



UPDATE TO SHAREHOLDERS

**DSHE Holdings Limited (formerly known as Dick Smith Holdings Limited) (ASX code: DSH)
ACN 166 237 841
(Receivers and Managers Appointed) (Administrators Appointed)
("DSHE")**

I refer to the appointment of Jason Preston, Jamie Harris, Matthew Caddy and I as Joint and Several Administrators ("Administrators") of DSHE and certain subsidiaries by a resolution of directors on 4 January 2016. Subsequent to our appointment, James Stewart, Jim Sarantinos and Ryan Eagle of Ferrier Hodgson were appointed Receivers and Managers over DSHE and certain Australian Subsidiaries.

As shareholders may be aware, the Administrators have conducted preliminary investigations into the affairs of the Dick Smith entities. Whilst our investigations to date have revealed that there may be sources of recovery available for the benefit of creditors, at this stage, we do not believe that there will be a recovery sufficient to repay creditors in full. On this basis, there will not be a return of capital to shareholders.

Accordingly, pursuant to section 104-145 of the Income Tax Assessment Act 1997, we declare that we have reasonable grounds to believe that there is no likelihood that shareholders of DSHE will receive any distribution in the course of the external administration of the Dick Smith Group.

Depending on your individual tax circumstances, you may be able to rely on this declaration to claim a capital loss with respect to your shareholding in DSHE. This notice should not be construed as constituting taxation advice. Shareholders should seek their own advice prior to relying on this declaration.

For further information regarding the administration please see the ASX website for further announcements.

Dated: 23 June 2016

Joseph Hayes

Joint & Several Administrator

For all further enquires please contact: Link Market Services.

Creditor enquiries:

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