

Appendix 4D

Half Year Report

1. Name of entity

Kresta Holdings Limited

ABN

26 008 675 803

Financial year ended ("current year")

31 December 2013

Comparative prior year ended ("prior year")

31 December 2012

2. For announcement to the market

					\$'000
2.1	Revenue from ordinary activities	down	6.8%	to	50,286
2.2	Profit from ordinary activities after tax attributable to members	down	69.7%	to	565
2.3	Net profit for the period attributable to members	down	69.7%	to	565
2.4	Dividends (see section 5)	Amount per security		Franked amount per security	
	Interim dividend	Nil		Nil	
	Final dividend	0.25 cents		0.25 cents	
2.5	Record date for determining entitlements to the dividend	N/A			
2.6	Brief explanation of any of the figures reported above:				
	Refer to the review and results of operating section on page 2 of the half year report				

3. NTA backing

	Current year	Prior year
Net tangible asset backing per ordinary security	13.0 cents	12.4 cents

4. Details of entities over which control has been gained or lost during the period

Nil

5. Dividends

Date of 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

5.1 Amount per security

	Amount per security	Franked amount per security at 30% tax
Interim dividend:		
Current year	Nil	Nil
Prior year	Nil	Nil

6. 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

7. Details of associates and joint venture entities

Nil

8. Foreign entities

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

N/A

9. For all entities, if the accounts contain an independent audit report or review that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.

N/A

Kresta

Kresta Holdings Limited
ACN 008 675 803

Half-Year Financial Report

31 December 2013

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Corporate information

ABN 26 008 675 803

Directors

Richard Taylor, Non-executive Chairman
Peter Abery, Non-executive Director – resigned effective 28 February 2014
John Molloy, Non-executive Director – resigned 31 January 2014
Kevin Eley, Non-executive Director – resigned effective 28 February 2014
Robert Farrar, Non-executive Director
Xianfeng Lu, Non-executive Director – appointed 5 February 2014
John Murphy, Non-executive Director – appointed 13 February 2014

Chief Executive Officer

Giuliano (Jules) Di Bartolomeo

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

Share Register

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Phone: +61 8 9323 2000

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

Bankers

Commonwealth Bank of Australia Limited
Australia and New Zealand Banking Group Limited

Auditors

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

Solicitors

Jackson McDonald
Level 25, 140 St Georges Terrace
Perth WA 6000

Directors' report

Your directors of Kresta Holdings Limited submit their report for the half-year ended 31 December 2013.

Directors

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

Richard Taylor, B.Econ., ACA. (Non-executive Chairman)

Peter Abery, B. Sc. Eng., M. Sc. Eng., MBA., Harvard ISMP., MIET., FAICD. (Non-executive Director) – resigned effective 28 February 2014

John Molloy (Non-executive Director) – resigned 31 January 2014

Kevin Eley, CA., F Fin., FAICD (Non-executive Director) – resigned effective 28 February 2014

Robert Farrar, (Non-executive Director)

Xianfeng Lu, Non-executive Director – appointed 5 February 2014

John Murphy, B. Comm., M. Comm., FASA., ACA. Non-executive Director – appointed 13 February 2014

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 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

Sales for the Company were mixed during the half. The September quarter experienced subdued retail conditions leading up to the Australian federal election. From October retail conditions strengthened through to the Christmas trading period leading to a strong finish to the December half.

Compared with last year net sales were 6.8% lower, the majority of which was in the first quarter. However contribution from our operations steadily improved. Last year for the first half the company we recorded a pre tax profit of \$2,215,000 with \$1,525,000 of this profit related to the sales of surplus land and buildings. This year, with no assets sales, a pre tax profit of \$758,000 was achieved. This included the contribution from our operations, and absorbing one off costs of \$539,000 relating to the closure of a number of Kresta and Vista showrooms and the associated redundancy and store closure cost and stock impairment relating to the closure of our Awnings factory in Melbourne.

The improvement in our operations is highlighted by a positive net cashflow from operations of \$1,341,000 compared with \$348,000 in the prior corresponding period. The company continues to focus on improving its profitability. During the period the initiatives included:

- The closure of 7 Kresta and Vista showrooms across the country. While there was no decrease in the number of our sales consultants there was a reduction in our fixed selling costs.
- The company continued to focus on opportunities to obtain procurement savings. While there is a continued focus on quality, a number of procurement initiatives allowed the company to improve grow its gross margin without reducing competitiveness.
- Continued rationalisation of our warehousing and distribution, targeting efficiency and customer service.
- Continued roll out of training initiatives to improve quality and error measures.

During the period the company fully extinguished its remaining bank debt. As at 31 December 2013 we carry no Bank debt, and the company had a net cash position of \$4,141,000.

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.



R Taylor
Director
Perth, 25 February 2014



Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M039 Perth WA 6843

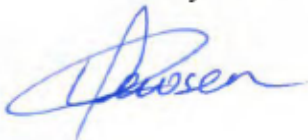
Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

In relation to our review of the financial report of Kresta Holdings Limited for the half-year ended 31 December 2013, 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



D S Lewsen
Partner
25 February 2014

Consolidated statement of comprehensive income

For the half-year ended 31 December 2013

Note	Consolidated	
	2013 \$000	2012 \$000
Sale of goods	50,286	53,954
Revenue	50,286	53,954
Other income	222	1,747
Changes in inventories of finished goods and work in progress	(560)	(455)
Raw materials and consumables used	(13,831)	(15,558)
Employee benefits expense	(20,034)	(21,368)
Depreciation and amortisation charge	(840)	(946)
Other expenses	(14,468)	(15,055)
Results from operating activities	775	2,319
Finance income	53	51
Finance costs	(70)	(155)
Net finance costs	(17)	(104)
Profit before income tax	758	2,215
Income tax expense	(193)	(348)
Net profit for the period	565	1,867
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net foreign currency translation	(1)	(17)
Effective portion of changes in fair value of cash flow hedges	7	18
Other comprehensive income for the period, net of tax	6	1
Total comprehensive income for the period	571	1,868
Total comprehensive income attributable to owners of the Company	571	1,868
Earnings per share for profit attributable to the ordinary equity holders of the parent:		
Basic earnings per share	0.39 cents	1.30 cents
Diluted earnings per share	0.39 cents	1.30 cents

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

Consolidated statement of financial position

As at 31 December 2013

	Note	Consolidated	
		31 December	30 June
		\$000	\$000
ASSETS			
Current assets			
Cash and cash equivalents	12	4,358	5,206
Trade and other receivables		1,889	2,338
Inventories	6	9,853	9,093
Prepayments		1,454	1,153
Derivative financial instruments	7	11	4
Income tax receivable		243	272
Total current assets		17,808	18,066
Non-current assets			
Trade and other receivables		47	50
Property, plant and equipment	4	11,778	12,220
Deferred tax assets		2,550	2,714
Intangible assets and goodwill	5	2,075	2,061
Total non-current assets		16,450	17,045
TOTAL ASSETS		34,258	35,111
LIABILITIES			
Current liabilities			
Trade and other payables		7,679	7,310
Interest-bearing loans and borrowings	16	217	1,315
Provisions		3,656	3,851
Derivative financial instruments	7	-	28
Government grants	8	-	34
Total current liabilities		11,552	12,538
Non-current liabilities			
Interest-bearing loans and borrowings	16	-	150
Provisions		1,082	1,112
Total non-current liabilities		1,082	1,262
TOTAL LIABILITIES		12,634	13,800
NET ASSETS		21,624	21,311
EQUITY			
Contributed equity	10	12,892	12,733
Employee reserved shares	10	(916)	(772)
Reserves		(284)	(392)
Retained earnings		9,932	9,742
TOTAL EQUITY		21,624	21,311

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 31 December 2013

		Consolidated	
	Note	2013	2012
		\$000	\$000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		55,794	60,687
Payments to suppliers and employees (inclusive of GST)		(54,436)	(60,208)
Government grant received	8	-	98
Interest received	3e	53	51
Interest paid	3e	(70)	(155)
Income tax (paid) / refund		-	(125)
Net cash flows from operating activities		1,341	348
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	4	11	27
Purchase of intangibles	5	(60)	-
Purchase of property, plant and equipment	4	(531)	(286)
Net cash flows used in investing activities		(580)	(259)
Cash flows from financing activities			
Equity dividends paid		(360)	-
Proceeds from borrowings		316	506
Repayment of borrowings		(1,536)	(1,284)
Payment of finance lease liabilities		(28)	(41)
Net cash flows used in financing activities		(1,608)	(819)
Net decrease in cash and cash equivalents		(847)	(730)
Net foreign exchange differences		(1)	(24)
Cash and cash equivalents at beginning of period		5,206	3,455
Cash and cash equivalents at end of period	12	4,358	2,701

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 31 December 2013

	Ordinary shares	Employee reserved shares	Employee equity benefits reserve	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 July 2013	12,733	(772)	112	4	(508)	9,742	21,311
Profit for the period	-	-	-	-	-	565	565
Other comprehensive income	-	-	-	7	(1)	-	6
Total comprehensive income for the period	-	-	-	7	(1)	565	571
Dividends	-	15	-	-	-	(375)	(360)
Employee share plan issue	159	(159)	-	-	-	-	-
Share-based payments	-	-	102	-	-	-	102
At 31 December 2013	12,892	(916)	214	11	(509)	9,932	21,624
At 1 July 2012	11,961	-	48	(19)	(468)	8,207	19,729
Profit for the period	-	-	-	-	-	1,867	1,867
Other comprehensive income	-	-	-	18	(17)	-	1
Total comprehensive income for the period	-	-	-	18	(17)	1,867	1,868
At 31 December 2012	11,961	-	48	(1)	(485)	10,074	21,597

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 31 December 2013

1. Corporate information

This consolidated financial report for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 25 February 2014.

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 31 December 2013 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year report be read in conjunction with the annual report for the year ended 30 June 2013 and considered together with any public announcements made by Kresta Holdings Limited during the half-year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

The interim condensed consolidated financial report has also 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) 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 year ended 30 June 2013, except for the adoption of new and amended standards and interpretation noted below:

- AASB 10 *Consolidated Financial Statements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*
- AASB 119 *Employee Benefits (revised 2011)*
- AASB 2012-2 *Amendment to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*

Accounting policies have been updated as a result of the new and amended standards, however, the adoption of the above had no material impact on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments that are not mandatorily effective.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2013

2. Basis of preparation and accounting policies (continued)**(c) 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 year ended 30 June 2013.

3. Revenue, income and expenses

		Consolidated	
		2013	2012
		\$000	\$000
(a) Other income			
Net gain from disposal of property, plant & equipment	-	1,530	
Net unrealised gain from derivatives	28	23	
Other	194	194	
	222	1,747	
(b) Employee benefits expense			
Wages and salaries	12,680	13,358	
Superannuation expense	1,093	1,112	
Employee share-based payment	102	-	
Subcontractors fees and related expenses	5,006	5,558	
Other employee benefits expense	1,153	1,340	
	20,034	21,368	
(c) Depreciation and amortisation charge			
Depreciation	794	897	
Amortisation of IT software	46	49	
	840	946	
(d) Other expenses			
Advertising	4,404	4,994	
Property rent	3,933	4,088	
Property outgoing	1,932	1,890	
Communication expenses	1,140	1,091	
Banking and transaction expenses	272	509	
Impairment loss – receivables	-	2	
Net loss from disposal of property, plant & equipment	165	-	
Foreign exchange losses	77	40	
Freight	1,055	1,067	
Other expenses	1,490	1,374	
	14,468	15,055	

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2013

3. Revenue, income and expenses (continued)

	Consolidated	
	2013 \$000	2012 \$000
(e) Net finance costs		
Finance income	53	51
Finance charges payable under finance leases and hire purchase contracts	(9)	(10)
Other borrowing costs	(61)	(145)
Finance costs	(70)	(155)
Net finance costs	(17)	(104)

4. Property, plant and equipment

During the six months ended 31 December 2013, the Group acquired property, plant and equipment with a cost of \$531,000 (2012: \$286,000). Assets with a net book value of \$176,000 were disposed of by the Group during the six months ended 31 December 2013 (2012: \$764,000) resulting in a net loss on disposal of \$165,000 (2012: gain \$1,530,000).

5. Intangibles

During the six months ended 31 December 2013, the Group acquired \$60,000 of intangibles (2012: \$nil).

6. Inventories

During the six months ended 31 December 2013, the Group incurred a charge of \$241,000 for impairment of inventory (\$171,000 of which related to the closure of our Awnings manufacturing facility). This charge is included in 'raw materials and consumables used' in the consolidated statement of comprehensive income. For the six months ended 31 December 2012, there was a write back totalling \$333,000 of the previously provided amount due to the realisation of the inventory and review of the provision.

7. Other financial assets and financial liabilities

Cash flow hedges

At 31 December 2013, the Group held two foreign currency forward contracts designated as hedges of expected future purchases from overseas suppliers for which the Group has forecasted transactions. The foreign currency forward contracts are being used to hedge the foreign currency risk of highly probable forecasted transactions.

The cash flow hedges of the expected future purchases in January 2014 were considered to be highly effective as they are matched against forecast inventory purchases. Any unrealised gain or loss on the contracts attributable to the hedged risk is taken directly to equity. The carrying value of the financial instruments is equal to their fair value.

Interest rate swap contracts

During the half year ended 31 December 2013, the Group had interest rate swap contracts which are used to manage interest rate risk but do not satisfy the requirements of hedge accounting. These were entered into in order to fix the interest rates ranging from 5.55% to 5.71%. All movements in fair value are recognised in the profit and loss in the period they occur. Due to the full repayment of the commercial bills to which these interest rate swap contracts were attached, a net fair value gain of \$28,000 was recognised in the profit and loss in the period ended 31 December 2013 (2012: \$23,000).

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2013

7. Other financial assets and financial liabilities (continued)

Fair values

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.

The directors have concluded that the fair value of the financial assets and liabilities are not materially different to their carrying values. At 31 December 2013, the Group had the following classes of financial instruments measured at fair value.

	31 December 2013			Total
	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)	
	\$000	\$000	\$000	\$000
Financial assets				
Derivative instruments				
Foreign exchange contracts	-	11	-	11
	-	11	-	11

	31 December 2012			Total
	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)	
	\$000	\$000	\$000	\$000
Financial assets				
Derivative instruments				
Foreign exchange contracts	-	2	-	2
	-	2	-	2
Financial liabilities				
Foreign exchange contracts	-	3	-	3
Interest rate swaps	-	60	-	60
	-	63	-	63

During the six month period ended 31 December 2013, 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 31 December 2013

8. Government grants

No government grants were received in the six month period ended 31 December 2013. In the six month period ended 31 December 2012, the Group received government grants totalling \$98,000 in relation to the Lean Manufacturing training program which was implemented at our Malaga factory.

9. Dividends paid and proposed**(a) Recognised amounts**

Declared and paid during the six month period

Dividends on ordinary shares:

Final franked dividend for 2013: 0.25 cents (2012: nil)

(b) Unrecognised amounts

Dividends on ordinary shares:

Interim franked dividend for 2014: nil (2013: nil)

2013 \$000	2012 \$000
375	-
-	-

10. Contributed equity**Ordinary shares**

Issued capital - ordinary shares

Employee reserved shares

31 December \$000	30 June \$000
12,892	12,733
(916)	(772)
11,976	11,961

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.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2013

10. Contributed equity (continued)

Ordinary shares (continued)

Movement in ordinary shares on issue

	No. of shares Thousands	\$000
At 1 July 2013	149,258	12,733
Employee reserved shares	1,000	159
At 31 December 2013	150,258	12,892

Movement in employee reserved shares on issue

	No. of shares Thousands	\$000
At 1 July 2013	5,100	772
Dividends applied	-	(15)
Issued \$0.159 per share on 5 September 2013	1,000	159
At 31 December 2013	6,100	916

11. Segment information

The Group operates predominantly in Australia in one business 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	
	2013 \$000	2012 \$000
Cash at bank and on hand	4,358	2,701

13. Commitments

Capital commitments

There are no capital commitments as at 31 December 2013.

14. Share-based payment plans

The LTI scheme was approved by shareholders at the 2011 Annual General Meeting. Under the plan, eligible employees are invited to subscribe for fully paid ordinary shares in the Company, funded by a limited-recourse loan from the Group, where the interest rate on the loan will be equal to the dividend rate.

Under the plan, shares were allotted at the weighted average market price of Kresta Holdings Limited shares for the 5 days prior to the offer. The shares are not subject to any specific vesting conditions, other than continuous employment; the shares are being held in escrow with half of the shares to be released in about 2.0 years of continuous employment and the other half to be released in about 3.0 years of continuous employment from the date of issue.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2013

14. Share-based payment plans (continued)

The eligible employee's obligation for repayment of the loans is limited to the dividends declared and capital returns by the Company and, in the event the employee ceases employment, the market price achieved on the sale of the shares held as security by the Company for the loans.

The plan is accounted for as an in-substance option plan, with the contractual life of each option equivalent to the loan life, being 7 years. Repayment of the legal loan constitutes exercise of the option, with the exercise price being the remaining loan balance per share. 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.

During the six month period ending 31 December 2013, 1,000,000 in-substance options were issued. The inputs used in the measurement of the fair values at grant date of these in-substance shares options were as follows:

Exercise price	\$0.159
Fair value at grant date	\$0.0694
Share price at grant date	\$0.150
Expected volatility (weight average)	40%
Expected dividends	0%
Risk-free interest rate (based on government bonds)	4.07%
Expected life (weight average)	7 years

15. Events occurring after the reporting date

The following non-executive directors have resigned after the reporting date:

- Mr John Molloy – 31 December 2014
- Peter Abery – effective 28 February 2014
- Kevin Eley – effective 28 February 2014

The following non-executive directors were appointed after the reporting date:

- Xianfeng Lu, Non-executive Director – 5 February 2014
- John Murphy, Non-executive Director – 13 February 2014

16. Interest-bearing loans and borrowings

	Consolidated	
	31 December	30 June
	\$000	\$000
Current		
Obligations under hire purchase contracts	65	92
Insurance finance loan	152	462
Business bill facility	-	761
	217	1,315
Non-current		
Business bill facility	-	150
	-	150

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2013

16. Interest-bearing loans and borrowings (continued)

Hire purchase

Hire purchase leases have a remaining average lease term of less than one year. Hire purchase liabilities are secured by a charge over the assets under hire purchase.

Insurance finance loan

Insurance finance loan has a fixed rate of 3.84%.

Business bill facility

During the half year ended 31 December 2013, the Group repaid the remaining 2 outstanding bank bills.

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 31 December 2013 are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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



R. Taylor
Director

Perth, 25 February 2014

Independent review report



Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

To the members of Kresta Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kresta Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 it controlled at the half-year end or from time to 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 a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Kresta Holdings Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with 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.

Independent review report (continued)



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kresta Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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

Ernst & Young

A handwritten signature in blue ink, which appears to read 'D S Lewsen', is written over a faint, larger signature.

D S Lewsen
Partner
Perth
25 February 2014