

Audit and Risk Committee

Charter

A. P. Eagers Ltd

Prepared by:
Approved by:
Date Finalised:

Denis Stark
Board
23 July 2008

1. PURPOSE OF CHARTER

1.1. This Charter sets out the authority, responsibilities, membership and other requirements of the Audit and Risk Committee of A. P. Eagers Ltd.

2. AUTHORITY

2.1. The Committee is a committee of the Board. It is appointed and authorised by the Board to assist in fulfilling the Board's responsibilities. It exercises the authority and power delegated to it by the Board.

2.2. In fulfilling its responsibilities, the Committee may consider any matters and make recommendations to the Board, as it sees fit.

2.3. In fulfilling its responsibilities, the Committee may conduct or direct investigations and retain legal, accounting or other consultants, as it sees fit.

2.4. The Committee may appoint sub-committees comprising one (1) or more of its members and/or other persons. Any sub-committee will have the full power and authority of the Committee, subject to the terms of its delegated authority.

3. RESPONSIBILITIES

3.1. Accounting Practices and Tax

The Committee is to review and make recommendations to the Board regarding:

- 3.1.1. annual and half yearly financial reports;
- 3.1.2. significant accounting policy changes;
- 3.1.3. the adequacy and effectiveness of reporting and accounting controls and practices, including internal review processes and any restrictions on them; and
- 3.1.4. material taxation matters.

3.2. External Audit

The Committee is to review and make recommendations to the Board regarding the external auditor's appointment, fees, audit plan, performance, independence, provision of non-audit services and management letters (including management's responses). The Committee is also to determine whether there are any restrictions being placed upon the audit review process or the auditor.

3.3. Internal Audit

The Committee is to review and make recommendations to the Board regarding the internal audit charter, the audit plan, the auditor's reports, independence and provision of non-audit services and any restrictions on the auditor.

3.4. Risk Management

The Committee is to review and make recommendations to the Board regarding:

- 3.4.1. the adequacy and effectiveness of risk management and internal control systems; and
- 3.4.2. the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest.

3.5. Other

The Committee is to:

- 3.5.1. direct any special projects or investigations and perform any other duties, as directed by the Board from time to time; and
- 3.5.2. consider reports from management or auditors concerning any area of the Committee's responsibilities.

4. MEMBERSHIP

- 4.1. The Committee is to be comprised of at least three (3) members.
- 4.2. Where possible given the size and make-up of the Board, the Committee is to be comprised of:
 - 4.2.1. only non-executive Directors appointed by the Board having regard to any relevant factors in its discretion; and
 - 4.2.2. a majority of independent Directors.
- 4.3. The Board is to appoint one (1) member of the Committee as Chairman of the Committee. The Committee Chairman must be an independent Director but must not be the Chairman of the Board.
- 4.4. Any Committee member who retires, is removed or resigns from the Board will automatically cease to be a member of the Committee.

5. MEETINGS

- 5.1. A quorum comprises two (2) members of the Committee.
- 5.2. The Committee is to meet often enough to effectively fulfil its responsibilities, but not less than two (2) times each year.
- 5.3. The Committee Chairman may call a meeting of the Committee at any time and is to do so on the request of any Committee member, the Chairman of the Board or the Chief Executive Officer.
- 5.4. The Committee is to act by a simple majority on all business. Each member has one (1) vote only. The Chairman does not have a casting vote.
- 5.5. The Committee Chairman may invite any member of management, any auditor or any other person to attend Committee meetings.
- 5.6. The Committee may meet with any auditor or other person without management being present.
- 5.7. The Company Secretary is to be the secretary of the Committee, circulate the agenda and supporting papers for meetings to members as soon as practicable prior to meetings and prepare and maintain meeting minutes.

6. REPORTING AND ASSESSMENT

- 6.1. At the earliest practicable Board meeting after each Committee meeting, the Committee (through its Chairman) is to report any matters to the Board that the Committee believes should be brought to the attention of the Board and any recommendations requiring Board approval.
- 6.2. Minutes of Committee meetings are to be included in the papers for the next scheduled Board meeting as practicable.
- 6.3. Any Director may inspect the Committee's minutes, agendas and supporting papers upon request to the Company Secretary unless the Board believes there may be a conflict of interest.
- 6.4. The Committee is to review this Charter at least every two (2) years.