



ASHLEY SERVICES GROUP

TRAINING | RECRUITMENT | LABOUR HIRE

Friday 25th November 2016

Business update

Ashley Services Group Limited (ASX: ASH or the Company) provides the following business update:

1. NSW Smart and Skilled Contract

Two of ASH's Registered Training Organisations (Ash Pty Limited and Vocational Training Australia Pty Limited – collectively the RTOs) have received formal responses arising from their recent training audits in New South Wales ('NSW'). The NSW Government Department of Industry, Skills and Regional Development ('Department') has notified the RTOs that their 2016 Smart and Skilled Contracts ('Contracts') will be terminated on 30th November 2016 following the Department's assessment that Contract Events of Default occurred.

The RTOs strongly disagree with the Department's actions and have instructed their lawyers to protect their positions and to vigorously oppose the Department's actions.

2. Victorian Contract Update

Further to its announcements on 9th and 10th November 2016, ASH has continued communications with The Victorian Department of Education and Training concerning its subsidiary, Ash Pty Limited's, training audit. The outstanding matters, previously disclosed regarding its 2014-16 VET Funding Contract, remain unresolved.

3. Strategic Review

As a result of the above matters, the Board has resolved to engage a third party to undertake a strategic review of the Company.

4. Interim CEO and CFO resignation

Paul Brittain (Interim CEO and CFO) has tendered his resignation. Paul has committed to continue in his current roles, including working with the Board to complete and implement recommendations arising from the Strategic Review. Paul will leave the business in February 2017.

Given the matters pertaining to the abovementioned Victorian Contract remain unresolved, the Company remains in voluntary suspension. The Company is in the process of quantifying the financial impact of abovementioned NSW and Victorian matters and will update the market when this information is known.

For further details:

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