



## ASX ANNOUNCEMENT

### DICK SMITH HOLDINGS LIMITED (ACN 166 237 841) (“DSH”)

4 February 2016

#### Dick Smith Group update

Receivers and Managers to Dick Smith Holdings and associated entities, Mr James Stewart, Mr Jim Sarantinos and Mr Ryan Eagle of Ferrier Hodgson today announced a restructuring of the Group’s support office operations based at Chullora in western Sydney.

Mr Stewart said: “The ongoing restructuring of the business is a necessary step in creating a leaner organisation going forward while our discussions with interested parties continue.”

The restructure will result in the immediate loss of 22 support office jobs including the departure of the Group’s Chief Financial Officer, Mr Michael Potts, who joined Dick Smith in September 2013.

Mr Bert van der Velde has been appointed as the Group’s Interim Chief Financial Officer. Mr van der Velde has over 25 years of experience in Australia, Europe and Asia including previous senior executive roles with Woolworths, Eldorado Company and Metro Cash and Carry.

The restructure has been communicated to the Group’s employees.

#### Additional Employee Entitlements Identified

As part of the Receivers work in assessing the Dick Smith business an issue has also been identified with respect to the historical calculation and payment of annual leave loading for retail employees in Australian stores. This issue is not related to the support office restructuring.

Mr Stewart said: “Based on our investigations to date, we understand that up to 3,200 current and former employees of the Australian business may have been underpaid their annual leave loading entitlements, potentially dating back to 2010.”

The underpayment issue does not affect current or former employees in New Zealand.

The Receivers estimate that the annual leave loading underpayment may be approximately A\$2 million.

Mr Stewart said: “the underpayment of entitlements appears to reflect an incorrect application of the relevant industrial award”.

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The Receivers have brought the issue to the attention of the Fair Work Ombudsman and the Shop Distributive and Allied Employees' Association (SDA).

The Receivers are continuing their investigations and are also reviewing other historical entitlement calculations to confirm they have been correctly paid. The Receivers have confirmed that any additional Australian employee entitlements identified will rank as priority claims ahead of the secured creditors.

This issue has been communicated to the Group's current employees. Former employees will be notified as soon as possible.

Regular updates will be made available via the Ferrier Hodgson website at [www.ferrierhodgson.com.au](http://www.ferrierhodgson.com.au).

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