



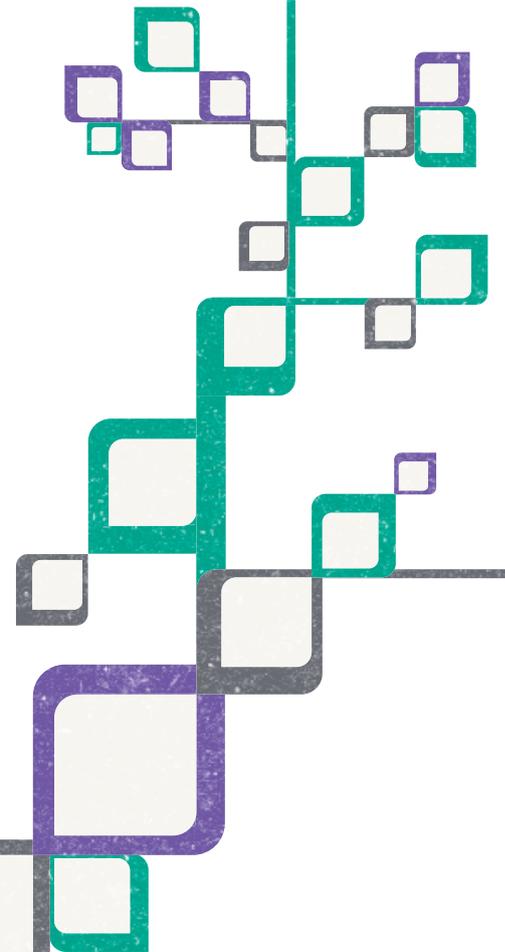
Grant Thornton

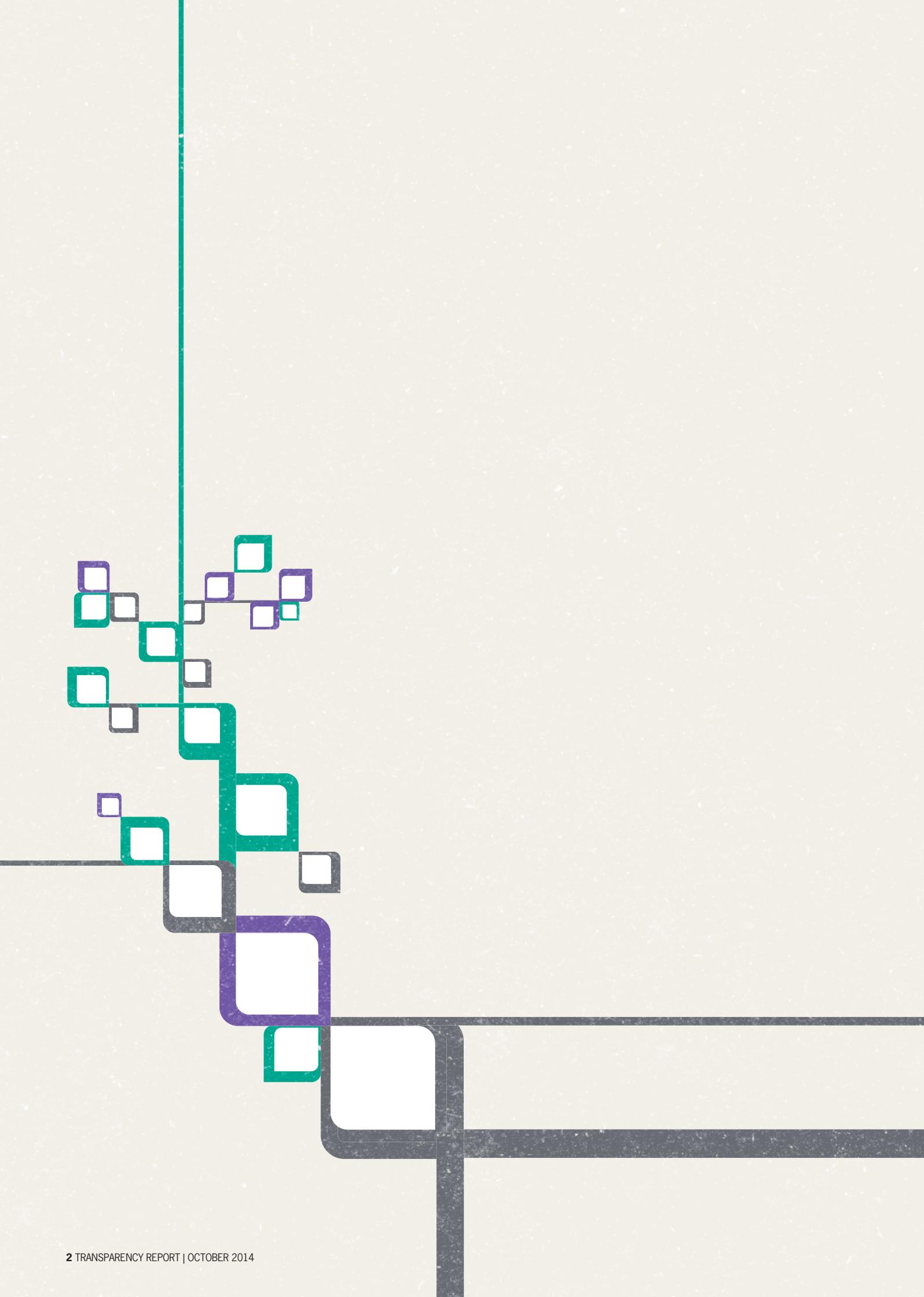
An instinct for growth™

Transparency report 2014

Grant Thornton Australia Limited and controlled entities
Grant Thornton South Australia Partnership

For year ended 30 June 2014





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Introduction

ANDREW ARCHER
NATIONAL AUDIT LEADER



We welcome the opportunity to share information about Grant Thornton Australia Ltd in this transparency report, covering the year ended 30 June 2014. This Transparency report is our public statement to transparency, quality and communication with our stakeholders – clients, audit committees, regulators and the wider public – of our commitment to providing quality assurance services to organisations both in Australia and around the globe.

Within this report we have set out how the firm complies with the requirements of the Corporations Act and the steps we have taken to drive audit quality.

Grant Thornton Australia Ltd has voluntarily produced an annual Transparency report since 2008. Statutory audits are conducted by Grant Thornton Audit Pty Ltd, a registered audit company. Grant Thornton Audit Pty Ltd, has also registered with the Professional Oversight Board of the UK Financial Reporting Council, the Public Company Accounting Oversight Board (PCAOB (US)), and the Canadian Public Accountability Board (CPAB (Canada)).

Due to client appointment transitional issues and other legal restrictions a small number of audits are conducted by other Grant Thornton Australia Ltd controlled entities, including by Grant Thornton South Australia Partnership which is controlled by Grant Thornton Audit Pty Ltd. A separate transparency report has been produced for this entity which can be located on Grant Thornton Australia Ltd's website.

For a broader view of what we stand for and how this manifests itself in our people and our work, please visit our website.

<http://www.grantthornton.com.au>

A message from our Chief Executive Officer

ROBERT QUANT
CHIEF EXECUTIVE OFFICER



Welcome to the Transparency report for Grant Thornton Australia Limited for the 2013-14 financial year (FY14); an important demonstration of our commitment to audit quality.

Throughout FY14, we were single-minded about growing a more profitable, sustainable business. We managed our business to meet demand from our clients and grew gross margin and profit in line with our strategy.

There continues to be significant change and consolidation in the accounting and advisory industry. Grant Thornton has not been immune – in fact we've again been leading the change, welcoming a new office to Grant Thornton Australia in FY14. We have now increased our geographic footprint to include an office in Cairns to help us better serve our clients in North Queensland, the Northern Territory and Papua New Guinea.

The market for professional services too is, as always, changing. We have come through some cyclical lows, and are now starting to understand the permanent, structural change that is taking place. Clients' perceptions of value are evolving, making delivering value to our clients more important than ever.

We are committed to no longer be seen as an adviser who is merely responsive and provides the technically correct answer to clients' questions in a timely manner. We are working more closely with our clients than this. We

are advisers who are true partners to our clients. We are people who challenge and question their goals and vision; who connect them with like-minded businesspeople who can help them achieve their ambitions; people who feel responsible for doing what's right, not what's easy.

We continue to have a strong relationship with Grant Thornton International Ltd and take a leadership role in many of the network's global initiatives. Grant Thornton International Ltd is striving to deliver distinctive client service: providing high quality audit, tax and advisory services through strong, deep, broad relationships and helping clients to illuminate growth opportunities within their business. We have seen a strong appetite for this in our mid-size clients who have a willingness to look for these growth opportunities and the tenacity to chase them down.

Statement from the Head of Assurance

A central drive for our audit practice is the delivery of high quality audits. As the economy shows signs of improvement, we are committed to providing the rigorous, independent audit oversight that shareholders, investors and the public at large require to ensure credit and capital markets can function effectively.

Overview of the 2014 financial year

The 2014 year audit revenue grew to \$67.4m (2013: \$64.8m) despite a tight competitive market. In March 2014 we acquired the former KPMG Cairns office further enhancing our geographic footprint and depth of capability. While we are not complacent in our recent achievements, we are pleased to be delivering An Instinct for Growth for our own business, as well as for our clients.

During December 2013 we were subject to our regular routine inspection by the Grant Thornton International Assurance Review team. During the year, final inspection reports were issued by the Australian Securities and Investments Commission (ASIC) and the Public Company Audit Oversight Board (PCAOB) from our last inspections undertaken in December 2012. The ASIC report is a private report to the firm but key findings form part of the overall industry Audit Inspection Program Report for 2012–13 (see below). The PCAOB report is publicly available from the PCAOB website.

Our strategy is also focussed on providing distinctive client service to all of our clients. This was reflected in higher client satisfaction levels as measured by client surveys during the 2014 year. Beyond the robustness of our assurance opinions, our differentiation has been based on the high level of Partner involvement and our attention to client service. This Partner led relationship model allows us to better understand our clients' businesses and industries. Direct access to senior decision makers and technical resources allows us to communicate in a clear and responsive manner with all of our clients.

ASIC Audit inspection findings of Australian audit firms

In June 2014, ASIC publicly released its Audit Inspection Program Report for 2012–13. This report covers the findings from ASIC's inspections of 17 Australian audit firms substantially undertaken in the 18 months to 31 December 2013 and is publicly available from the ASIC website.

This report identifies some important areas where audit firms, in general, need to focus their attention and make improvements to ensure consistent audit quality. ASIC identified three broad areas requiring improvement by audit firms:

- the sufficiency and appropriateness of audit evidence obtained by the auditor
- the level of professional scepticism exercised by auditors; and
- ensuring appropriate reliance on the work of experts and other auditors

Action plan to improve audit quality

Following the release of the 2012 ASIC Inspection Program Report, ASIC wrote to the CEOs of the six largest audit firms, including Grant Thornton Australia Ltd asking them to develop action plans to improve audit quality. Whilst ASIC's focus areas were based on the 2012 inspection report which did not cover an inspection of Grant Thornton Australia Ltd, we embraced the need for industry wide improvements in audit quality and we actively worked with ASIC to develop our action plan. We recognise our plan is a living document that will evolve based on our monitoring activities and findings from our audit quality inspections.

Our action plan recognises that industry wide improvements in audit quality will require collective action from all major stakeholders. Our plan addresses actions in three main areas to improve audit quality:

- client education and awareness
- regulatory changes
- firm level activities

Our firm level activities address the three key areas of:

- 1 sufficiency and appropriateness of audit evidence obtained by the auditor
- 2 level of professional scepticism exercised by auditors; and
- 3 extent of reliance that can be placed on the work of other auditors and experts.

The focus areas of our action plan have been central to the training and development of our people during the year.

Statement from the Head of Assurance

Our people

The single most important part of our practice is our own people. We have invested substantially in the critical thinking and technical capabilities of our people, so insightful questioning, founded on technical excellence, delivers the highest quality audit and insight to our clients. During 2014 we have invested in leadership programs to drive the right culture and behaviours. Our performance appraisal system also reflects our commitment to quality and all our team have quality incorporated into their personal objectives.

Continuing professional development

In addition to developing their broad business insight, all of our people are required to maintain their technical competence and comply with relevant regulatory and professional development requirements. This is reviewed by line managers as part of the appraisal process, in conjunction with an individual's personal development plan. Within the audit service line, there are annual and quarterly technical updates, as well as various courses on financial reporting, company law, ethics and auditing matters.

In addition, individuals with clients in particular sectors attend industry-specific training. We continually review the skills and competence of all our people to ensure they meet the needs of their clients. We support people's development, not only through structured learning programmes, but also through a variety of tools including 360-degree feedback, mentoring, on-the-job coaching and a wide range of secondment opportunities. We aim to create an environment where our people are passionate about what they do, feel able to challenge the status quo, perform to their best ability, and have the opportunities and support to continually develop their knowledge and skills.

Technical excellence, audit quality, critical thinking and ethical behaviours are reinforced to everyone involved in audit during their induction and throughout subsequent learning programmes. The application of technical expertise is a key competency assessed within the 6 monthly performance appraisal process.

Supervision, consultation and review

We have a strong culture of consultation, supervision and support, which is embedded throughout the audit methodology. Involvement of an engagement quality control reviewer, technical specialists (such as valuations, IT audit and taxation), industry specialists, our National Audit Support (NAS) team and, where necessary, the head of audit, provide appropriate levels of quality control as well as support for all audit personnel. This mixture of experience and technical ability, within a culture where we are able to challenge each other, ensures quality is driven throughout the audit process. Audit clients whose securities are publicly traded, public interest entities or for other complex or high-risk category clients are subject to an engagement quality control review (as required by the International Standard on Quality Control (ISQC 1)).

Engagement acceptance and continuance

In addition to the firm's rigorous client engagement acceptance and continuance procedures, there is a requirement for each audit engagement to be categorised by reference to its risk, complexity and any specialised experience requirements. This categorisation is used to drive additional quality control procedures. The initial acceptance of audit engagements must be approved by a Partner from outside the proposed audit team and Managing Partner. High-profile engagements must also be pre-approved by the head of audit, and/or the head of quality and professional standards (or their alternate) and in certain (exceptional) circumstances, consultation with Grant Thornton International Ltd (GTIL) is also required. A similar process for continuance of engagements is required on an annual basis. If there are any significant changes in circumstances or other risk indicators are present, approval by a Partner outside of the audit team, the head of audit and/or GTIL may again be required.

Reporting

The key deliverables of our audit are the formal audit report and the Key Issues Memorandum (KIM). Our audit reports comply with auditing standards and legislation and are only signed by the engagement leaders after appropriate review of all work done and compliance with the firm's consultation and review requirements. The KIM provides those aligned with governance and management bodies of clients with the main considerations, judgements and results of our audit. The content and format is tailored to a particular client's needs but will include the scope and approach of our audit, an explanation of any ethical or independence matters (together with any safeguards in place), the principal audit judgements, an outline of any control weaknesses identified and insight into upcoming changes in reporting requirements or other relevant legislative changes.

Monitoring activities

The NAS team drives the audit reviews to assess the quality of completed audit work and its compliance with the firm's quality and risk management framework. Each office and Partner is reviewed at least every three years in line with ISQC 1. The review teams are selected from outside the office under review and the engagements selected are biased towards those considered to be more complex or of higher risk. During the 2014 financial year, Grant Thornton's internal quality control inspection reviewed 3,727 engagement files with an additional nine engagements covered by our Grant Thornton International Assurance Review team. Any themes from these reviews are communicated to the audit team through training events, conferences and other technical update channels. Any areas for improvement are built into our audit quality action plans.

Continuous improvement

The findings and recommendations of all internal and external inspections are incorporated into our plans for continuous improvement. We will also continue to monitor and respond to ongoing developments in financial reporting and audit, to further deliver improvements in audit quality.

Statement from the Head of Assurance

Grant Thornton International Ltd

Grant Thornton International Ltd (GTIL) assists all member firms in delivering consistent, robust, rigorous and high quality audits. This is achieved through: the provision of a global audit methodology and software, protocols to facilitate consultation with audit specialists in other member firms, a comprehensive intranet service with up-to-date information on relevant professional standards, a worldwide restricted-entity list, an International Financial Reporting Standards help desk and topical alerts.

Our global audit methodology, which is used by all member firms within GTIL, provides audit teams with a clear and direct link between identified financial reporting risks, internal controls that address the risk, and audit procedures. This approach enables audit teams to judge how the current environment impacts upon an entity's financial reporting, how the entity responds and how to develop an appropriate audit response. The methodology includes integrated quality control processes, for example, policies and procedures on an engagement quality control review. The methodology is applied using the state-of-the-art Voyager™ software, manuals and policies. These are benchmarked against the International Standards on Auditing, the International Standard on Quality Control, and the Code of Ethics for Professional Accountants (the IESBA Code).

Member firms are expected to maintain an open and constructive relationship with their national regulators. This is consistent with our global policy of embracing external oversight, along with our support of a balanced public reporting of external inspection programmes. GTIL meets at least annually with the International Forum of Independent Audit Regulators (IFIAR) and contributes regularly to the public debate on major industry issues.

National Audit Support

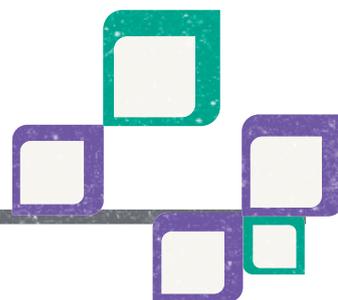
The NAS team supports the head of audit in the development and implementation of the audit strategy. This includes: refinement of audit software and manuals provided by GTIL, training and technical guidance, advice on complex issues, carrying out reviews of financial statements prior to approval and ongoing monitoring of compliance with key quality and risk management controls. The NAS team also responds to the latest technical developments and issues in the profession by providing commentary from the firm's viewpoint. It helps develop 'thought leadership' material for emerging themes about topics such as auditing, financial reporting and ethics.

External factors

The quality of a client's corporate governance and the robustness of its financial reporting systems are critical to audit quality. Concerns about a client's corporate governance procedures identified through our client acceptance and continuance procedures require careful consideration as to whether we should act for that client. During the audit, if we identify weaknesses in governance and internal control systems, we work with our clients to identify and recommend actions for improvement.

The changing audit regulatory environment also has a clear impact on audit quality. We actively engage with regulators, standard setters and investors, shaping and influencing the drive for better reporting and supporting regulatory change. Partners and employees participate in various boards, committees, working groups and forums across a diverse range of bodies and topics, and provide comments and feedback on the firm's view on planned developments and issues.

We also continue to work closely with the professional accounting bodies, the Australian Institute of Company Directors (AICD) and regulators on emerging issues. These activities assist us in developing submissions in response to emerging financial reporting and audit issues, helping us to shape the future of our profession in Australia.



Legal structure & ownership

Grant Thornton South Australia Partnership is a wholly owned subsidiary of Grant Thornton Australia Ltd.

Grant Thornton Australia Ltd's national corporate structure enables us to provide superior client service to meet the needs of our clients across Australia and reduce business risks through stronger, more efficient systems and procedures.

We are able to offer a full range of services to dynamic organisations – privately held businesses, not-for-profits, government organisations and listed public companies. This is achieved through dedicated client service Partners who understand the needs of our clients and can coordinate the specialist services required by them.

Being one national firm has enabled us to share information and resources across all of our offices. We can provide better, more distinctive service to our clients no matter where they do business.

Legal structure

Grant Thornton Australia Ltd is an unlisted public company with wholly owned special purpose subsidiaries. All shareholders are associated investment entities of the Partners of Grant Thornton. There are no outside shareholders. Statutory audits are conducted by Grant Thornton South Australia Partnership.

A small number of audits are conducted by individual Grant Thornton partnerships which are controlled by Grant Thornton Audit Pty Ltd.

Regulatory body affiliation

Many of the firm's activities are regulated by a number of independent bodies including:

- Chartered Accountants Australia and New Zealand
- Australian Securities and Investments Commission (ASIC)
- Public Company Accounting Oversight Board (PCAOB) – USA
- Public Oversight Board (POB) – UK
- Canadian Public Accountability Board (CPAB) – Canada
- Company Auditors and Liquidators Disciplinary Board
- Tax Practitioners Board
- Australian Prudential Regulatory Authority (APRA)

Grant Thornton Australia Ltd and its subsidiaries is subject to reviews by regulatory authorities including the Chartered Accountants Australia and New Zealand, ASIC, PCAOB and APRA. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd.

Grant Thornton International Ltd

Grant Thornton Australia Ltd is a member firm within Grant Thornton International Ltd (GTIL).

Grant Thornton International Ltd (GTIL) is one of the world's leading organisations of independent assurance, tax and advisory firms. These firms help dynamic organisations unlock their potential for growth by providing meaningful, forward looking advice. Proactive teams, led by approachable Partners in these firms, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions. More than 38,500 Grant Thornton people, across over 120 countries, are focussed on making a difference to clients, colleagues and the communities in which we live and work.

GTIL is a private company limited by guarantee, incorporated in England and Wales. It is an umbrella organisation that does not provide services to clients. Services are delivered by Grant Thornton member firms around the world. References to "Grant Thornton" in this report are to the brand under which Grant Thornton member firms provide assurance, tax and advisory services to their clients; and/or refers to one or more member firms, as the context requires.

As at 30 September 2013*, GTIL has 126 member firms. Each member firm is a separate legal entity. Membership in the global organisation does not make any firm responsible for the services or activities of other member firms. Member firms carry the Grant Thornton name, either exclusively or as part of their national practice names.

Criteria for membership

Prospective member firms must meet a number of criteria in order to be considered for membership. The criteria for membership include:

- the prospective firm's reputation for quality and its adherence to high standards
- adoption of GTIL global policies procedures and methodologies, including GTIL methods and quality controls systems for providing services to clients, GTIL engagement protocols and ethical and independence policies
- maintenance of a system of quality control that meets or exceeds International Standards on Quality Control (ISQC) 1 (ASQC 1)
- agreement to the periodic evaluation of their system of quality control by GTIL global quality monitoring teams.

Admission as a member firm is dependent on the outcome of a due diligence process performed to determine whether the prospective firm meets the criteria for membership.

* GTIL operates on a 30 September year end

All member firms are subject to obligations set out in the Grant Thornton Member Firms and Name Use agreements and are required to abide by GTIL global policies.

Highlights 30 September 2013*

- member firm personnel totalled over 38,543 (over 35,000 in 2012) which includes Partners
- member firms of GTIL achieved combined global revenues of US\$4.5 billion to 30 September 2013 (US\$4.2 billion in 2012)
- 126 member firms worldwide (121 in 2012)
- assurance services account for 43.4% of global revenues
- assurance revenues increased by 3.3% to US\$1.96 billion (US \$1.9 billion in 2012)

Financial performance of Grant Thornton International Ltd

The combined global revenues of Grant Thornton member firms for the year ended 30 September 2013 were \$4.5 billion, an 8.1% increase from 2012. Assurance services revenues grew 3.3% to \$1.96 billion and accounted for 43.3% of combined global revenues. Revenues from advisory services grew by 20.2% generating \$1.3 billion and 29.0% of global revenues. Tax services at \$925 million were up 1.8% from 2012 and accounted for 20.5% of combined global revenues. Outsourcing grew by 18.8% to \$258 million and 5.7% of global revenues; followed by other services at \$67 million and 1.5% of combined global revenues.

Part of this growth was the result of mergers and acquisitions, including ten new member firms in Bangladesh, Belgium, Dominican Republic, Eastern Caribbean (Leeward Islands and Windward Islands), Ethiopia, Kyrgyzstan, Libya, Nigeria and Tunisia.

Grant Thornton International Ltd

Grant Thornton International Ltd: Governance

Board of governors

The Board of governors (the Board) is the principal and overriding authority in GTIL. The Board is a group selected from Grant Thornton member firms worldwide and exercises governance on their behalf. The Board comprises the chief executive officer (CEO) of GTIL, managing partners from the largest Grant Thornton member firms, managing partners elected from Grant Thornton member firms which are not amongst the largest and independent directors. The Board aims for a reasonable balance of representation from different geographical areas, including emerging markets. The Board's responsibilities include:

- providing input to the strategic development of Grant Thornton and approving the global strategic direction and policies of GTIL as established by the CEO
- overseeing the implementation of the global strategy
- overseeing membership matters, (including approving new member firms, suspending the rights of, or expelling a member firm)
- appointing and setting the remuneration of the chair of the Board
- appointing, evaluating performance and setting the remuneration of the CEO
- approving the budget and member firm fees
- overseeing the financial health of GTIL
- overseeing global enterprise risk management
- overseeing general governance matters, such as the composition and performance of the Board.

Chair of the Board

The Chair of the Board (the Chair) is a proactive role with a focus on ensuring the Board functions as a coordinated group in support of the CEO on global strategy, including but not restricted to provision of distinctive client service by our member firms.

The current Chair is Peter Bodin and his current term runs to December 2014. The role of the Chair is pivotal to creating the conditions necessary for a highly effective Board focused on our strategic global development.

Judith Spriesser was appointed as an independent member on 20 October 2013.

Independent Board members bring a valuable external business-oriented perspective to the deliberations of the Board, add to the network's profile raising activities and increase Board transparency. Independent Board members support the organisation's recognition of its public interest responsibilities and its attitude towards quality, risk management and governance, and the organisation's effectiveness in executing its strategic goals and market positioning. GTIL has processes in place to ensure that the appointment of independent Board members and their ongoing service is compliant with the relevant independence rules.

The Board of Governors as at 30 September 2013 is:

Peter Bodin (Chair)	Sweden
Pascal Boris	Independent director
Scott Barnes	United Kingdom
Stephen Chipman	United States of America
Jason Chen	China
Vinod Chandiok	India
Ed Nusbaum	CEO, GTIL
Robert Quant	Australia
Phil Noble	Canada
Emilio Imbriglio	Canada
Daniel Krukdjian	France
Klaus-Günter Klein	Germany
Satoru Endo	Japan
Arnaldo Hasenclever	Argentina
Hector Perez Aguilar	Mexico
Frank Ponsioen	The Netherlands

Grant Thornton International Ltd: Standing committees

There are five standing committees with authority and powers for certain matters as delegated to them by the Board:

- Governance Committee
- Strategy Joint Committee
- Budget and Audit Committee
- Member Firm Matters Committee
- Enterprise Risk Management Committee.

The use of standing committees allows a more efficient and effective discharging of the Board's responsibilities and involves others in the activities of the Board. Each standing committee is chaired by a Board member and its membership includes, but is not limited to, Board members.

Chief executive officer

The CEO is appointed by the Board for an initial term of up to five years and is renewable once for a further period of up to three years.

The CEO is responsible for the leadership of GTIL. The role of the CEO includes the development and recommendation of global strategic priorities for ratification by the Board, together with overseeing execution of these priorities.

The CEO has responsibility for appointing the global leadership team (GLT), subject to the concurrence of the Board. The GLT assists the CEO in the execution of the global strategy. The CEO works closely with the GLT members in maintaining global policies and procedures, including those governing international work for the assurance, tax and advisory service lines.

Grant Thornton International Ltd

Global leadership team

The GLT develops and drives the execution of the global strategy, and is chaired by the CEO. It is a full time management group dedicated to leading the successful execution of the global strategy, and is chaired by the CEO. It is a full time management group dedicated to leading the global organisation in the successful execution of the strategy. In addition to the service line and global development areas they lead, GLT members also have functional and regional responsibilities. The diagram below depicts these responsibilities as at 30 September 2013.

A critical role of the GLT is to work with member firms in driving the execution of the GTIL global strategy. Our ambition is to be known throughout the world as the leader in helping dynamic organisations unlock their potential for growth.

We organise our actions around four operational priorities, in addition to the overarching objective of quality in everything we do:

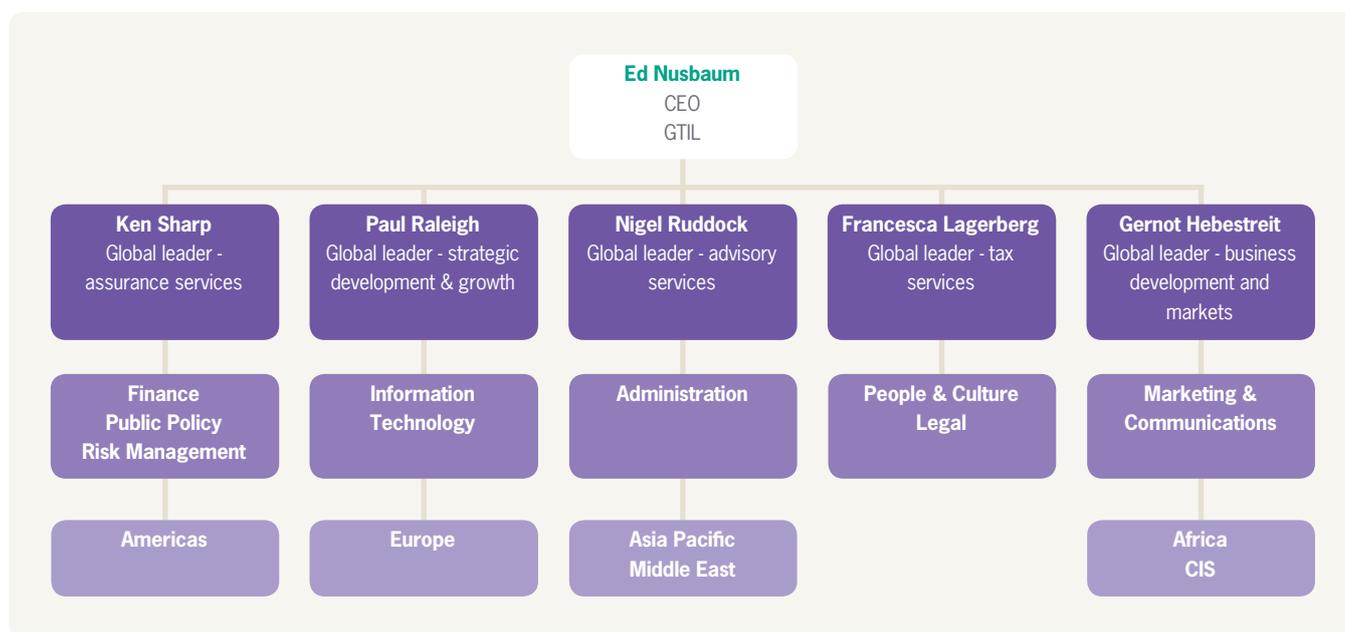
- fast and strategic growth
- distinctive client service
- best people
- efficient operations

Implementation of the strategy will build on strategic frameworks, prioritised investments and growth strategies that are appropriate for our chosen markets.

The wider leadership team (WLT) support the GLT in the development and implementation of the global strategy.

Our vision is to be known throughout the world as the leader in helping dynamic organisations unlock their potential for growth. More information can be found at www.gti.org

GLT responsibilities as at 30 September 2013:



Governance and management

Governance

The firm is governed by our Board, comprising an independent Chairman, four Executive Directors elected by shareholders, two transitional Executive Directors elected by Partners from transition practices, a national CEO and one external Independent Director nominated by Grant Thornton Australia Ltd's Board (the Board).

The Board composition enables the Board to provide sufficient oversight, independent thought leadership and a working knowledge of our environments to maintain our entrepreneurial business culture.

Our independent Chairman guides the policy and strategy to protect the firm's values at a Board level.

The Board maintains five standing subcommittees:

- Partner Equity and Promotion Committee
- Finance and Audit Committee
- Enterprise Risk Committee
- Transition Governance Committee
- Nominations Committee

Management

The key roles and responsibilities for management within Grant Thornton Australia Ltd's structure are as follows (this is also depicted in the Reporting Structure Diagram below):

Board of Directors

The Board oversees the governance of the organisation and protects the interests of shareholders.

Board members, other than independents, are elected by shareholders for a term of three years.

Persons who directly report to the CEO are not eligible for election to the Board.

The key roles of the Board are:

- governance
- setting strategic direction
- ensuring the CEO executes our business strategy
- approving plans and budgets to support the strategy
- monitoring financial performance
- appointment of the CEO
- approving major matters in line with the shareholder agreement

As at 30 June 2014, the Board members were:

- Anthony Crawford (Independent Chairman)
- John Blight
- Michael McCann
- Greg Keith
- Andrew Hewitt
- Paul Motta
- Robert Quant (CEO)
- Stephen Westaway
- Susan Thomas (Independent)

Since 30 June 2014, Louise McCann a third Independent Director, has been appointed

Chairman - Anthony Crawford

The Board appoints the Independent Chairman who is one of the independent members nominated to the Board.

CEO – Robert Quant

The CEO, who is charged with the day to day operations of the firm, is appointed by and accountable to the Board.

The key roles of the CEO are:

- leadership and vision
- propose and execute approved strategies
- propose business plans and budgets to support the strategies
- appoint senior management
- operate the business in accordance with the strategies and business plan approved by the Board

Partner Equity & Promotion Committee

This committee's role is to oversee and approve the annual remuneration and equity allocation for Partners, including directors of the audit company Grant Thornton Audit Pty Ltd.

Governance and management

Finance and Audit Committee

The Finance and Audit committee assists the Board to fulfil its corporate governance and oversight responsibilities in relation to the firm's financial reporting, finance systems, and the internal and external audit functions. They objectively analyse firm financial data and ensure the Board receives the information it requires in a timely manner.

Enterprise Risk Committee

The Enterprise Risk Committee is responsible for implementing risk and compliance initiatives. This group has oversight for risk management and compliance across their area of responsibility and hence for ensuring that the business complies with the GTAL Risk Management and Compliance Framework. The Risk and Compliance Group, together with the National Head of Risk and Quality and the National Risk Compliance Manager, oversee the risk and compliance framework and report to this committee, CEO and Board.

Transition Governance Committee

The Transition Governance committee is of fixed duration and was established to oversee the transition practices that merged into Grant Thornton Australia Ltd during 2012.

Nominations Committee

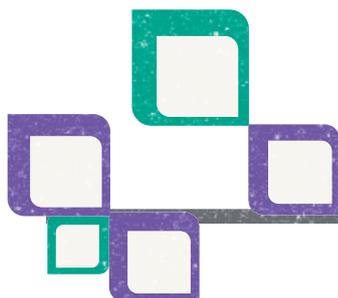
The Nominations Committee ensures effective governance of director appointments to the Board, Board succession, Board remuneration and Board performance, including that of the CEO.

National Leadership Team

The firm is managed by the CEO and the National Leadership Team (NLT). This team consists of five appointments selected by the CEO. Each of the five members has key responsibilities and leadership roles, and manage the firm together with the Wider Leadership Team which consists of:

- Office Managing Partner of each state
- Managing Partner of Operational Advisory
- Managing Partner of Financial Advisory
- Director of Marketing
- Chief Operations Officer
- Head of Risk and Quality

The NLT and Wider Leadership Team are responsible for the execution of Grant Thornton Australia Ltd's strategy and business plan within the annual budget parameters.



Governance and management

The reporting structure

Managing Partners (MPs)

As part of the national plan, our Managing Partners collaboratively lead our go-to-market strategies to build our brand, attract quality people, deliver distinctive client service and grow revenue to ensure profitable performance in each local market.

Leaders

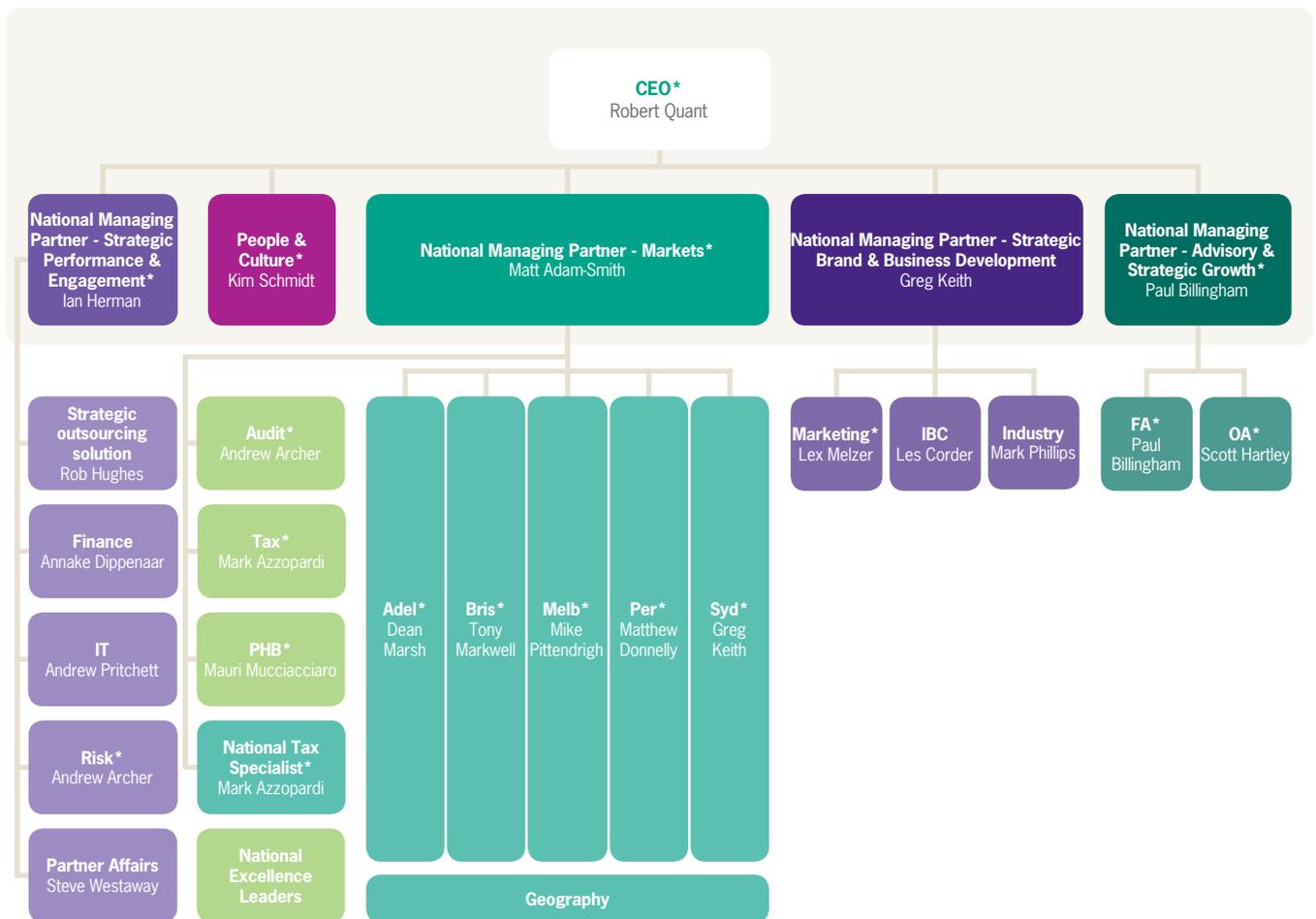
Our Leaders execute our strategy and business plans in respect to each service line.

Their goal is to develop and leverage our national technical capability, build our market presence and deliver the highest quality service to clients in support of achieving our growth targets and goal of being a leader in our chosen markets.

Our Leaders cover:

- Audit & Assurance
- Tax
- Financial Advisory
- Operational Advisory
- Privately Held Business & Wealth Advisory

Grant Thornton Australia Ltd reporting structure as at 30 June 2014:



* members of the Wider Leadership Team

Quality control

There is an overall focus on continuous improvement in quality of service delivery, procedures to monitor quality and the risk management methodology.

We start with audit quality. Our available resources in maintaining audit quality, include:

- an audit methodology, with supporting state-of-the-art software, that is used globally
- policies and procedures contained in our audit manuals that are benchmarked against international auditing, quality control, independence and ethics standards
- protocols that enable us to consult with the global auditing standards team and, if necessary, with audit specialists in other member firms
- protocols that enable us to consult with our International Financial Reporting Standards (IFRS) help desk
- protocols that enable us to consult with industry specialists
- a comprehensive intranet service that includes up-to-date information on auditing, financial reporting, ethics and independence standards and guidance on applying them effectively.

Grant Thornton Australia Ltd actively participates in financial reporting, auditing, ethics and quality control standards-setting processes. The people participating in these processes provide insight and support to all of our assurance personnel. This interaction provides information used in the development of our strategy, methodologies, training and risk management processes.

The culture within an audit firm

Grant Thornton Australia Ltd's six values – Collaboration, Leadership, Excellence, Agility, Respect, and Responsibility (CLEARR) – form the foundation of our firm's approach to audit quality. They are embedded in our Code of Conduct and our policies and processes, and provide daily guidance to management and staff at all levels of the organisation and across our entire business.

This is exemplified by:

- for several years Grant Thornton Australia Ltd has voluntarily prepared and released transparency reports, emphasising our commitment to quality
- our audit consultation processes and risk monitoring, help to drive quality

- our culture, which promotes robust client acceptance and continuance systems and processes that are aligned with Australian legislative requirements and GTIL's protocols
- strong ethical practices that are promoted via consistent messages, e.g. annual ethics and independence training, Audit and Risk & Compliance 'Alert' programs and national bulletins and technical training.

The skills and personal qualities of audit Partners and our people

Grant Thornton Australia Ltd people are recruited not just on technical competency, but also on being a 'good fit' with the firm's values. This includes personal qualities in line with our CLEARR values.

We are committed to continuing the education of all Grant Thornton Australia Ltd people through various means, including:

- international, national and local office-based and web-based training
- firm, industry and service line specific bulletins
- national support staff and industry expertise

The needs of our people are reviewed on a regular basis through a formal supervision and review process and a more informal mentoring program to ensure the appropriate level of support is provided for a successful career at Grant Thornton Australia Ltd. Specific training plans are developed and updated every year, or more regularly as required by changes in legislation, to ensure the right communication is delivered at the right time in each person's career path.

Quality control

The effectiveness of the audit process

Each year further investment is made in methodology development, technology, training, communications and guidance toward the continuous improvement of audit quality. In 2014, GTIL enhanced its supporting audit tools and provided member firms with application guidance in the form of bulletins on current audit and accounting issues.

The global audit methodology provides our audit teams with a clear and direct link between the financial reporting risks they identify, their evaluation of the internal controls established by the entity that address the risks and the audit procedures they perform that directly respond to the identified risks. This approach enables audit teams to judge how the current environment impacts an entity's financial reporting, how the entity responded and whether the audit response was appropriate. The global audit methodology includes integrated quality control processes including, for example, policies and procedures for engagement quality control review.

GTIL has produced and maintained a global audit approach through its Horizon™ audit methodology implemented through the Voyager™ suite, an integrated set of proprietary software tools including a lead sheet and trial balance program, TBeam™. Using Voyager™, audit teams in all GTIL member firms achieve the same level of audit quality. They produce a seamless audit product, whether the audit is performed in one member firm for local purposes or across many member firms for group audits.

Voyager™ enables audit teams to identify financial statement risks and link them to the processes and internal controls established to address those risks. This allows audit teams to tailor an audit response that is appropriate to the assessed risks and maintain all documentation of the audit process.

Voyager™ also assists audit teams in documenting, evaluating and testing internal controls and designing an appropriate substantive response. Voyager™ is linked to GTIL's TBeam™ tool to produce lead schedules for changes to the trial balance, performing analytical procedures, evaluate misstatements, create standard and custom working papers and financial statements for our clients.

Our global audit process is supplemented by GTIL's Audit Manual, International Computer Assisted Auditing Techniques (CAAT) program, template working papers and financial statements, checklists and practice aids, all regularly maintained by our National Audit Support team and available to all people via our national intranet, GTAssist.

The reliability and usefulness of audit reporting

Our audit process is not just about a standard audit report. We strive to enhance our clients' business. We work to bridge the expectation gap between our audit process and communication with the Audit Committee, Board and those charged with governance. To do this we use tools such as Audit Planning Memoranda and Key Issues Memoranda to provide clarity about the scope of our audit, identified threats and mitigations, key risks and judgements, emerging issues, regulatory changes, and any other findings that must be communicated.

Factors affecting audit quality outside the control of auditors

Any factors identified outside the control of our audit process that may affect our audit quality are identified as risks within our audit

tools. Appropriate responses are put in place to address these risks throughout the audit engagement.

Some examples of factors outside the control of auditors that have the potential to affect audit quality include:

- the client's culture and their focus on financial reporting
- the resources of the client's internal finance team and their Audit Committee
- quality, timeliness and availability of the client's financial information
- changes in the regulatory environment the client operates in, including reporting deadlines

Australia's audit regulation framework

All people assigned to an engagement are required to adhere to the independence rules prescribed by the Corporations Act 2001, professional standards and codes, relevant foreign legislation and regulations, and our own internal policies, including signoffs acknowledging people are free from prohibited financial interests in, and relationships with, our clients, their management, partners and significant owners.

Personal independence is monitored through our Risk and Compliance Group and web-based Global Independence System (GIS).

Part of the National Audit Support monitoring program includes the review of all engagements in compliance with the rotation provisions of the Corporations Act 2001 and the Australian professional and ethical requirements and, where necessary, those of foreign regulators such as the US SEC.

Our policies and processes pertaining to the acceptance of non-audit clients safeguard us from providing prohibited services to our audit clients. Controls are built into our Acceptance and Continuance Tool for non-audit services to trigger the consultation and approval process. In cases where a conflict may arise, the Audit Engagement Partner is consulted to determine the appropriate safeguards, so as to remove threats to independence or ethical concerns.

External monitoring

Monitoring of performance of statutory audit functions

Grant Thornton Australia Ltd is subject to a comprehensive program of scheduled internal and external monitoring of audit quality and independence compliance.

External monitoring under Australia's co-regulatory framework includes:

- Australian Securities and Investments Commission (ASIC) – rolling quality reviews. Last inspection December 2012. Next inspection commencing September 2014
- Chartered Accountants Australia and New Zealand – analysis of the drivers of audit quality. Last survey conducted in 2012
- PCAOB Review – every three years. Last inspection December 2012

Internal monitoring includes:

- GTIL Audit Review (GTAR) – at least every three years. Last inspection December 2013
- GTAL Peer Review (IQCR) program – rolling quality reviews, with all Audit Partners reviewed over a three year cycle. Last inspection May 2014
- Independence Declaration Compliance Audit – annually

Grant Thornton Australia Ltd does not rely solely on periodic reviews to monitor our quality framework and performance. Ongoing monitoring is an important part of our commitment to continuous improvement.

Other monitoring activities include:

- Audit Engagement Quality Control Reviews where required on specific audit engagements
- Consultation Reviews requested by the engagement team with industry experts within the firm or by our National Audit Support team
- accounting, audit and methodology technical queries performed by our National Audit Support team

Our internal review program extends beyond the review of individual engagement files to incorporate an assessment of the existence and effectiveness of our policies and procedures. Grant Thornton Australia Ltd's Peer Review Programs extend across all service lines. They incorporate a compliance review component to assess performance against a range of compliance requirements including legislation, standards, codes and our own policies.

For example, GTIL member firms use the GTIL ISQC 1 template to form a basis for internal reviews. Each member firm is required to submit a final inspection report of its quality control system to GTIL for monitoring and follow-up. This is in line with the requirements of the following standards:

- International Standard on Quality Control 1 (ISQC) 1: Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements
- International Standards on Auditing 220: Quality Control for Audits of Historical Financial Information
- IESBA Code of Ethics for Professional Accountants

Grant Thornton Australia Ltd's audit review teams are coordinated by the National Audit Support team leader and approved by the Audit Advisory Group (AAG), comprising the National Audit Leader and the local audit leaders in each State across Australia.

Risk issues generated by all review and monitoring activities are assessed to determine an appropriate Management Action Plan (MAP). MAPs are loaded to a central system called Risk Monitor. Our Risk & Compliance team use Risk Monitor to track issues through to completion. Risk Monitor data and information collated from our Risk Assessment Program are combined to improve quality standards across the firm. Results are provided to management through all levels up to and including the Board. Management is able to use the results of our quality monitoring and risk assessment programs to effectively allocate resources where needed to maintain or improve quality performance.

Where the actions being taken are considered insufficient to meet the completion deadlines, or insufficient to fully and appropriately resolve the issue the National Risk and Compliance Manager has the option to escalate to the Local Risk Management Advisory Committee, National Risk Leader and the Board. All breaches are carefully considered on a case by case basis and an investigation conducted to find out the impact, extent, and reasons the breach occurred; and then the appropriate action to address it. A goal of our compliance program is to minimise the chance of the occurrence of a breach, and mitigate the impact if one does occur.

During the last twelve months no issues have been raised which we believe have had, or have the potential to result in, a material negative impact on the quality of our statutory audits.

Independence practices

Maintaining objectivity and independence of thought is vital to conserving Grant Thornton South Australia Partnership's reputation.

We have a strong system of independence and conflict checks, which is designed to identify potential conflicts of interest at the earliest possible juncture, and deal with them appropriately. Independence has particular meaning in the audit environment but is equally relevant throughout the whole firm. Independence standards are clearly defined in our Independence Policy and Guidelines and in our Compliance Manual.

Independence compliance is monitored actively, and the firm, Partners and client facing managers are required to record their financial interests (and those of their immediate family members) in our automated tracking system, GIS (Global Independence System).

Financial interests of the firm and its affiliated entities are also recorded in GIS. A list of the firm's audit clients with publicly-traded securities is maintained and can be accessed on the firm's intranet by all Partners and staff. Compliance with the independence policy by all of the firm's personnel is checked formally on an annual basis as part of the firm's Annual Independence Declarations process, and a review of a sample of GIS accounts is performed to establish whether suppliers are audit clients of the firm and, if they are, whether a threat to independence might arise.

To maintain our objectivity when delivering services to clients we have policies and procedures in place to identify any existing client, vendor, or business relationships with a prospective client or its affiliate prior to accepting the appointment.

The nature and effectiveness of the firm's procedures for maintaining independence are kept under constant review. We obtain assurance about their operation from annual audits of user accounts in GIS, cold reviews of audit files and internal reviews of nonaudit practice areas of the firm. Where weaknesses or breakdowns are revealed, appropriate corrective action is taken. Our procedures are designed effectively and are generally operating as intended.

The GTAL Independence Compliance Officer (ICO) is responsible for determining and enforcing sanctions. GIS reports are monitored by the Risk & Compliance Manager and exceptions are reported to the ICO. Continued or repeated failure by any GIS user to comply with their obligations will be subject to escalation to the relevant OMP, and then to the CEO. This is in addition to the mandated sanctions for GIS non-compliance by GTI. In some circumstances, GTAL may also report the person's conduct to law enforcement authorities for appropriate action. Breaches are also taken into account during Partner and employee performance evaluations.

In addition, failure to follow requirements relating to use of the Global Independence System (GIS) may result in a violation of safe harbour protection under the SEC rules. This would jeopardise safe harbour protection not only for GTAL, but potentially for all member firms' in the Grant Thornton network. Consequently, there is zero tolerance for breaches that affect safe harbour protection.

Independence practices

Grant Thornton International Ltd

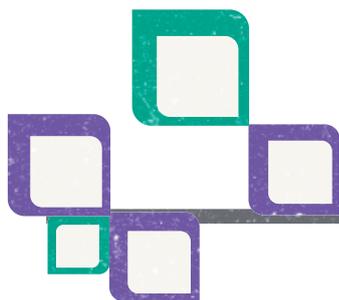
In addition to our own independence practices, Grant Thornton International Ltd (GTIL) requires member firms to adopt global policies and procedures designed to safeguard independence on assurance engagements and identify circumstances that could pose a conflict of interest. The global independence policies and procedures are based on the International Ethics Standards Board's Code of Ethics for Professional Accountants with supplements to govern compliance with our global independence and international relationship checking processes.

GTIL monitors compliance with these policies. Member firms are required to identify a Partner with responsibility for overseeing independence matters, including providing training and obtaining annual confirmations of compliance with independence policies. Our National Risk Leader is appointed to ensure these requirements are met.

Each member firm completes an annual independence survey so that GTIL can monitor each firm's compliance with global independence policies.

The increase in regulations and standards and the growing volume of services provided to international clients by Grant Thornton have made compliance with independence requirements a complex process. A global independence team (led by the global head – independence) assists member firms with these requirements. The global independence team's responsibilities include providing:

- member firms with policy, guidance and training relating to independence matters
- guidance to member firms on interpreting, applying and complying with global policy or specific auditor independence rules
- oversight, compliance monitoring and support of the automated Global Independence System (GIS)
- an international relationship checking process designed to provide reasonable assurance that non-audit services are not provided to an audit client or its affiliate without appropriate consultation with the audit Partner and, where applicable, the client's audit committee
- member firms with appropriate independence consultation when dealing with complex international regulatory and independence matters.



Continuing professional education

Regular training is crucial. Through this training, our Partners and people are made aware of the latest issues and standard requirements so that they are able to address them appropriately.

Chartered Accountants Australia and New Zealand and CPA use Grant Thornton Australia Ltd to provide technical updates to their members.

Grant Thornton Australia Ltd has invested heavily in national training. All our Partners and qualified people are required to keep up to date with the latest professional standards, including our own risk management, ethical and independence requirements. Our people operating in specialist service lines or dedicated markets including statutory audit must comply with compulsory training requirements. On an annual basis we actively monitor any requirements that need to be met, with each professional team member required to submit a continued professional development record.

Internally, technical resources and support are provided through regular electronic updates, training workshops and seminars.

All our Partners and qualified people are required to comply with the Institute of Chartered Accountants in Australia's Continuing Professional Education Requirements. Members are required to undertake a minimum of 120 hours of Training and Development over a three year period. At least 20 hours (including no more than 10 hours of technical reading) must be completed annually.

Partners holding certain registrations are required to complete at least 40% of their hours in the appropriate specialist area.

Our culture

Grant Thornton Australia Ltd is committed to developing a high performing and engaging culture that will underpin the long term effectiveness of our business strategies and ensure our clients consistently receive quality service and solutions. Grant Thornton aspires to have a culture that is adaptive and responsive to change, fosters innovation and drives continuous improvement. We are focused on creating a positive and inclusive work environment that values diversity of experience and thinking and builds collaborative relationships.

Recruitment

We are committed to attracting, retaining and developing highly skilled and motivated team members who deliver value to our clients whilst having enriching long term careers. Our comprehensive recruitment and selection process includes a variety of assessments that evaluate candidates against a selection of competencies including:

- critical thinking
- building business relationships
- teamwork
- results driven
- communication
- commerciality
- initiative, adaptability and ownership
- leadership capability

Developing our people

Our career framework which incorporates our Performance Inspiring System, Learning Pathway and technical and non-technical competencies provides an overview of how our people can develop and grow within the firm. Performance Inspiring Conversations are conducted twice yearly between coaches and individuals and the emphasis of the conversation is about:

- reflecting on how the team member has delivered on their objectives and recognising other achievements throughout the period
- identifying and leveraging their strengths and career aspirations
- agreeing on objectives for the year ahead and being clear about how they can make the biggest difference to the success of their team and the firm
- agreeing on the type of support, experiences and development needed to help them achieve their objectives

Our people also receive ongoing coaching, support and feedback throughout the year which recognises achievement of objectives, effort and behaviours demonstrated and also factors in feedback from colleagues and clients.

The Learning and Development pathway is designed to build highly skilled business advisors and leaders at all levels who consistently deliver quality service and solutions to our clients. Each of the learning programs contributes to building competencies and leveraging strengths to meet the requirements of the firm, service lines and an individual's aspirations.

Continuing professional education

Recognition, reward and promotions

Key to developing high performing and engaged teams is identifying and rewarding exceptional performance. This year we spent a considerable amount of time reviewing our remuneration framework to ensure there is a strong link between performance and reward. We also focused on defining the attributes of high performing and high potential team members and implemented a process to identify these individuals and subsequently create the appropriate development and progression plans.

All promotions to Associate Director, Principal and Partner require the submission of a business case, psychometric testing and a detailed assessment. Technical expertise and quality of work are considered as part of the promotion process. A panel interview involving a selection of people from the National Leadership Team and People & Culture meet with the candidate and sponsoring Partner and a recommendation for appointment is put to the CEO and in the case of Partners, to the Board for final approval.

Grant Thornton International Ltd

While the majority of technical training takes place within member firms, Grant Thornton International Ltd (GTIL) makes a significant investment to train auditors in all member firms in the global audit methodology, Horizon™, and its proprietary software tools.

Significant effort and resources have been committed to make this training program technically rigorous to support implementation throughout member firms so the audit needs of public interest and privately held companies and not-for-profits can be met appropriately, regardless of their size or complexity.

Client service

Grant Thornton Australia Ltd prides itself on client service excellence. We want all our clients to experience a consistently high level of service no matter where they do business. Our common focus is to understand what businesses want, need and value: close relationships, constant communication and a friendly, easily accessible service from their business advisors.

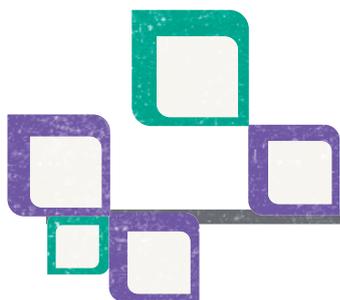
We believe in working with our clients to understand their objectives and help them reach their goals. Delivering when we say we will and offering value at every opportunity is fundamental to our approach.

Client satisfaction measurement

Our client satisfaction measurement program examines the thoughts and experiences of our clients to regularly monitor and review our client service delivery via a sophisticated online client feedback system. Feedback is used to continuously tailor and improve service levels and refine the training needs of engagement teams. This client feedback mechanism provides us with an action list for each client so that all members of the client service team understand the client's expectations, can monitor progress and make improvements during the engagement. We seek to measure client service delivery feedback annually. There are four-steps to this process:

- 1 questionnaire delivery scheduled for each client
- 2 questionnaires sent by a third-party consultant
- 3 responses reviewed by engagement team members to analyse results
- 4 follow-up performed with the client to review performance and address concerns

By tailoring and reviewing the 'Grant Thornton experience' we are able to enhance every element of our approach and ensure we constantly offer value and deliver services to help clients meet their objectives.



In the profession

We are committed to investing the time of our senior people in professional leadership positions. This ensures our clients have access to excellent technical support and awareness of emerging issues, and their interests are properly represented as public policy is developed.

Andrew Archer	<ul style="list-style-type: none"> • Australian Public Policy Committee of the Accounting Bodies and major accounting firms • Australian Securities & Investments Commission, Accounting Liaison Committee • Chartered Accountants Australia and New Zealand, Member of NSW Council (until December 2013) • Chartered Accountants Australia and New Zealand, Program Member Advisory Panel – Audit & Assurance • University of Technology Sydney, Adjunct Professor
Paul Banister	<ul style="list-style-type: none"> • The Taxation Institute, State Councillor (QLD Committee)
Darren Bates	<ul style="list-style-type: none"> • Property Council of Australia (VIC Division), Victorian Tax Reform Committee
Paul Billingham	<ul style="list-style-type: none"> • University of Melbourne Accounting Industry Hall of Fame, Selection Committee Member • Insol Global quadrennial Conference 2017, Chairman
Nick Burne	<ul style="list-style-type: none"> • Chartered Accountants Australia and New Zealand Public Practice and Advisory Committee (PPAC)
Les Corder	<ul style="list-style-type: none"> • Chartered Accountants Australia and New Zealand, Special Interest Group, Member
Michael Cunningham	<ul style="list-style-type: none"> • Ausbiotech, Victorian Med-Tech Committee
Gail Curtis	<ul style="list-style-type: none"> • Chartered Accountants Australia and New Zealand, Chartered Accountants Advisory Group (WA)
Wayne Gladman	<ul style="list-style-type: none"> • Australian Institute of Professional Investigators, Secretary
Meryl Gwan	<ul style="list-style-type: none"> • Australian Public Policy Committee of the Accounting Bodies and major accounting firms • Auditing & Assurance Standards Board's Consultative Group • Chartered Accountants Australia and New Zealand, Technical Research Group
Peter Hills	<ul style="list-style-type: none"> • Association of Mineral & Exploration Companies (AMEC), Tax Committee, Member
Tinashe Kamangira	<ul style="list-style-type: none"> • Chartered Accountants Australia and New Zealand Regional Council (WA)
Elizabeth Lucas	<ul style="list-style-type: none"> • The Taxation Institute, Fringe Benefits Tax Subcommittee, Chair • The Taxation Institute, Not for Profit Subcommittee, Member • Past member of the National Tax Liaison Group, Fringe Benefits Tax Subcommittee • Department of Treasury, Not for Profit Sector Tax Concession Working Group in 2012/13
Michael McCann	<ul style="list-style-type: none"> • Australian Restructuring Insolvency & Turnaround Association (ARITA), Deputy President • ARITA, Queensland Division Chairman
Shane McDonald	<ul style="list-style-type: none"> • CPA Australia, Secretary of the Forensics and Financial Investigations Discussion Group (VIC)
Shaun McKinnon	<ul style="list-style-type: none"> • ASIC, Insolvency Liaison Committee
Andrew Newman	<ul style="list-style-type: none"> • Australian Information Industry Association, Queensland Council member
Mark O'Hare	<ul style="list-style-type: none"> • Stuartholme School, Director • Merlo Coffee, Advisory Board
Eric Passaris	<ul style="list-style-type: none"> • Australian Charities & Not-for-Profits Commission, Professional Users Group • Companies Auditor and Liquidator Disciplinary Board • CPA Australia, Disciplinary Committee
Mark Phillips	<ul style="list-style-type: none"> • Federation of Automotive Products Manufacturers (FAPM), Committee Member
Tony Pititto	<ul style="list-style-type: none"> • Trinity College at University of Melbourne, Finance and Audit Risk Committee • Australian Food & Grocery Council • Australian Agribusiness Association • Victorian Farmers Federation
Trevor Pogroske	<ul style="list-style-type: none"> • Australian Securities and Investments Commission Insolvency Regional Liaison Committee • Kehillat Masada Synagogue, Treasurer • NSW Congregation of Synagogues, Delegate and North Shore representative • Sir Moses Montefiore Jewish Home, Board Director
Robert Powell	<ul style="list-style-type: none"> • Family Business Australia, Advisor Committee • Board of Taxation, Expert Panel Member
Andrew Rigele	<ul style="list-style-type: none"> • Chartered Accountants Australia and New Zealand National Quality Review Committee, Chairman
Andrew Sallway	<ul style="list-style-type: none"> • Australian Restructuring Insolvency & Turnaround Association, Insolvency Education Program, Workshop Leader
Michael Selth	<ul style="list-style-type: none"> • The Taxation Institute, State Chairman (VIC Committee) • The Taxation Institute, Education Advisory Board • Australian Restructuring Insolvency & Turnaround Association, Insolvency Education Program, Workshop Leader
Sian Sincalir	<ul style="list-style-type: none"> • Property Council of Australia (QLD Division), Tax Roundtable, Chair
Liz Smith	<ul style="list-style-type: none"> • Women in Finance Victoria, President
Simon Trivett	<ul style="list-style-type: none"> • Business Reporting Leaders Forum • Australian Securities & Investments Commission Accounting Liaison Committee (VIC) • Victorian Council of Social Services, Audit & Risk Committee, Director and Chair
Jeff Vibert	<ul style="list-style-type: none"> • Australian Securities & Investments Commission, Accounting Liaison Committee (WA)
Steve Westaway	<ul style="list-style-type: none"> • The Tax Institute, Immediate Past President • The Tax Institute, Professional Practices Working Group • Consultant to Board of Taxation

Statement on the firm's internal quality control systems

The Board has ultimate responsibility for the firm's quality management systems and the establishment of appropriate internal control systems across the firm.

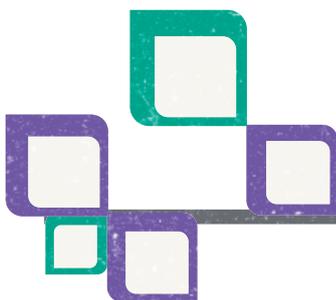
The policies and procedures that serve as the basis for the system of quality management for GTAL & controlled entities outlined in this report are designed to manage rather than eliminate the risk of failure to achieve business objectives, or in the case of financial controls, the risk of material misstatement of our financial statements. Accordingly they provide only reasonable and not absolute assurance against such failure or material misstatement.

During the year the Board, through the activities of the Finance & Audit Committee and Enterprise Risk Committee, has reviewed:

- the design and operation of the quality management systems as described in this report
- the findings from regulatory inspections and subsequent follow up and/or remedial actions
- reports from the firm's external auditors
- reports from Grant Thornton International and various compliance programs operated by our firm on the firm's quality control systems

The review by the Board has not identified any failings or weaknesses that it has deemed to be significant, but have identified actions which it believes will strengthen controls to mitigate significant risks. On the basis of the review, the Board is satisfied the firm's internal quality control systems are operating effectively. In addition, the Board confirms an internal review of our internal independence processes has been conducted during the year.

We continually seek to improve all aspects of our business and use the findings of the practice review, other internal reviews and external regulatory reviews to enhance our system of quality control.



Financial information for Grant Thornton Australia Ltd and controlled entities

Turnover

	GTAL 2014	GTSAP** 2014
Fees (turnover) for statutory audits	\$67.4m	\$5.1m
Fees (turnover) for non-audit services charged to audit clients	\$12.9m	\$0.6m
Fees (turnover) for non-audit services to non-audit clients	\$138.3m	\$7.0m
Total fees (turnover)	\$218.6m	\$12.8m

Firm

	GTAL 2014	GTSAP** 2014
Number of Partners	137	3
Number of professional staff (full time equivalents)	820.6	-
Number of non-professional staff (full time equivalents)	210.9	-
Total	1,168.5	3

Audit

	GTAL 2014	GTSAP** 2014
Number of Partners	38	3
Number of professional staff (full time equivalents)	326.5	-
Number of non-professional staff (full time equivalents)*	15.8	-
Total	377.3	3

* Excludes firm wide shared services (e.g. IT, HR, Marketing, etc)

** Grant Thornton South Australia Partnership

Partner and related entity remuneration

Grant Thornton South Australia Partnership is a wholly owned subsidiary of Grant Thornton Australia Ltd and all Partners are remunerated by Grant Thornton Australia Ltd.

Grant Thornton Australia Ltd's Partner Equity and Promotion Committee is a Board subcommittee to oversee fair and responsible remuneration practice for all Partners.

The Partner Performance and Earnings Policy, effective 1 July 2012, is reviewed and updated annually as required to meet the changing needs of the business. The updated policy is approved by the Board and communicated to all Partners.

Each Partner is attached to a remuneration band that is linked to Enterprise Value.

Each Partner's Enterprise Value is assessed by the National Moderation Committee. The National Moderation Committee is comprised of the CEO, Business Unit Leaders, the Chief Operations and Financial Officer and the Director of People and Culture.

Base remuneration bands are determined by the PEP in consultation with external consultants on an annual basis reflecting the market rate. Movement within the remuneration bands is dependent on a Partner's Overall Performance Score (OPS).

The CEO is the only Partner whose role stands outside the Enterprise Value assessment. Remuneration of the CEO is assessed upon the achievement of objectives and KPIs set and agreed by the Board.

Grant Thornton Australia Ltd is an unlisted public company. All shares in the company are owned and controlled by entities related to individual Partners.

Grant Thornton Australia Ltd distribute profits as determined by the company's policy. The company distributes 95% of its profit annually.

The policies provide for three pools:

- Short Term Incentive (STI)
- Long Term Incentive (LTI)
- Equity

The STI and LTI pools are discretionary in nature, determined after review by PEP and the Board. Equity pool payments are declared based on shares on issue. These shares hold value and are independently valued annually. They cannot be sold to third parties.

Audit Partners and staff are not remunerated by reference to non-audit services sold to their audit clients.

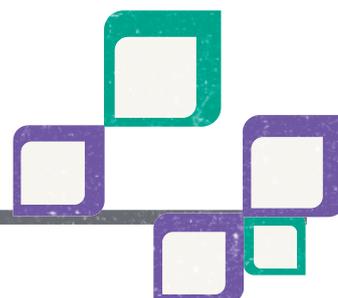
All profit distributions are approved by the Board, based on the profitability and cash flow of the firm subject to agreed retention levels.

Grant Thornton Audit Pty Ltd, being the registered audit company, has five directors who do not receive any remuneration as directors. The directors do receive Partner base remuneration.

Public interest entities

The following is a list of public interest entities where we performed statutory audits in the financial year ended 30 June 2014:

Beach Energy Limited
Flinders Mines Limited
Marathon Resources Limited
Marmota Energy Limited
Maximus Resources Limited
Monax Mining Limited
Pawnee Energy Limited (formerly Island Sky Limited)
Prophecy International Holdings Limited
Ramelius Resources Limited
TWT Group Limited

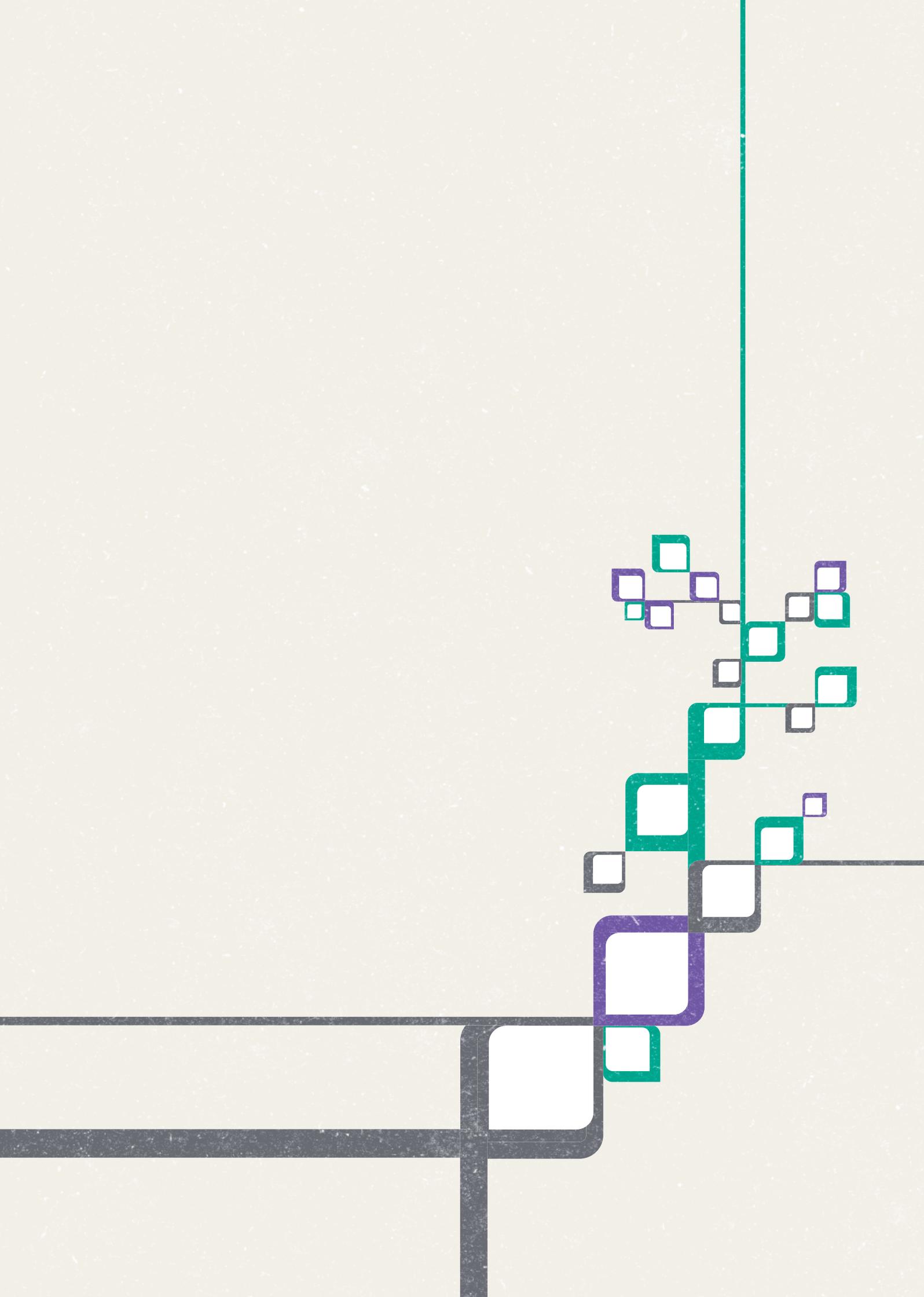


Transparency report compliance map

The following table maps the requirements for audit transparency reports as set out in s332–332G of the Corporations Act 2001 and Schedule 7A of the Corporations Regulations 2001 to our Transparency report.

Prescribed information

Narrative	Page
A description of the transparency reporting auditor's legal structure and ownership	9
If the transparency reporting auditor belongs to a network, a description of: the network, the legal arrangements of the network and the structural arrangement of the network	10-12
A description of the transparency reporting auditor's governance structure	13-15
A description of the transparency reporting auditor's internal quality control system	16-17
A statement by the transparency reporting auditor's administrative body or management body (or the company's board of directors) on the effectiveness of the functioning of the transparency reporting auditor's internal quality control system in the relevant transparency reporting year	24
The name of each body that is authorised to review the transparency reporting auditor (e.g. ASIC or a professional accounting body) and the date of the most recent review of the transparency reporting auditor conducted by the body	18
The names of the bodies of the kinds mentioned in subsection 332A(1) of the Corporations Act for which the transparency reporting auditor conducted an audit under Div 3 of Part 2M.3 of the Act in the relevant transparency reporting year	27-28
A statement about the transparency reporting auditor's independence practices in the relevant transparency reporting year, including the date on which the transparency reporting auditor most recently conducted an internal review of its independence compliance	19-20
A statement about the policy that the transparency reporting auditor follows regarding the minimum amount and nature of continuing or other professional education that professional members of an audit team must undertake during the relevant reporting year	21-23
Financial information for the transparency reporting auditor that relates to the relevant transparency reporting year, including: total revenue and revenue relating to audits of financial statements conducted by the transparency reporting auditor and other services provided by the transparency reporting auditor	25
Information concerning the basis for remuneration of the audit firm's partners or the authorised company's directors	26



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