



23rd December 2016

The Company Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sirs

Business Update and Voluntary Suspension Continuation

Victorian 2014-2016 Contract Update

Further to our 10th November 2016 Voluntary Suspension Request, Ashley Services Group Limited ('ASH' or 'the Company') advises the following regarding its Victorian 2014-16 VET Funding Contract (non-TAFE):

1. Regular and constructive communication has occurred with the Victorian Department of Education and Training ('VIC Department') concerning its subsidiary, ASH Pty Limited ('the RTO').
2. The VIC Department and the RTO have agreed on certain rectification actions.
3. The VIC Department has agreed to release all payments currently due to the RTO, under the normal terms and conditions applicable in the contract.
4. The VIC Department has also agreed to allow the RTO to recommence enrolment of Eligible individuals and to train Eligible individuals enrolled but not yet commenced, for all qualifications except for five specific courses highlighted during the audit, which is expected to have minimal further financial impact.

It is expected that the financial impact of the rectification actions and suspension of enrolments for the 5 specific courses will be to decrease Net Profit After Tax for the Financial Year Ended 30th June 2017 by \$1 million.

Victorian and NSW Training business update – 2017 Contract Renewals

ASH refers to its 30th November 2016 ASX Announcement and advises of the following recent communications with The VIC Department and The NSW Government Department of Industry, Skills and Regional Development ('NSW Department') regarding its funding applications for the 2017 calendar year:

- The VIC Department concerning two of its Registered Training Organisations ('RTOs'), namely Ash Pty Limited and Vocational Training Australia Pty Limited.

The company has been advised that its applications for 2017 VET Funding contracts are still being considered but notes that the VIC Department has requested further information following the Company's 25th and 30th November 2016 ASX announcements about its NSW Department 2016 Smart and Skilled Contracts ('Contracts') held by the two RTOs.

- The NSW Department concerning the same two RTOs.

The NSW Department has issued 2017 Smart and Skilled funding contracts to successful providers. No Contracts have been issued to the RTO's at this time. ASH continues to work with the NSW Department and may be considered for 2017 funding at a future date.



Strategic Review Update

Further to our announcement on 25th November 2016, the Board has now engaged a third party to undertake a strategic review of the Company and this review has commenced.

The Company expects the Strategic Review to be completed by 28th February 2017 at which time the full financial impacts of the above NSW and Victorian funding matters, along with the Board's strategic decisions and the resulting financial implications may be reliably estimated.

Voluntary Suspension Continuation Request

As a result of the above, ASH requires additional time to undertake its Strategic Review.

Accordingly, a continuation of voluntary suspension is requested. The following information is provided concerning this request:

1. The voluntary suspension continuation is sought so that the Company can manage its continuous disclosure obligations by releasing an announcement concerning the abovementioned Strategic Review including the financial quantification of the 2017 NSW and Victorian Training Business Contracts.
2. The voluntary suspension continuation is sought until the earlier of the commencement of trading on Tuesday 28th February 2017 or when an announcement concerning the abovementioned Strategic Review including the financial quantification of the 2017 NSW and Victorian Training Business Contracts is released to the market.
3. The voluntary suspension continuation will end at the commencement of trading on Tuesday 28th February 2017 or when the announcement concerning the abovementioned Strategic Review including the financial quantification of the 2017 NSW and Victorian Training Business Contracts is released to the market.

The Company is not aware of any reason why the voluntary suspension continuation should not be granted.

Yours faithfully

Ron Hollands
Company Secretary