

24th December 2014

ASX Market Announcements

Via e-lodgement

KRESTA TO ACQUIRE FRANKLYN BLINDS AWNINGS SECURITY (ASX:KRS)

Executive Chairman Mr Lu announces that Kresta Holdings Ltd (**Kresta**) has entered into a conditional agreement to acquire the Franklyn Blinds Awnings Security business (**Franklyn Blinds**) which is located in Queensland. Completion of the acquisition is expected to take place during February 2015.

Franklyn Blinds is a leading manufacturer and retailer of blinds, shutters, awnings and security screens in the Brisbane and South East Queensland area. Franklyn Blinds is a well established brand with a strong market presence and reputation.

The business was started by Frank Galea in Brisbane in 1987 and should contribute to an approximate 30% increase in the turnover of the Kresta group. The acquisition of the Franklyn business is expected to be earnings per share accretive to Kresta. The company currently employs 134 staff and Mr Galea has agreed to continue to stay on as an executive in the business following completion.

We are looking forward to welcoming aboard the great team from Franklyn. The Franklyn brand will continue and it provide Kresta with a stronger footprint and greater market share in Queensland to complement our Kresta, Vista and Curtain Wonderland brands. The scale of the merged businesses is expected to provide opportunities for buying synergies and an East Coast production capability as well as diversification of our revenue into the securities screens market in which Kresta does not compete.

Kresta will pay \$10 million in cash for the business and assets of Franklyn Blinds. Kresta will also pay for the value of the stock held by Franklyn Blinds which will be determined at completion.

The acquisition is subject to conditions precedent, including Kresta obtaining the requisite financing for the purchase price, consents from counterparties to Franklyn Blinds' key contracts, senior executives entering into employment contracts and any regulatory approvals. The agreement also contains standard termination rights for breach, insolvency event as well as material adverse change and standard warranties and indemnities for transactions of this nature.