

11 February 2011

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
SYDNEY, NSW 2000

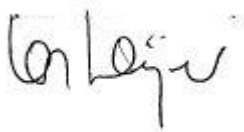
Dear Sir

RE: HALF YEAR REPORT TO 31 DECEMBER 2010

In accordance with ASX Listing Rule 4.2A, the following documents are attached for release to the market:

1. Appendix 4D
2. Half year results

Yours faithfully,
Kresta Holdings Limited

A handwritten signature in dark ink, appearing to read "Ian Leijer".

Ian Leijer
Company Secretary

APPENDIX 4D

Half year report

1. Name of entity

Kresta Holdings Limited

ABN

26 008 675 803

Financial year ended ('current period')

31 December 2010

Previous corresponding period

31 December 2009

2. Results for announcement to the market

2.1	Revenues from ordinary activities	down	6%	to	\$'000 60,715
2.2	Profit from ordinary activities after tax attributable to members	down	63%	to	1,569
2.3	Net profit for the period attributable to members	down	63%	to	1,569
2.4	Dividends (see section 3)				

	Amount per security	Franked amount per security
Interim period	0.5 cents	0.5 cents

2.5 Refer Directors' Report attached.

3. Dividends

Date the dividend is payable

28 April 2011

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)

18 April 2011

4. 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

5. NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	13.1¢	17.7¢

6. Control gained/lost over entities having material effect

Nil

7. Details of aggregate share of profits (losses) 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 Accounting Standards).

N/A

The Kresta logo consists of the word "Kresta" in a white, serif typeface, centered within a solid black rectangular box.

Kresta

Kresta Holdings Limited

Half-Year Financial Report

31 December 2010

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Corporate information

ABN 26 008 675 803

Directors

Peter Hatfull, Non-executive Chairman

Ian Trahar

Trent Josiah Bartlett

Company Secretary & Chief Executive Officer

Ian Leijer

Registered Office

389 Victoria Road

Malaga WA 6090

Australia

Phone: +61 8 9249 0777

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 Stock Exchange (ASX).

ASX Code: KRS

Bankers

Australia and New Zealand Banking Group Limited

Commonwealth Bank of Australia Limited

Auditors

Ernst & Young

The Ernst & Young Building

11 Mounts Bay Road

Perth WA 6000

Directors' report

Your directors of Kresta Holdings Limited submit their report for the half-year ended 31 December 2010.

Directors

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

Peter Hatfull, ACA, MAICD (Non-executive Chairman)
Ian Trahar, B.Ec., MBA, MAICD (Non-executive Director)
Trent Josiah Bartlett, Grad Dip Bus, FAICD (Non-executive Director)
Tass Zorbas (Managing Director), retired 6th September 2010

On 2nd February 2011, Ian Trahar resigned as Chairman and Peter Hatfull was appointed as Chairman.

The directors were in office from the beginning of the half-year until the date of this report, unless otherwise stated.

Review and results of operations

The profit for the current half year includes \$874,000 relating to the estimated termination costs of the previous CEO and Company Secretary (\$612,000 after tax).

Excluding those termination costs profit after tax was \$2,181,000 down 49% from the prior year and earnings before Interest and tax was \$3,578,000 down 45% on the prior year.

As announced at the Annual General Meeting the retail trading conditions have been very soft this half year when compared to the previous year. During the previous financial year the Federal Government stimulus package had a significant impact on the Company's sales and the winding back of the stimulus and recent interest rate rises have, in your Board's opinion, been a significant factor in the decline in revenue compared to the prior period. Furthermore, Reserve Bank data and commentary show that the savings rate for Australian households increased over the 2010 calendar year, at the expense of discretionary expenditure and exacerbating the decline in demand. This trend started in April 2010 has continued through the current half.

The significant volatility in earnings in recent periods is a function of the high fixed and near fixed cost base of the Company which provides a high degree of leverage to any changes in revenue - both up and down. In the previous financial year, very good trading conditions for the reasons outlined above led to exceptional earnings. This half year lower revenue has resulted in the Company returning to the levels of profitability of the 2008 / 09 financial year. The Company continues to maintain its investment in advertising to position itself well for any improvement in consumer sentiment.

There has been an underinvestment in product development, training and information technology by previous management which has left the business vulnerable to the downturn in consumer spending and increased competitive activity. Your Board is actively seeking to address these issues.

During this half year Curtain Wonderland commenced operations in Western Australia opening two stores with a further three stores scheduled to be opened in the second half of this financial year. In Queensland and New South Wales Curtain Wonderland refurbished and relocated four stores and further two relocations/refurbishments are planned for the second half. One new Kresta store in Adelaide and one new Vista store in Sydney were opened this half year and further 3 stores were refurbished.

Directors' report (continued)

Review and results of operations (continued)

The Company commenced the manufacture of awnings in Western Australia giving the Company the manufacturing capacity to expand this product range into the Kresta and Vista distribution network.

In relation to the widespread flooding in Queensland, while the Company has a significant presence there primarily through Curtain Wonderland it has been fortunate to escape any losses, and only one Vista showroom in Toowoomba suffered immaterial loss. However, the directors consider the Group has adequate insurance cover. While a number of the Company's retail stores and showrooms were inaccessible or without power for a number of days, all the Company's locations are open for business as normal with the exception of Toowoomba. Trading levels are down but expected to improve.

The Company has contributed \$15,000 to the Queensland Premiers Disaster Relief Appeal and is looking at further ways to assist flood victims.

The Company is in a solid financial position with net debt at 31 December 2010 of \$1,150,000 comprising gross debt of \$9,808,000 and cash of \$8,658,000, total shareholders funds of \$22,101,000 and net tangible assets of \$18,942,000. Net tangible asset per share was 13.1 cents.

Outlook

While the retail outlook remains uncertain the Company continues to trade profitably albeit at lower levels of earnings and the Board is confident with the strategy the new management is pursuing.

Due to the lower earnings the Directors are planning to pay a fully franked dividend of around 0.5 cents per share compared to the previous period of 2.0 cents per share fully franked.

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.

Directors' report (continued)

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.

P Hatfull
Director
Perth, 10 February 2011

	<small>Ernst & Young Building 11 Mounts Bay Road Perth, WA, 6000 - Australia GPO Box M639 Perth WA 6843 Tel: +61 8 9429 2222 Fax: +61 8 9429 2436 www.ey.com/au</small>
Auditor's Independence Declaration to the Directors of Kresta Holdings Limited	
<p>In relation to our review of the financial report of Kresta Holdings Limited for the half-year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the <i>Corporations Act 2001</i> or any applicable code of professional conduct.</p>	
 Ernst & Young	
 D Lewsen Partner Perth 10 February 2011	
<small>DLVPRKRESTA027</small>	<small>Liability limited by a scheme approved under Professional Standards Legislation</small>

Consolidated statement of comprehensive income

For the half-year ended 31 December 2010

		Consolidated	
	Note	2010 \$000	2009 \$000
Continuing operations			
Sale of goods		60,715	64,657
Finance revenue		206	126
Revenue	2a	60,921	64,783
Other income	2b	440	940
Changes in inventories of finished goods and work in progress		(3,397)	(1,489)
Raw materials and consumables used		(11,723)	(16,008)
Employee benefits expense	2c	(25,958)	(24,819)
Depreciation and amortisation expense	2d	(1,045)	(1,392)
Other expenses	2e	(16,336)	(15,385)
Finance costs	2f	(586)	(482)
Profit from continuing operations before income tax		2,316	6,148
Income tax expense		(747)	(1,886)
Net profit for the period		1,569	4,262
Other comprehensive income			
Net foreign currency translation		(50)	(37)
Other comprehensive income for the period, net of tax		(50)	(37)
Total comprehensive income for the period		1,519	4,225
Total comprehensive income attributable to owners of the Company		1,519	4,225
Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic earnings per share		1.09 cents	2.98 cents
Diluted earnings per share		1.09 cents	2.98 cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent:			
Basic earnings per share		1.09 cents	2.98 cents
Diluted earnings per share		1.09 cents	2.98 cents

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

Consolidated statement of financial position

For the half-year ended 31 December 2010

		Consolidated	
	Note	31 December	30 June
		\$000	\$000
ASSETS			
Current assets			
Cash and cash equivalents	6	8,658	7,861
Trade and other receivables		2,578	3,612
Income tax receivable		376	
Inventories		10,840	12,471
Prepayments		1,346	618
Derivative financial instruments		-	83
Total current assets		23,798	24,645
Non-current assets			
Property, plant and equipment		17,159	17,052
Deferred tax assets		1,775	3,955
Intangible assets and goodwill		3,159	2,680
Total non-current assets		22,093	23,687
TOTAL ASSETS		45,891	48,332
LIABILITIES			
Current liabilities			
Trade and other payables		7,762	7,608
Interest-bearing loans and borrowings		4,157	10,215
Income tax payable		-	1,924
Provisions		5,176	4,645
Derivative financial instruments		122	42
Government grants		45	49
Total current liabilities		17,262	24,483
Non-current liabilities			
Interest-bearing loans and borrowings		5,651	268
Provisions		738	678
Government grants		139	159
Total non-current liabilities		6,528	1,105
TOTAL LIABILITIES		23,790	25,588
NET ASSETS		22,101	22,744
EQUITY			
Contributed equity	4	11,961	11,961
Reserves		(347)	(297)
Retained earnings		10,487	11,080
TOTAL EQUITY		22,101	22,744

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 2010

	Consolidated	
Note	2010	2009
	\$000	\$000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	66,932	70,263
Payments to suppliers and employees (inclusive of GST)	(60,677)	(62,640)
Receipt of government grants	311	284
Interest received	206	126
Interest paid	(586)	(482)
Income tax paid	(866)	(1,044)
Net cash flows from operating activities	5,320	6,507
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	57	14
Purchase of intangibles	(70)	-
Purchase of property, plant and equipment	(1,626)	(710)
Net cash flows used in investing activities	(1,639)	(696)
Cash flows from financing activities		
Equity dividends paid	(2,162)	(1,432)
Repayment of borrowings	(1,110)	(1,269)
Proceeds from borrowings	526	1,024
Payment of finance lease liabilities	(92)	(197)
Net cash flows used in financing activities	(2,838)	(1,874)
Net increase in cash and cash equivalents	843	3,937
Net foreign exchange differences	(46)	26
Cash and cash equivalents at beginning of period	7,861	5,710
Cash and cash equivalents at end of period	6 8,658	9,673

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 2010

	Ordinary shares	Foreign currency translation reserve	Employee equity benefits reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000	\$000
At 1 July 2010	11,961	(345)	48	11,080	22,744
Profit for the period	-	-	-	1,569	1,569
Other comprehensive income	-	(50)	-	-	(50)
Total comprehensive income for the period	-	(50)	-	1,569	1,519
Transactions with owners in their capacity as owners:					
Dividends paid	-	-	-	(2,162)	(2,162)
At 31 December 2010	11,961	(395)	48	10,487	22,101
At 1 July 2009	11,676	(268)	48	12,678	24,134
Profit for the period	-	-	-	4,262	4,262
Other comprehensive income	-	(37)	-	-	(37)
Total comprehensive income for the period	-	(37)	-	4,262	4,225
Transactions with owners in their capacity as owners:					
Dividends paid	-	-	-	(1,432)	(1,432)
At 31 December 2009	11,676	(305)	48	15,508	26,927

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 2010

1. Basis of preparation and accounting policies

(a) Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial 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 financial report be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by Kresta Holdings Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX listing rules.

The condensed financial report has also been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

The financial statements are presented in Australian Dollars and all values are rounded to the nearest \$'000 except where otherwise indicated.

(b) Changes in accounting policy

Since 1 July 2010, the Group has adopted all the Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2010. Adoption of these Standards and Interpretations did not have any effect 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.

(c) Significant accounting judgments and estimates

The preparation of a consolidated interim financial 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 this interim financial report, 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 2010.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2010

2. Revenue, income and expenses

		Consolidated	
		2010	2009
		\$000	\$000
(a) Revenue			
Sale of goods		60,715	64,657
Finance revenue		206	126
		60,921	64,783
(b) Other income			
Government grants		311	308
Net gain from disposal of property, plant & equipment		4	2
Impairment gain – loans and receivables		-	6
Net unrealised gain from derivatives		-	464
Other		125	160
		440	940
(c) Employee benefits expense			
Wages and salaries		17,049	15,459
Superannuation expense		1,342	1,320
Subcontractors		6,196	6,497
Other employee benefits expense		1,371	1,543
		25,958	24,819
(d) Depreciation and amortisation			
Depreciation		1,017	1,370
Amortisation of IT software		28	22
		1,045	1,392
(e) Other expenses			
Advertising		5,335	4,885
Property rent and lease payments		3,896	3,697
Property outgoings		1,834	1,855
Communication expenses		1,260	1,140
Banking and transaction expenses		567	588
Impairment loss – loans and receivables		10	-
Net unrealised loss from derivatives		163	-
Foreign exchange losses		73	225
Freight		1,256	1,293
Other expenses		1,942	1,702
		16,336	15,385

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2010

2. Revenue, income and expenses (continued)

	Consolidated	
	2010	2009
	\$000	\$000
(f) Finance costs		
Finance charges payable under finance leases and hire purchase contracts	222	95
Other borrowing costs	364	387
	586	482

3. Dividends paid and proposed

	Consolidated	
	2010	2009
	\$000	\$000
(a) Dividend paid during the half-year		
Final franked dividend for the year ended 30 June 2010: 1.5 cents, paid 22 October 2010 (2009: 1.0 cent)	2,162	1,432
(b) Dividends proposed and not yet recognised as a liability		
Interim franked dividend for the half-year ended 31 December 2010: 0.5 cents, proposed to be paid 28 April 2011 (2009: 2.0 cents)	721	2,863

4. Contributed equity

	Consolidated	
	31 December	30 June
	\$000	\$000
Ordinary shares		
Issued and fully paid	11,961	11,961

Movement in ordinary shares on issue

	No. shares	\$000
At 1 July 2010	144,158,518	11,961
At 31 December 2010	144,158,518	11,961

5. Segment information

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

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2010

6. Notes to the cash flows statement

For the purpose of the half-year cash flows, cash and cash equivalent are comprised of the following:

	Consolidated	
	2010	2009
	\$000	\$000
Cash at bank and on hand	8,658	9,965
Bank overdraft	-	(292)
	8,658	9,673

7. Events occurring after the balance sheet date

(a) Dividends

On 9th February 2011 the directors of Kresta Holdings Limited declared an interim dividend on ordinary shares in respect of the 2011 financial year. The total amount of the dividend is \$720,793 which represents a fully franked dividend of 0.5 cents per share.

(b) Significant weather events in Queensland

On 10 January 2011 flood waters caused immaterial damage to the Vista showroom in Toowoomba. The directors consider that the Group has adequate insurance cover.

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 the consolidated entity are in accordance with the Corporations Act 2001, including:
- (i) Giving a true and fair view of the financial position as at 31 December 2010 and its performance for the half-year ended on that date of the consolidated entity; and
 - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001 and other mandatory professional reporting requirements; and
- (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



P Hatfull
Director

Perth, 10 February 2011

Independent review report



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Perth WA 6000 Australia
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Tel: +61 8 9429 2222
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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 statement of financial position as at 31 December 2010, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2010 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 2010 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.



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:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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*.

A handwritten signature in blue ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink, appearing to read 'D Lewsen'.

D Lewsen
Partner
Perth
10 February 2011