

# **Audit Committee Charter**

Approved 29 October 2009

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## **1. Introduction**

Techniche Limited (“the Company”) is a listed public company. The powers, duties and responsibilities are prescribed by the Corporations Act and the Constitution of the Company. The Board of Directors (“the Board”) is responsible for the corporate governance of the Company and its controlled entities (“the Group”).

The Audit Committee (“the Committee”) is a committee of the Board. The Committee is constituted and delegated functions by the Board. It has no powers other than those set out in the Charter or otherwise delegated to it by the Board. The Committee’s role is to review and make recommendations to the Board. It has no executive power or management function.

The Board retains full financial responsibility for the Group.

The Constitution governs the regulation of meetings and procedures of the Committee.

This Charter should be read in conjunction with the Board Charter.

## **2. Objectives**

The Committee will assist the Board fulfil its corporate governance and oversight responsibilities in respect of the Group’s:

- financial reporting;
- internal control structure;
- external audit function; and
- overall corporate governance policies.

## **3. Roles and Responsibilities**

The key responsibility of the Committee is to assist the Board independently verify and safeguard the integrity of the Group’s financial reporting and review and evaluate all material capital management financing and treasury risk management proposals.

### **Financial Reporting**

The Committee is responsible for:

- reviewing and recommending to the Board any half-yearly and annual financial reports and all other financial information with management, advisers and auditors (as appropriate), including but not limited to preliminary announcements, interim financial statements, analyst briefings and media releases;
- reviewing and recommending to the Board proposed material changes in accounting policies;
- recommending to the Board declaration of profits available for payment of dividends and the interim and final dividend amounts payable;
- assessing the appropriateness of accounting policies and principles, and any changes to them, so that they accord with the applicable financial reporting framework;
- obtaining an independent judgement from the external auditor about the appropriateness of accounting policies and principles, and the clarity of current or proposed financial disclosure practices;
- assessing any significant estimates or judgements in the financial reports and any unusual transactions, including valuations, impairments, commitments and contingencies;

- receiving from management confirmation that the integrity of the financial reports is founded on a sound system of risk management and internal compliance and control, pursuant to Section 295A of the Corporations Act 2001;
- endeavouring to ensure that significant adjustments, adjusted differences and critical accounting policies and practices are discussed with the external auditors;
- endeavouring to ensure that the Board is aware of any matters which may significantly impact the financial condition of the Group's business;
- assessing information from auditors that may affect the quality of financial reports (for example material audit adjustments, financial report disclosures, non-compliance with laws and regulations and internal control issues); and
- monitoring the continuous disclosure process adopted by the Board and recommending to the Board any necessary changes.

### **External Audit**

The Committee is responsible for:

- approving and recommending to the Board for acceptance the terms of engagement of the external auditor;
- regularly reviewing with the external auditor the scope of the external audit, identified risk areas and any other agreed procedures;
- recommending to the Board for approval the appointment or removal of an external auditor;
- approving the remuneration of the external auditor;
- regularly reviewing the effectiveness and independence of the external auditor;
- meeting periodically with the external auditors and inviting them to attend Committee meetings to:
  - review their plans for carrying out internal control reviews;
  - identify if there have been any significant disagreements with management, whether or not they have been resolved; and
  - consider any comments or recommendations made in the external auditor's management letter, particularly any comments about material weakness in internal controls and management's response to those matters;
- where appropriate ensuring that the external audit engagement partners are rotated in accordance with relevant statutory requirements, and otherwise after a maximum of five years service;
- monitoring and reporting to the Board on management's response to the external auditor's findings and recommendations; and
- reviewing all representation letters signed by management and receiving and reviewing the reports of the external auditor.

### **Compliance with Laws and Regulations**

The Committee is responsible for:

- reviewing the effectiveness of the system of monitoring compliance with laws and regulations;
- reviewing the results of management's investigation and follow-up of any fraudulent acts or non-compliance;
- obtaining regular management updates regarding compliance matters;
- ensuring that all regulatory compliance matters have been considered in preparation of the Group's financial statements; and
- reviewing the findings of any audits or examinations undertaken by regulatory agencies, including but not limited to ASIC, ASX and the ATO.

## **4. Committee Membership**

The Committee will consist of at least two members of the Board with complementary skills and experience. All members of the Committee must be non-executive Directors and the majority of members should be independent. In addition one member is to have an appropriate depth of experience in an accounting of finance related discipline. All members are to be financially literate – or become financially literate within a reasonable period of time after appointment.

The Committee Chairman will be nominated by the Committee from time to time and will not be the Chairman of the Company. A quorum will be two members. Membership of the Committee will be determined by the Board and changed at the discretion of the Board. The Company Secretary, or such other person as nominated by the Board, will act as Secretary of the Committee.

The Managing Director, Chief Financial Officer, Company Secretary and External Auditors and such others as deemed appropriate may be invited to attend Committee meetings. The Committee is to meet at least two times each year. Special meetings may be convened as required.

Adequate minutes of all proceedings will be kept. Committee members will be provided with copies of the minutes of each meeting. Minutes, agenda and supporting papers will be made available to Committee members upon request to the Committee secretary, except if there is a conflict of interest.

## **5. Reporting to the Board**

The Committee is responsible for:

- regularly updating the Board about Committee activities and making appropriate recommendations; and
- ensuring the Board is aware of any matters that may impact on the financial condition of affairs of the business.

## **6. Performance Assessment**

The Committee will undertake an annual performance appraisal of itself that:

- compares the Committee's performance with the requirements of this Charter;
- provides any improvements to the Board Charter that are deemed necessary or desirable.

The Committee will present to the Board annually a report of its activities for the prior financial year and on its performance following the annual performance evaluation.

## **7. Disclosure**

The Board will make appropriate disclosure in the Techniche Limited Annual Report, including:

- details of the names and qualifications of those appointed to the Committee;
- a summary of the number of Committee meetings held and the number attended by each committee member; and
- a statement explaining any departure from the best practice recommendations set out in the Australian Securities Exchange Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations.

**This Charter was adopted by the Techniche Limited Board and adopted by the Audit Committee on 29 October 2009.**

The Charter is also publicly available on the Company's website in a clearly marked Corporate Governance section.

Any questions relating the interpretation of this Charter should be forwarded to the Company Secretary.