

Kresta Holdings Limited

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Our Ref: KRS Inventory Announce 14-09-10

14 September 2010

The Manager
Company Announcements Office
Australian Securities Exchange
10th Floor
20 Bridge Street
Sydney NSW 2000

by ASX Online
number of pages: 2

Dear Sir,

**RE: Kresta Holdings Limited (ASX Code: KRS)
Additional Inventory Write Down and Re-instatement of Trading**

Kresta Holdings Limited (Kresta) announces an additional write down in the carrying value of its inventory and that its shares will recommence trading on 15 September 2010.

The Board is reviewing the carrying value of its inventory and the adequacy of its inventory control systems. The Board has engaged an independent accountant to assist with the review. The preliminary findings of the review indicate that an additional write down in the range of \$5.5 to \$6.0 million is expected to the carrying value of inventory as at 30 June 2010.

This write down will result in a decrease in the net assets of the business (after recognition of a related future income tax benefit) and will reduce the profit for the group for the period ended 30 June 2010 by between \$3.85 to \$4.2 million.

The write down in the carrying value of inventory is a non cash, non recurring expense and is not expected to affect the future earnings of the Group.

Kresta continues to have sufficient retained earnings, franking credits and cash to pay the final dividend of 1.5 cents per share announced with the preliminary final results on 19 August 2010.

The review of the carrying value of inventory and inventory control is expected to be completed shortly. Once the review is complete, the Board will determine a final amount for the write down and, subject to review of that amount by Kresta's auditor, will advise the market of the amount of the write down.

As noted above Kresta released its preliminary final results to the ASX on 19 August 2010. As a result of the write down, the financial results for the year ended 30 June 2010 referred to in the preliminary final results will be restated to reflect the change in carrying value of inventory.

New inventory valuation and control procedures are being implemented by the company.

Kresta requested a trading halt on 9 September 2010 when it became aware that a write down in the carrying value of its inventory was reasonably likely. The Board is satisfied that following this announcement, Kresta is in compliance with its continuous disclosure requirements. Trading of Kresta shares on ASX will recommence on 15 September 2010.

Any queries in relation to this announcement are to be directed to the Chairman, Mr Ian Trahar on (08) 9249 0748.

Yours faithfully,
Kresta Holdings Limited

A handwritten signature in black ink, appearing to be 'IT', enclosed within a large, loopy oval shape.

Ian Trahar
Non-Executive Chairman