

ALLIED BRANDS LIMITED

AUDIT COMMITTEE CHARTER

Membership

The Audit Committee will consist of 2 or more Non-executive members of the Board of Directors.

The Chairman of the Audit Committee will be appointed by the Board of Directors, who shall have appropriate experience in financial reporting.

The CEO may be invited to attend Audit Committee meetings.

The external auditor shall be invited to attend relevant appropriate Audit Committee meetings.

Secretarial and Meetings

The Company Secretary shall be appointed secretary of the committee. The financial controller, in conjunction with the Chairman, shall draw up an agenda which shall be circulated at least one week prior to each meeting to the members of the Committee and the external auditors.

The Chairman will call a meeting of the Audit Committee if so requested by any Director.

The external auditors should be given notice of all meetings considering relevant matters and have the right to attend and speak.

Meetings shall be held at least four times a year.

Responsibilities

The Audit Committee shall consider any matters relating to the financial affairs of the Company and to the external audit that it considers necessary. In addition, the Audit Committee shall examine any other matters referred to it by the Board of Directors.

The duties of the Audit Committee are as follows:

- reviewing financial statements and other financial information distributed externally;
- monitoring corporate risk assessment and the internal controls instituted;
- monitoring the establishment of an appropriate internal control framework, including information systems, and considering enhancements;
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- reviewing the nomination and performance of the external auditors and considering auditor appointment when necessary (see Procedures annexed);
- liaising with the external auditors and ensuring that the annual audit is conducted in an effective manner;
- monitoring the procedures in place to ensure that the Company is in compliance with relevant legislative and reporting requirements;
- reviewing reports on any major defalcations, frauds and thefts from the Company;
- ensuring that a Code of Ethics is established and periodically reviewed;
- reviewing policies to avoid conflicts of interest and reviewing past or proposed transactions between members of management and the Company;
- reviewing significant transactions which are not a normal part of the Company's business;
- reviewing reports on the adequacy of insurance coverage; and

The Audit Committee shall have the authority to seek any information it requires from any officer or employee of the Company and such officers or employees shall, in need, be instructed by the Board of Directors to respond to such enquiries. The Audit Committee is authorised to take such independent professional advice as it considers necessary.

The Chairman of the Audit Committee shall report the findings and recommendations of the Committee to the Board of Directors after each Audit Committee meeting. The minutes of all Audit Committee meetings shall be circulated to members of the Board of Directors.

The Audit Committee shall have no executive powers with regard to its findings and recommendations.

AUDIT COMMITTEE AGENDA

A program for Audit Committee meetings covering the yearly activities of the Committee of an entity having a 30 June year-end is outlined below. The agenda is based on the Audit Committee meeting four times a year.

January meeting

- Consider and assess the performance of financial management;
- Consider and approve the half-yearly profit announcement in conjunction with Finance Director and external auditors;
- Meet with the external auditor to review the results and findings of the audit/review, to discuss the adequacy of internal financial controls, and to monitor the implementation of any recommendations made;
- Review of half-year financial statements; and
- Consider reports of internal audit arising from their activities for the quarter. Ensure action has been taken by management to address any internal control weaknesses identified.

April meeting

- Annual identification of business risks facing the entity and assessment of the adequacy of internal controls;
- Presentation by senior management on the adequacy of systems of internal control;
- Consideration of financial issues which will impact the annual report;
- Consider reports of internal audit arising from their activities for the quarter. Ensure action has been taken by management to address any internal control weaknesses identified;
- Review of related party transactions; and
- Reassess the Company's main Corporate Governance practices and consider content of the Corporate Governance Statement for inclusion in the annual report.

August meeting

- Consider and approve the pro-forma preliminary final statement in conjunction with the Finance Director and external auditors;
- Meet with the external auditor to review the results and findings of the annual audit, to discuss the adequacy of internal financial controls, and to monitor the implementation of any recommendations made;
- Review of financial statements; and
- Consider reports of internal audit arising from their activities for the period. Ensure action has been taken by management to address any internal control weaknesses identified.
- Debriefing with Finance Director and external auditor on the preparation of the annual report and the activities of the previous year;
- Consider matters raised by the external auditors in their management letter and management's response. Consider implementation of new controls arising from the letter; and
- Consider reports of internal audit arising from their activities for the quarter. Ensure action has been taken by management to address any internal control weaknesses identified.

November meeting

- Review Audit Committee Charter and determine extent of achievement during past 30 June year;
- Meet with external auditor to discuss the coming year's audit plan and budget;
- Consider reports of internal audit arising from their activities for the quarter. Ensure action has been taken by management to address any internal control weaknesses identified;
- Presentation by insurance officer and broker of insurance plan for the coming year. Review adequacy of cover and consider risks not covered;
- Review reports on the Company's superannuation plan and compliance with relevant laws and regulations ;
- Review policies on sensitive issues or practices such as environmental issues;
- Annual consideration of the Corporate Code of Ethics and procedures in place to ensure compliance;
- Review Disaster Recovery / Continuity of Business Plan; and
- Review compliance diary.

PROCEDURES

EXTERNAL AUDITOR APPOINTMENT

PREFACE

The Audit Committee's duties include reviewing the nomination, performance and independence of the external auditors, including making recommendations to the Board for the appointment or removal of an external auditor.

The performance of the auditors will be reviewed annually by the Audit Committee which will recommend to the Board the retention or replacement of the auditors.

Should a change of auditor be required, a formal proposal process will be undertaken. The Audit Committee will make recommendations to the Board as to the required attributes of the auditor and provide a recommendation on the auditor to be appointed.

EXTERNAL AUDITOR APPOINTMENT PROCEDURES

The procedures adopted by the Audit Committee in selecting an auditor must always remain flexible, however the following matters, inter alia, will be taken into account:

- ability to add value to the company's operations & profitability
- resources available to conduct the audit
- industry experience & expertise
- audit approach & methodology
- methods & frequency of reporting
- transitional issues & arrangements required
- independence issues
- fees
- other services available.

EXTERNAL AUDITOR INDEPENDENCE

The auditor is required annually to give the Board a written declaration regarding compliance with the independence requirements of the Corporations Act.

ROTATION OF EXTERNAL AUDIT ENGAGEMENT PARTNER

Allied Brands Limited requires the rotation audit engagement partner every 5 years.