

**RESPONSE TO SGX-ST QUERIES ON THE ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

The Board of Directors (the “**Board**”) of AusGroup Limited (the “**Company**”) would like to respond to the queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) regarding the annual report for the financial year ended 30 June 2014. The Company sets out below its responses to the queries.

Question 1: Paragraph 9.3 of the Code of Corporate Governance 2012 (the “Code”) states that the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO).

As required under Listing Rule 1207(12) of the Listing Manual, please make disclosure as recommended in the Code or otherwise disclose and explain any deviation from the recommendation.

Response

The Company is aware of the recommendation in the Code and the requirement under Listing Rule 1207(12) to disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). The Board, after weighing the advantages and disadvantages of such disclosure, is of the view that full disclosure of the total remuneration paid would not be in the interests of the Group as such information is confidential and sensitive in nature and could be exploited by competitors. The Board believes that disclosure of remuneration of the top key management personnel in remuneration bands and percentage terms would be sufficient.

Question 2: Paragraph 11.3 of the Code states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the Company’s Annual Report. The Board’s commentary should include information needed by stakeholders to make an informed assessment of the company’s internal control and risk management systems.

As required under Listing Rule 710, please make disclosures as recommended in the Code or otherwise explain the reason(s) for the deviation.

Response

Based on the Group’s existing framework of management controls, risk management systems, internal control policies and procedures, as well as reviews performed by management, the internal and external auditors and the Board, the Board with the concurrence of the Audit Committee, is of the opinion that the internal controls of the Group addressing financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective.

The Board notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The Board collectively and individually takes responsibility for the accuracy of the aforesaid replies to the queries raised by the SGX-ST.

BY ORDER OF THE BOARD
Stuart Maxwell Kenny
CEO and Managing Director

26 September 2014