

Market Update

18 September 2014

Update on funding contracts

Key Point

- Successful resolution of notice to remedy default on minor funding contract and Ashley Services has recommenced funded enrolments in that State.
- All 15 state and Federal Government funding contracts fully compliant and operational with no current audits

Sydney, Ashley Services Group Limited (“**Ashley Services**” or “**the Company**”) is pleased to announce that it has resolved the notice to remedy default on one of its minor state funding contracts and as a result such funding contract is now fully operational.

As outlined in the IPO prospectus (“**Prospectus**”) dated 7 August 2014, the Company noted that it had received a notice to remedy a default from a state government authority. Ashley Services has successfully resolved the issues raised under this notice with the relevant government authority and is now accepting new enrolments under that state funding contract. The Company also notes that it currently has no outstanding contractual matters for any other state funding contracts held by it.

As detailed in the prospectus the Company did not consider this contract material and were confident of resolving the issues raised. Additionally the Company took a prudent and conservative approach and did not include any revenue in the FY15F financial forecasts from this contract with the exception of work in progress carried forward from existing enrolments. It is not expected that any additional revenue arising from this contract will be material to the Company’s forecast earnings.

Ashley Services has 15 funding contracts across a number of state and Federal Government authorities. The Company constantly reviews its systems and processes around its compliance obligations required with funding contracts. Ashley Services is pleased to confirm that it is not currently under audit by any state or Commonwealth Government body and it is in full compliance with all 15 state and Federal government funding contracts. The Company is also compliant with the registration conditions of all four of its RTOs.

END



ASHLEY SERVICES GROUP

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About Ashley Services Group

Originally founded in 1968, Ashley Services Group is a wholly Australian owned and operated business, specialising in training and labour hire. In 1999 the Company was acquired by the current owner of Ashley Services and has subsequently grown and diversified. As a Vocational Education Training (VET) provider, the Training business services a wide range of clients in the corporate and public markets, offering training for 97 qualifications, in 96 locations across Australia. Ashley Services' Labour Hire business provides services to large national and multi-national clients. It is a leading labour hire provider to the warehouse and logistics industries, and also has a growing presence as a provider to the horticultural, manufacturing and trades industries.