



INTERIM REPORT TO SHAREHOLDERS

Dear Shareholder

For the six months ending 30th November 2015, Kemp & Denning Limited's unaudited trading profit before tax was \$691,000.

Given this unsatisfactory level of profitability and difficult current trading conditions, the Directors have determined that no Interim Dividend will be payable for the period.

Profitability in the period has primarily been impacted by loss of market share. This has been driven by significant new competition being created in the market.

Since 1 December 2015, trading has not improved and is not expected to improve significantly for the year ending 31 May 2016. Indeed, it is likely that competition will increase further, particularly in the retail space, given the significant competitive developments being undertaken in our markets.

The Company's underperformance, particularly the loss of market share has been under constant scrutiny by the Directors. Consequently, the Directors are considering a range of strategic alternatives which seek to maximise shareholder value.

Yours sincerely

Ray Brown
Chairman
19/2/2016

