Kresta Holdings Limited
A.B.N. 26 008 675 803

389 Victoria Road
MALAGA WA 6090

PO Box 3036
MALAGA DC WA 6945

Telephone: (08) 9249 0781
Facsimile: (08) 9249 7923

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

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Dear Sir

Preliminary Half Year Financial Results

Please see attached announcement.

Yours faithfully,
Kresta Holdings Limited

Ian Leijer
Company Secretary

PRELIMINARY HALF YEAR FINANCIAL RESULTS

- Excluding termination costs unaudited Profit after Tax down 49% on the prior comparable period.
- Dividend expected to be 0.5 cents per share.
- Board confident with the strategy of a rejuvenated management.

In view of the Company's Extraordinary General Meeting on 14 February 2011 and shareholders' need for timely information to assist them in their decisions Kresta announces its preliminary unaudited results for the half year ended 31 December 2010 as set out below.

6 months to 31 December $ million	**2010**	**2009**	**var%**
Sales Revenue	60.7	64.7	-6%
EBIT before Termination Costs	3.6	6.5	-45%
Termination Cost of Senior Managers	(0.9)	-	
Earnings Before Interest & Tax	2.7	6.5	-58%
Net Interest	(0.4)	(0.3)	
Tax Expense	(0.7)	(1.9)	
Profit After Tax	1.6	4.3	-63%
Basic and diluted earnings per share	1.1 cents	3.0 cents	-63%
Profit After Tax before Termination Costs	2.2	4.3	-49%

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 $2.2 million down 49% from the prior year and Earnings Before Interest and Tax was $3.6 million down 45% on the prior year largely due to reducing demand.

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 shows that the savings rate for Australian households increased over the 2010 calendar year at the expense of discretionary expenditure exacerbating the decline in demand. This trend started in April 2010 has continued through the current half. However this decline has not been uniform across the country and in highlighting the two speed economy sales in Western Australia have fallen only marginally while the eastern states and New Zealand have experienced double digit declines in revenue.

The significant volatility in earnings in recent periods is a function of the high fixed and near fixed cost base of the Company established by previous management 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 a 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/relocated.

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 was a total insured loss. 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 $1.1 million comprising gross debt of $9.8 million and cash of $8.7 million, total shareholders funds of $22.1 million and net tangible assets of $18.9 million. Net tangible assets per share was 13.1 cents. These numbers are subject to audit review.

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.

Should you have any queries in this matter, please telephone Ian Leijer on (08) 9249 0777.