

9 September 2016

The Manager
Companies Announcements Officer
Australian Securities Exchange
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

Dear Sir

The West Australian newspaper articles

The Company refers to continued West Australian newspaper articles regarding the operations of its subsidiary, Diploma Constructions (WA) Pty Ltd and DGX Constructions Pty Ltd.

The Company provides the following update:

1. The construction of the Quest Adelaide Terrace Apartment Hotel located at 176 Adelaide Terrace, Perth is expected to achieve practical completion this month with the sale completed during October 2016.
2. As to the contractual dispute with the developer of the Perry Lakes Residential Project as referred to in the announcement on 8 September 2016, the Company will provide a further update after 23 September 2016 which is the current due date for the determination of the further two applications under the *Constructions Contract Act 2004* referred to in that announcement.
3. Diploma Constructions (WA) Pty Ltd and DGX Constructions Pty Ltd have contractual disputes with a number of subcontractors which are subject to ongoing legal proceedings and the Company does not intend to comment further on those proceedings at this stage or debate the disputed issues with such subcontractors by responding to any further articles in The West Australian newspaper generated by one or more of those subcontractors.

Yours faithfully

Diploma Group Limited

A handwritten signature in black ink, appearing to read "Nick Di Latte", with a stylized flourish at the end.

Nick Di Latte
Diploma Group Limited
Chairman & CEO