



28 February 2018

Interim Report to Shareholders

Dear Shareholder

Subsequent to our September 2017 Annual General Meeting your Directors have continued to give attention to the consolidation of our Hobart operations and are pleased to report that the business is meeting the budgetary expectations outlined at that time.

To this end, your Directors have determined to realise a number of non-core assets. In October 2017 our Kingston site was sold for an amount not materially different to its current valuation and on 16 February 2018 your Directors signed a contract for the sale of 90 Melville Street Hobart (the former Melville Street Timber Yard) at a price greater than its 2017 book value. Recent consolidation of timber product, previously located on this site, to 103 Melville Street, has ensured this decision will have no impact upon our Hobart store.

Your Company remains debt free and at the time of writing has cash at bank of \$4.8m. As a result of the sale of 90 Melville Street Directors expect the Company's cash position to further strengthen prior to the financial year end on 31 May 2018.

Accordingly, Directors have determined to declare a 20 cents per share fully franked (30%) interim dividend (\$536,727), which will be paid on 28 March 2018 for shares held as at 21 March 2018.

Looking ahead we continue to concentrate on strengthening the Company Balance Sheet and remain committed to the continued performance of our Hobart store and have a clear strategy focused on getting more value from our remaining Real Estate holdings.

Should you have any enquiries please do not hesitate to call me.

Your sincerely

Greg Goodman
Chairman
Kemp & Denning Limited
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