.5 cents per share, bringing the full year dividend to 3.5 cents. The final dividend will be paid to shareholders on Friday 22 October 2010.

Outlook

The Directors are confident that the success of the range of initiatives undertaken to date including the ongoing introduction of innovative product ranges, coupled with the growth strategies now in place, the Group is well positioned to continue to achieve sustained and profitable growth into the future.

ENDS

For further information, please contact:

Mr. Tass Zorbas
Managing Director
Kresta Holdings Limited
T: 08 9249 0748

ABOUT KRESTA

The Kresta group is involved in the manufacturing, distribution and retailing of window furnishings and has been manufacturing blinds for over 37 years. The company is now the largest window coverings manufacturer/ retailer in Australia and New Zealand, employing over 1000 people.

Kresta operates through four main brands: Kresta Blinds, Vista Window Coverings, Decor2Go and Curtain Wonderland.

Website: www.kresta.com.au

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APPENDIX 4E

Preliminary final report

1. Name of entity

Kresta Holdings Limited

ABN

26 008 675 803

Financial year ended ('current period')

30 June 2010

Previous corresponding period

30 June 2009

2. For announcement to the market

Results for announcement to the market:

2.1	Revenues from ordinary activities	up	5%	to	\$'000 122,916
2.2	Profit from ordinary activities after tax attributable to members	up	84.7%	to	6,757
2.3	Net profit for the period attributable to members	up	84.7%	to	6,757
2.4	Dividends (see section 6)	Amount per security		Franked amount per security	
	Final dividend	1.5 cents		1.5 cents	
	Interim period	2.0 cents		2.0 cents	
2.5	Record date for determining entitlements to the dividend	12 October 2010			
2.6	Brief explanation of any of the figures reported above: Refer attached				

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3. Statement of comprehensive income

	Notes	2010 \$'000	2009 \$'000
Sale of goods		122,630	116,999
Finance revenue		286	105
Revenue	1a	122,916	117,104
Other income	1b	1,024	948
Changes in inventories of finished goods and work in progress		(1,337)	(2,509)
Raw materials and consumables used		(55,105)	(52,157)
Employee benefits expense	1c	(28,882)	(27,692)
Depreciation and amortisation expense	1d	(2,521)	(2,355)
Other expenses	1e	(25,400)	(27,010)
Finance costs	1f	(974)	(1,062)
Profit from continuing operations before income tax		9,721	5,267
Income tax expense		(2,964)	(1,609)
Profit attributable to the ordinary equity holders of the company		6,757	3,658
Other comprehensive income			
Net foreign currency translation differences		(77)	(37)
Other comprehensive income for the period, net of tax		(77)	(37)
Total comprehensive income for the period		6,680	3,621
Earnings per share (cents per share)			
Basic earnings per share (cents per share)		4.72	2.68
Diluted earnings per share (cents per share)		4.72	2.68
Franked dividends per share (cents per share)		3.50	1.00

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Notes to the statement of comprehensive income

	2010	2009
	\$'000	\$'000

Revenue and Expenses from Continuing Operations

(a) Revenue

Sale of goods	122,630	116,999
Finance revenue	286	105
	<u>122,916</u>	<u>117,104</u>

(b) Other income

Government grants	524	371
Net gain from disposal of property, plant & equipment	8	-
Others	492	577
	<u>1,024</u>	<u>948</u>

(c) Employee benefits expense

Wages & salaries	16,689	15,471
Superannuation expense	1,916	2,628
Employee share based payments	-	2
Consultant commissions	8,519	8,132
Provision for long service leave	513	131
Others	1,245	1,328
	<u>28,882</u>	<u>27,692</u>

(d) Depreciation and amortisation expense

Depreciation	2,477	2,299
Amortisation of IT software	44	56
	<u>2,521</u>	<u>2,355</u>

(e) Other expenses

Advertising	10,173	10,163
Property rent & lease payments	7,008	6,878
Property outgoings	2,700	2,351
Communication expenses	2,154	2,245
Banking and transaction expenses	1,258	985
Impairment allowance – loans and receivables	7	17
Net loss from disposal of property, plant & equipment	-	107
Other expenses	2,100	4,264
	<u>25,400</u>	<u>27,010</u>

(f) Finance costs

Finance charges payable under finance lease and hire purchase agreements	212	217
Other borrowings	762	845
Total Finance cost expensed	<u>974</u>	<u>1,062</u>

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4.1 Statement of financial position

	2010 \$'000	2009 \$'000
ASSETS		
Current Assets		
Cash and cash equivalents	7,861	7,511
Trade and other receivables	3,612	3,462
Inventories	18,271	21,168
Prepayments	618	677
Derivatives financial instruments	83	-
Total Current Assets	30,445	32,818
Non-current Assets		
Property, plant and equipment	17,052	18,130
Deferred tax assets	2,215	1,799
Intangible assets and goodwill	2,680	1,439
Total Non-current Assets	21,947	21,368
TOTAL ASSETS	52,392	54,186
LIABILITIES		
Current Liabilities		
Trade and other payables	7,608	10,007
Interest-bearing loans and borrowings	3,978	3,618
Income tax payable	1,924	542
Provisions	4,645	4,120
Derivatives financial instruments	42	471
Government grants	49	53
Total Current Liabilities	18,246	18,811
Non-current Liabilities		
Interest-bearing loans and borrowings	6,505	10,434
Provisions	678	603
Government grants	159	204
Total Non-current liabilities	7,342	11,241
TOTAL LIABILITIES	25,588	30,052
NET ASSETS	26,804	24,134
EQUITY		
Contributed equity	11,961	11,676
Reserves	(297)	(220)
Retained earnings	15,140	12,678
TOTAL EQUITY	26,804	24,134

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4.2 Statement of changes in equity

	Issued Capital	Reserves	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2008	10,679	(184)	10,351	20,846
Profit for the period	-	-	3,658	3,658
Other comprehensive income	1	(38)	-	(37)
Total comprehensive income for the period	1	(38)	3,658	3,621
Transactions with owners in their capacity as owners				
Share-based payment	-	2	-	2
Shares issued	1,000	-	-	1,000
Transaction costs – shared issued	(4)	-	-	(4)
Dividends	-	-	(1,331)	(1,331)
At 30 June 2009	11,676	(220)	12,678	24,134
At 1 July 2009	11,676	(220)	12,678	24,134
Profit for the period	-	-	6,757	6,757
Other comprehensive income	-	(77)	-	(77)
Total comprehensive income for the period	-	(77)	6,757	6,680
Transactions with owners in their capacity as owners				
Dividends	-	-	(4,295)	(4,295)
Shares issued	285	-	-	285
At 30 June 2010	11,961	(297)	15,140	26,804

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5.1 Statement of cash flows

	2010	2009
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	131,605	125,238
Payments to suppliers and employees	(118,353)	(113,416)
Government grants received	475	457
Interest received	286	105
Interest paid	(974)	(1,062)
Income tax (paid)/received	(1,999)	(2,498)
Net cash flows from/(used in) operating activities	11,040	8,824
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant & equipment	64	50
Purchase of property, plant & equipment	(1,486)	(5,011)
Acquisitions	(1,687)	-
Net cash flows from/(used in) investing activities	(3,109)	(4,961)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,000
Transaction costs on issue of shares	-	(4)
Options exercised	285	-
Payment of dividend on ordinary shares	(4,295)	(3,328)
Proceeds from borrowings	1,024	1,602
Repayment of borrowings	(2,793)	(3,011)
Net cash flows from/(used in) financing activities	(5,779)	(3,741)
Net increase/(decrease) in cash and cash equivalents	2,152	122
Cash and cash equivalents at beginning of year	5,710	5,556
Effect of exchange rate changes on the balance of cash held in foreign currencies	(1)	32
Cash and Cash Equivalents at end of year	7,861	5,710

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5.2 Reconciliation of the net profit after tax to the net cash flows from operations

	2010 \$'000	2009 \$'000
Net profit	6,757	3,658
Adjustments for non cash items:		
Depreciation of non-current assets	2,477	2,299
Amortisation of non-current assets	44	56
Foreign exchange reserve	(77)	(38)
Employee share options	-	2
Net (gain)/loss on disposal of property, plant and equipment	(8)	107
Fair value change in derivatives	(512)	431
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(157)	(4)
(Increase)/decrease in inventory	3,200	2,509
(Increase)/decrease in deferred tax assets	(417)	(184)
(Increase)/decrease in prepayments	182	97
(Decrease)/increase in trade and other payables	(1,885)	318
Increase/(decrease) in government grants	(49)	86
(Decrease)/increase in tax receivable/payable	1,382	(706)
(Decrease)/increase in provisions	103	193
Net cash flow from operating activities	<u>11,040</u>	<u>8,824</u>

5.3 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated cash flow statement) to the related items in the accounts is as follows.

Cash at bank and in hand	7,861	7,511
Bank overdraft	-	(1,801)
Total cash at end of period	<u>7,861</u>	<u>5,710</u>

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5.4 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

5.5 Financing facilities available

An overdraft facility of \$2 m and bill facilities of \$10 m exist with the Commonwealth Bank of Australia.

5.6 Acquisition of controlled entity

Acquisition of Ace of Shades business – please refer to Note 14.6 of this report.

6.1 Dividends

Date the dividend is payable

22 October 2010

Record date to determine entitlements to the dividend (ie, 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)

12 October 2010

If it is a final dividend, has it been declared?

Yes

6.2 Amount per security

	Amount per security	Franked amount per security at 30% tax
Final dividend: Current year	1.5 ¢	1.5 ¢
Previous year	1.0 ¢	1.0 ¢
Interim dividend: Current year	2.0 ¢	2.0 ¢
Previous year	Nil	Nil

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6.3 Total dividend per security (interim *plus* final)

	Current year	Previous year
Ordinary securities	3.5 ¢	1.0 ¢

6.4 Preliminary final report - final dividend on all securities

	Current period \$'000	Previous corresponding period \$'000
Ordinary securities	1.5 ¢	1.0 ¢
Total	1.5 ¢	1.0 ¢

Any other disclosures in relation to dividends.

Nil

7. Dividend plan

Details of the dividend reinvestment plan are as follows:-

There is no dividend reinvestment plan in place.

The last date for receipt of election
notices for participation in the dividend
reinvestment plan

N/A

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8. Retained profits

	Current period \$'000	Previous corresponding period \$'000
Retained profits at the beginning of the financial period	12,678	10,351
Net profit attributable to members	6,757	3,658
Dividends and other equity distributions paid or payable	(4,295)	(1,331)
Retained profits at end of financial period	15,140	12,678

9. NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	16.7¢	15.8¢

10. Control gained/lost over entities having material effect

Acquisition of Ace of Shades business - please refer to Note 14.6.

11. Details of aggregate share of profits (losses) 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 attached

13. Foreign entities

For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).

N/A

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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 attached

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.		
	Current year	Previous corresponding year
	\$'000	\$'000
The following reflects the income and share data used in the calculation of basic and diluted EPS:		
Basic Earnings	6,757	3,658
Diluted Earnings	6,757	3,658
	<u>Number</u>	<u>Number</u>
Weighted average number of ordinary shares used in the calculation of basic EPS	143,163,997	136,610,573
Weighted average number of ordinary shares used in the calculation of diluted EPS	143,163,997	136,610,573
Basic EPS	4.72¢	2.68¢
Diluted EPS	4.72¢	2.68¢

14.2 Returns to shareholders

Including distributions and buy backs.

N/A

14.3 Significant features of operating performance

Refer attached

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The consolidated entity operates predominantly in Australia and substantially in one business segment being the manufacture and sale of window coverings.

14.5 Trends

Refer attached

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.

On 4 January 2010, Kresta Group acquired the Ace of Shades business based in Victoria. The business specializes in external blinds and awnings and has been a well regarded and profitable supplier in Melbourne for the past 17 years. From the date of acquisition, Ace of Shade business has contributed sales revenues of \$1.4 million to the group.

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 checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> 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