

Kresta Holdings Limited

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The Manager
Company Announcements Officer
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Takeover Bid Announcement Received Shareholders Should Take No Action

As announced on 1 February 2011, Wildweb Enterprises Pty Ltd (**Wildweb**) has announced a conditional off market takeover offer for all the fully paid ordinary shares in Kresta Holdings Ltd (the Company). Wildweb is a company associated with Mr Ian Trahar and Avatar Industries Pty Ltd, a 19.6% shareholder of the Company.

The Company expects to receive Wildweb's bidder's statement in respect of the takeover offer shortly. Wildweb will be required to send out its bidder's statement to shareholders in a period 14 to 28 days after the bidder's statement has been given to the Company. The Company will be required to prepare and send out a target statement within 15 days after the Company has received notice from Wildweb that its bidder's statement has been despatched.

The Board is considering the terms of the takeover offer and has engaged Deloitte Touche Tohmatsu as an independent expert to prepare a report on whether the takeover offer is fair and reasonable, for inclusion in the Company's target statement. The Board will consider the independent expert's opinion before making any recommendation to shareholders with respect to Wildweb's takeover offer.

At this stage, shareholders are advised to take no action with respect to the proposed takeover offer. Shareholders should wait until they have received Wildweb's bidder's statement and the Company's target statement, which will include the independent expert's report on the offer, over the coming weeks before making any decision whether or not to accept the offer.

As announced on 4 January 2011, the Company will hold an extraordinary general meeting of shareholders on 14 February 2011 (**Meeting**). The Meeting was requisitioned by Hunter Hall Investment Management Limited to vote on resolutions for the replacement of Messrs Ian Trahar and Peter Hatfull as directors, with two nominees of Hunter Hall, Messrs Rick Taylor and John Molloy. The Meeting will be held before shareholders are able to accept the takeover offer.

In relation to the Meeting, Mr Trent Bartlett, as the independent director and the only director that Hunter Hall is not seeking to remove, recommended prior to Wildweb's takeover offer and continues to recommend that shareholders vote against all of the proposed resolutions at the Meeting. This

recommendation does not constitute, and should not be taken to constitute, any recommendation by Mr Bartlett with respect to Wildweb's proposed takeover bid.

Shareholders should note that Wildweb's offer is conditional on none of the resolutions proposed by Hunter Hall being approved by shareholders at the Meeting. Accordingly if any of the resolutions are passed at the Meeting, Wildweb's takeover offer may not proceed, unless Wildweb waives the condition.

Mr Trahar has resigned as chairman of the Board but remains as a non executive director. The Company has formulated an Insider Bid Policy in respect of the takeover bid which establishes protocols and procedures consistent with the requirements of the Takeovers Panel in relation to insider participation in control transactions.

Peter Hatfull has been appointed as chairman of the Board of the Company.

Any queries in relation to the Meeting or Wildweb's proposed takeover bid should be directed to Peter Hatfull on (08) 9249 0781.

Yours faithfully,
Kresta Holdings Limited



Peter Hatfull
Chairman