



Kresta Holdings Limited

ABN 26 008 675 803

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Monday 29 August 2011

ASX ANNOUNCEMENT

KRESTA HOLDINGS LIMITED 2011 ANNUAL REPORT

Kresta is pleased to provide the Appendix 4E Preliminary Final Report for the financial year ended 30th June 2011.

Yours faithfully

A handwritten signature in black ink, appearing to read "K McKinnon", is written over a light blue horizontal line.

Kenneth McKinnon
Company Secretary and Chief Financial Officer

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About Kresta

Kresta is a leading national window furnishings manufacturer and retailer. The Company has been manufacturing blinds for over 39 years, and is now the largest window coverings manufacturer / retailer in Australia and New Zealand, employing over 900 people. Kresta's brands include: Kresta Blinds, Vista Window Coverings, Decor2Go, Curtain Wonderland and Ace of Shades. For further information, see www.kresta.com.au

Appendix 4E

Preliminary Final Report

1. Name of entity

Kresta Holdings Limited

ABN

26 008 675 803

Financial year ended ("current year")

30 June 2011

Comparative prior year ended ("prior year")

30 June 2010

2. For announcement to the market

						\$'000
2.1	Revenue from ordinary activities	down	5.8%	to	115,489	
2.2	(Loss) from ordinary activities after tax attributable to members	down	129.0%	to	(781)	
2.3	Net (loss) for the period attributable to members	down	129.0%	to	(781)	
2.4	Dividends (see section 7)	Amount per security		Franked amount per security		
	Final dividend	Nil		Nil		
	Interim dividend	0.5 cents		0.5 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 operating and financial review section on page 4 of the annual report					

3. Consolidated statement of comprehensive income

	Note	2011 \$000	2010 \$000
Continuing operations			
Sale of goods		115,489	122,630
Finance revenue		386	286
Revenue		115,875	122,916
Other income	3a	749	1,496
Changes in inventories of finished goods and work in progress		(2,241)	(7,138)
Raw materials and consumables used		(27,944)	(30,685)
Employee benefits expense	3b	(49,718)	(48,084)
Depreciation and amortisation expense	3c	(2,418)	(2,521)
Other expenses	3d	(34,309)	(31,089)
Finance costs	3e	(852)	(974)
(Loss)/profit from continuing operations before income tax		(858)	3,921
Income tax benefit/(expense)		77	(1,224)
Net (loss)/profit for the period		(781)	2,697
Other comprehensive income			
Net foreign currency translation		(79)	(77)
Effective portion of changes in fair value of cash flow hedges		(14)	-
Other comprehensive income for the period, net of tax		(93)	(77)
Total comprehensive (loss)/income for the period		(874)	2,620
Total comprehensive (loss)/income attributable to owners of the Company		(874)	2,620
Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic (loss)/earnings per share		(0.54) cents	1.88 cents
Diluted (loss)/earnings per share		(0.54) cents	1.88 cents

3. Other income and expenses

	2011	2010
	\$000	\$000
(a) Other income		
Government grants	510	524
Net gain from disposal of property, plant & equipment	-	8
Net unrealised gain from derivatives	-	467
Other	239	497
	<u>749</u>	<u>1,496</u>
(b) Employee benefits expense		
Wages and salaries	32,902	30,406
Superannuation expense	2,628	2,578
Subcontractors	11,419	12,141
Other employee benefits expense	2,769	2,959
	<u>49,718</u>	<u>48,084</u>
(c) Depreciation and amortisation		
Depreciation	2,369	2,477
Amortisation of IT software	49	44
	<u>2,418</u>	<u>2,521</u>
(d) Other expenses		
Advertising	11,193	10,274
Property rent and lease payments	7,796	7,431
Property outgoing	3,900	3,782
Communication expenses	2,566	2,298
Banking and transaction expenses	1,085	1,118
Impairment loss – loans and receivables	47	4
Net loss from disposal of property, plant & equipment	4	-
Net unrealised loss from derivatives	76	-
Foreign exchange losses	130	272
Freight	2,562	2,568
Other expenses	4,950	3,342
	<u>34,309</u>	<u>31,089</u>
(e) Finance costs		
Finance charges payable under finance leases and hire purchase contracts	175	212
Other borrowing costs	677	762
	<u>852</u>	<u>974</u>

4. Consolidated statement of financial position

	2011	2010
	\$000	\$000
ASSETS		
Current assets		
Cash and cash equivalents	5,002	7,861
Trade and other receivables	3,045	3,612
Inventories	10,408	12,471
Prepayments	917	618
Derivative financial instruments	-	83
Income tax receivable	700	-
Total current assets	<u>20,072</u>	<u>24,645</u>
Non-current assets		
Trade and other receivables	47	-
Property, plant and equipment	17,818	16,618
Deferred tax assets	2,258	3,955
Intangible assets and goodwill	2,736	3,114
Total non-current assets	<u>22,859</u>	<u>23,687</u>
TOTAL ASSETS	<u>42,931</u>	<u>48,332</u>
LIABILITIES		
Current liabilities		
Trade and other payables	8,621	7,608
Interest-bearing loans and borrowings	8,848	10,215
Income tax payable	-	1,924
Provisions	5,149	4,645
Derivative financial instruments	49	42
Government grants	73	49
Total current liabilities	<u>22,740</u>	<u>24,483</u>
Non-current liabilities		
Interest-bearing loans and borrowings	23	268
Provisions	1,122	678
Government grants	59	159
Total non-current liabilities	<u>1,204</u>	<u>1,105</u>
TOTAL LIABILITIES	<u>23,944</u>	<u>25,588</u>
NET ASSETS	<u>18,987</u>	<u>22,744</u>
EQUITY		
Contributed equity	11,961	11,961
Reserves	(390)	(297)
Retained earnings	7,416	11,080
TOTAL EQUITY	<u>18,987</u>	<u>22,744</u>

5. Consolidated statement of cash flows

	2011	2010
	\$000	\$000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	125,766	131,605
Payments to suppliers and employees (inclusive of GST)	(120,076)	(118,353)
Receipt of government grants	434	475
Interest received	386	286
Interest paid	(852)	(974)
Income tax paid	(849)	(1,999)
Net cash flows from operating activities	<u>4,809</u>	<u>11,040</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	95	64
Purchase of intangibles	(129)	(630)
Purchase of property, plant and equipment	(3,062)	(856)
Acquisition of investment	-	(1,687)
Net cash flows used in investing activities	<u>(3,096)</u>	<u>(3,109)</u>
Cash flows from financing activities		
Options exercised	-	285
Equity dividends paid	(2,883)	(4,295)
Repayment of borrowings	(1,987)	(2,438)
Proceeds from borrowings	526	1,024
Payment of finance lease liabilities	(152)	(355)
Net cash flows used in financing activities	<u>(4,496)</u>	<u>(5,779)</u>
Net increase in cash and cash equivalents	(2,783)	2,152
Net foreign exchange differences	(76)	(1)
Cash and cash equivalents at beginning of period	<u>7,861</u>	<u>5,710</u>
Cash and cash equivalents at end of period	<u>5,002</u>	<u>7,861</u>

5.1 Reconciliation of net profit after tax to net cash flows from operations

	2011	2010
	\$000	\$000
Net (loss)/profit	(781)	2,697
<i>Adjustments for:</i>		
Depreciation	2,369	2,477
Amortisation	49	44
Net loss/ (gain) on disposal of property, plant and equipment	4	(8)
Net fair value change in derivatives	76	(589)
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	520	(157)
(Increase)/decrease in inventories	2,063	9,000
(Increase)/decrease in deferred tax assets	1,697	(2,157)
(Increase)/decrease in prepayments	(299)	182
Increase/(decrease) in trade and other payables	1,013	(1,885)
Increase/(decrease) in government grants	(76)	(49)
Increase/(decrease) in tax receivables/payable	(2,624)	1,382
Increase/(decrease) in provisions	798	103
Net cash from operating activities	4,809	11,040

5.2 Reconciliation of cash

	2011	2010
	\$000	\$000
Cash at bank and on hand	5,002	7,861
Total cash and cash equivalents	5,002	7,861

5.3 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

5.4 Financing facilities available

Total facilities with the Commonwealth Bank of Australia of \$11.87m (2010: \$14.58m), consisting of \$2.08m (2010: \$3.26m) overdraft, \$0.74m (2010: \$0.74m) bank guarantee, \$0.18m (2010: \$0.15m) trade, \$0.27m (2010: \$0.42m) hire purchase and finance lease, and \$8.60m (2010: \$10.01m) bill facilities.

5.5 Financing facilities used

Total facilities used with the Commonwealth Bank of Australia of \$9.34m (2010: \$11.05m), consisting of \$0.47m (2010: \$0.62m) bank guarantee, \$0.27m (2010: \$0.42m) hire purchase and finance lease, and \$8.60m (2010: \$10.01m) bill facilities.

6. Consolidated statement of changes in equity

	Ordinary shares	Foreign currency translation reserve	Employee equity benefits reserve	Hedging reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000	\$000	\$000
At 1 July 2010	11,961	(345)	48	-	11,080	22,744
Loss for the period	-	-	-	-	(781)	(781)
Other comprehensive income	-	(79)	-	(14)	-	(93)
Total comprehensive income for the period	-	(79)	-	(14)	(781)	(874)
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	-	-	(2,883)	(2,883)
At 30 June 2011	11,961	(424)	48	(14)	7,416	18,987
At 1 July 2009	11,676	(268)	48	-	12,678	24,134
Profit for the period	-	-	-	-	2,697	2,697
Other comprehensive income	-	(77)	-	-	-	(77)
Total comprehensive income for the period	-	(77)	-	-	2,697	2,620
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	-	-	(4,295)	(4,295)
Shares issued	285	-	-	-	-	285
At 30 June 2010	11,961	(345)	48	-	11,080	22,744

7. 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
If it is a final dividend, has it been declared	N/A

7.1 Amount per security

		Amount per security	Franked amount per security at 30% tax
Final dividend:	Current year	Nil	Nil
	Prior year	1.5 cents	1.5 cents
Interim dividend:	Current year	0.5 cents	0.5 cents
	Prior year	2.0 cents	2.0 cents

7.2 Total dividend per security (interim plus final)

	Current year	Prior year
Ordinary securities	0.5 cents	3.5 cents

7.3 Preliminary final report – final dividend on all securities

	Current year	Prior year
Ordinary securities	Nil	1.5 cents
Total	Nil	1.5 cents

Any other disclosures in relation to dividends

Nil

8. Dividend plan

Details of the dividend reinvestment plan are as follows:

There is no dividend reinvestment plan in place.
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The last date for receipt of election notices for participation in the dividend reinvestment plan

N/A

9. NTA backing

	Current year	Prior year
Net tangible asset backing per ordinary security	11.3 cents	13.6 cents

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

Nil

11. Details 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 audited financial statements

13. Foreign entities

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

N/A

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 audited financial statements

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	Prior year
	\$'000	\$'000
Basic (losses)/earnings:	(781)	2,697
Diluted (losses)/earnings:	(781)	2,697
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic EPS:	144,158,518	143,163,997
Weighted average number of ordinary shares used in the calculation of diluted EPS:	144,158,518	143,163,997
Basic (losses)/earnings per security:	(0.54) cents	1.88 cents
Diluted (losses)/earnings per security:	(0.54) cents	1.88 cents

14.2 Returns to shareholders

Including distributions and buy backs.

N/A

14.3 Significant features of operating performance

Refer audited financial statements

14.4 Segment report

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

14.5 Trends

Refer audited financial statements

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.

Nil

15. Status of audit or review

This report is based on accounts to which one of the following applies:

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