

ASX ANNOUNCEMENT

MARKET UPDATE

Melbourne, 12th August 2016: Further to its market update released on 26 July 2016, Simonds Group (Simonds) (ASX: SIO) today provides a further update to its preliminary financial results for the year ended 30 June 2016 (FY16).

Asset Impairments Update

Asset impairments and other one-off adjustments that impact the FY16 financial results have now been quantified and are expected to total between \$9 million and \$10 million before tax. These amounts remain subject to final audit review and are in addition to the estimated loss relating to the closure of Madisson previously announced on 26 July 2016.

These asset impairments and other one-off adjustments comprise:

- Cash and non-cash items relating to the senior management changes announced on 26 May 2016;
- Capitalised project and IT costs written-off relating to discontinued systems projects; and,
- Accelerated sale of display homes and land holdings sold or identified for sale during the June quarter of FY16.

Due to the successful sale and settlement of display homes and non-core development land, the Company's net debt position has significantly improved with the debt facility currently drawn to \$21.1 million as at 11 August 2016.

Conclusion of Escrow Period

Simonds advises that pursuant to Listing Rule 3.10A, 60,987,716 fully paid ordinary shares in Simonds (Escrowed Shares) will be released from voluntary escrow on the date of release of SIO's Appendix 4E (Preliminary Final Report) for the 2016 financial year.

The Escrowed Shares are held by parties that were shareholders of Simonds prior to its initial public offering in 2014.

ENDS

For more information, please contact:

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