

ASX ANNOUNCEMENT

SIMONDS GROUP BUSINESS UPDATE

Melbourne, 26 May 2016: Simonds Group (Simonds) (ASX: SIO) provides the following update to the market.

Management changes

Simonds Group ("Simonds" or "the Group") advises the appointments of Mr. Mick Myers and Ms. Joanne Barber to the roles of Chief Financial Officer and Chief Human Resources Officer respectively, following the resignations of Mr. Robert Stubbs and Mr Michael Gerolemou. Mr. Myers will commence with the Group on 30 May 2016, while Ms. Barber will join on 4 July 2016.

Mr. Myers has over 25 years experience working in publicly listed and private companies, the last 10 spent in finance executive and CFO roles with Toll Group, MMG Limited, OZ Minerals Limited and Zinifex Limited. He has led core finance functions, shared business services and major business transformation projects in multi-national companies operating in Australia, Asia, Africa, Europe and North America. Prior to his corporate career, Mr. Myers held roles in audit, forensic and enterprise risk advisory services over 18 years with Deloitte.

Ms. Barber brings to Simonds significant expertise in designing, building and people management functions across the private, publicly listed and public/not for profit sectors and has a strong track record of working with organisations to effect change and build organisational capability. Her most recent experience includes managing a team of 95 to deliver the restructure of the human resource services area and centralisation of the payroll function for an 18,000 strong public sector organisation. Prior to this, Ms. Barber spent eight years as General Manager, Human Resources at Transurban Limited.

Mr. Stubbs and Mr. Gerolemou will remain with Simonds until 30 June 2016 to facilitate an orderly transition.

Following an internal restructure, it has been determined that the role of Chief Executive Officer, Simonds Homes division will no longer be required. Mr. Chris Troman will therefore leave the Group, 27 May 2016. Group Chief Executive Officer & Managing Director, Mr. Matthew Chun will assume Mr. Troman's responsibilities.

The Board of Simonds thanks Robert, Michael and Chris for their contribution to the business and wishes them well for their futures.

Simonds also advises the appointment of Mr. Andrew Shea as Acting Chief Executive Officer of Builders Academy Australia (following the resignation of Mr Gerard Healy), Simonds' specialist Registered Training Organisation. Mr. Shea was previously General Manager and has worked within the BAA business since November 2015. The search for a permanent Chief Executive Officer is underway, with both internal and external candidates being considered.

Operations update

Simonds is pleased to report that site starts for Simonds Homes for the four months to 30 April 2016 total 929. Since 31 December 2015, inventories have increased by approximately \$20m as a result of increased site starts and since 1 July 2015 we have completed and opened 42 new display homes.

Builders Academy Australia has accepted 1,753 new course enrolments for the four months to 30 April 2016.

Key operational metrics

| | 4 months to 30-Apr-16 | 6 months to 31-Dec-15 | 12 months to 30-Jun-15 |
|-----------------------------------|--------------------------|--------------------------|---------------------------|
| Simonds Homes Australia | | | |
| Sites starts for the period | 929 | 1,252 | 2,471 |
| Display homes open | 122 | 112 | 108 |
| Sales pipeline (1) | 2,374 | 2,727 | 2,449 |
| Builders Academy Australia | | | |
| Graduates for the period | 436 | 1,966 | 2,267 |
| Course enrolments for the period | 1,753 | 1,855 | 5,578 |
| Discover Developments | | | |
| No. project established | 3 | 3 | 2 |
| Forecast land lots | 106 | 106 | 67 |

Note:

1. Sales Pipeline includes Contract Signed, Sales Accepted & Deposits Paid with a forecast Site Start date of no greater than 18 mths.

Debt facility

Simonds advises that it has increased its Commonwealth Bank of Australia debt facility by \$10 million to address working capital requirements, taking the total facility to \$45 million. The increase to the facility is subject to documentation.

The existing \$35m facility expires in March 2018 with the additional \$10m facility expiring in September 2016.

At 30 April 2016, facility headroom was \$3.7m (excluding the additional \$10m).

ENDS

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