



AUDIT COMMITTEE CHARTER

1. Introduction

The Board of Amalgamated Holdings Limited (“**the Company**”) has established an Audit Committee to assist it with the management of financial risk of the Company and all its subsidiaries (“**the Group**”). This is the charter of the Audit Committee.

2. Purpose

The Audit Committee (“**Committee**”) is responsible for assisting the Board of Amalgamated Holdings Limited (“**Board**”) in discharging its responsibilities to safeguard the integrity of the Company’s and the Group’s financial reporting and the system of internal control.

The Committee will review the Company’s and the Group’s financial statements to oversee the integrity of the Company’s and the Group’s financial position and to oversee the independence and competence of the Company’s and the Group’s external auditors.

The Committee’s role is to provide appropriate advice and recommendations to the Board to assist the Board to fulfil its corporate governance responsibilities in regard to financial reporting, the internal control environment, and audit management across the Group.

3. Authority

The Committee is authorised by the Board to perform the activities and pass resolutions relating to all its responsibilities set out in Section 6 of this Charter. In addition, the Committee is authorised to:

- 3.1 investigate any activity it deems appropriate, consistent with its responsibilities and duties;
- 3.2 seek explanations and additional information from management and any officer or employee of the Group, all of whom must co-operate with any request made by the Committee;
- 3.3 meet with internal and external auditors without management present;
- 3.4 resolve any disagreements between management and the external auditors;
- 3.5 carry out any activities, determinations, decisions or resolutions delegated by the Board to the Committee; and
- 3.6 engage any firm of accountants, lawyers or other professionals as the Committee sees fit to provide independent advice and to assist in any review or investigation on such matters as the Committee deems appropriate, and all associated costs will be borne by the Company.

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The Internal Audit Manager and the external auditor both report independently to the Committee.

The Committee will have access to all books, records, facilities and personnel of the Group for the Committee to discharge its responsibilities.

4. Membership

The Board will appoint the members of the Committee and the Chair of the Committee (who must not be the Chair of the Board).

The Committee will be comprised of at least three members of the Board, all of whom are Non-Executive Board members and a majority of whom are considered by the Board to be independent directors. Members of the Committee will be appointed for an indefinite period, or until such appointment is revoked by the Board. The Board will review the membership of the Committee on an annual basis. It will be the responsibility of the Committee Secretary to advise the Board of the time for the review of Committee membership.

The Managing Director and the Director of Finance and Accounting cannot be members of the Audit Committee. All members of the Committee must be financially literate (that is, are able to read and understand financial statements). At least one member of the Committee must be a qualified accountant or other finance professional with significant relevant financial and/or accounting expertise. At least one member of the Committee must have significant relevant understanding of the business of the Group and the key industries in which the Group operates.

The Managing Director, Director of Finance and Accounting, the external auditors, the internal auditors and any members of the senior management team as requested by the Chair, are entitled to attend the Committee meetings. The Chair may invite other members of management or external parties (as appropriate) to attend all or part of any Committee meeting.

The Secretary of the Committee will be the Company Secretary or his delegate who must attend all meetings to take minutes.

5. Meetings

5.1 Quorum & voting

A quorum of any Committee meeting will be two members. A duly convened meeting of the Committee at which a quorum is present shall be sufficient to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. In the absence of the Chair the remaining members of the Committee will elect one of their number as Chair of the meeting.

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Each member will have one vote and the Chair of the Committee will not have a casting vote.

Meetings may be held, and resolutions passed by means of a conference call or similar communications equipment, or any other technology or process by means of which Board meetings may be held and resolutions passed under the provisions of the Company's constitution and the *Corporations Act (Cth) 2001*.

5.2 **Frequency**

The Committee will meet a minimum of four (4) times per year and more frequently if required, as determined by the Chair.

5.3 **Calling meetings**

The external auditors may convene a meeting by making a request to the Chair.

All directors of the Company are entitled to attend Committee meetings.

The Committee shall meet at least annually with the Internal Audit Manager and the external auditors without management present to discuss any matters the Committee considers relevant to the purpose of the Committee.

The Committee or the Chair of the Committee may invite non-Committee members to attend its meetings as deemed necessary from time to time.

5.4 **Schedule of meetings**

A schedule of meetings will be agreed in advance, however other meetings can be held as determined by the Chair.

In addition, the Company Secretary is required to call a meeting of the Committee upon request by either a Committee member, the Managing Director, the Director of Finance and Accounting, the Internal Audit Manager or the external auditors.

The agenda (approved by the Chair) and supporting documentation should be delivered to the Audit Committee members, where possible by the last day of the week preceding the meeting.

5.5 **Minutes**

The Company Secretary shall keep minutes of all Committee meetings.

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To the extent practicable, the Company Secretary will include copies of the minutes of each Committee meeting (in draft or final form) in the papers for the next full Board meeting after each meeting of the Committee.

The Committee minutes, agenda and supporting papers shall be made available to all Directors, provided there is no actual or perceived conflict of interest.

5.6 Reporting

The Committee will regularly report to the Board on all matters relevant to the Committee's responsibilities, including:

- 5.6.1.1 Assessing whether the Company's external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
- 5.6.1.2 Monitoring and assessing the adequacy, integrity, and effectiveness of internal controls supporting financial reporting;
- 5.6.1.3 The procedures for the selection and appointment of external auditors;
- 5.6.1.4 Recommending the appointment or, if necessary, the removal of the external auditors;
- 5.6.1.5 Assessing the performance and independence of the external auditors;
- 5.6.1.6 Monitoring and reviewing the performance and objectivity of Group Internal Audit;
- 5.6.1.7 Recommending the appointment or, if necessary, the termination of the appointment of the Internal Audit Manager; and
- 5.6.1.8 Making other appropriate recommendations to the Board for approval or action by the Board.

6. Responsibilities

The Committee in meeting its primary objectives should, without limiting the extent of its responsibilities, carry out the tasks and consider the various matters set out below:

6.1 Financial Statements

- 6.1.1 Review significant accounting, tax and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements and understand their impact on the financial statements.
- 6.1.2 Review with management and the external auditors the results of the audit, including any difficulties encountered.

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- 6.1.3 Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
 - 6.1.4 Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
 - 6.1.5 Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted Auditing Standards.
 - 6.1.6 Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
 - 6.1.7 Review interim financial reports with management and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to Committee members.
- 6.2 **Internal Control**
- 6.2.1 Consider the effectiveness of the Company's internal control system, including information technology security and control.
 - 6.2.2 Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- 6.3 **Internal audit**
- 6.3.1 Interface and review with the Internal Audit Manager the activities, staffing and structure of the internal audit function.
 - 6.3.2 Approve the annual plans of the internal auditors for the Group and regularly monitor the progress of implementation of these plans.
 - 6.3.3 Discuss the scope of audit work with the internal auditors and approve letters of engagement (including proposed fees) for any external services acquired by internal audit.
 - 6.3.4 Review with the internal auditor any significant recommendations made by them on the subject of internal control, and management's response to the recommendations.
 - 6.3.5 Monitor progress made by management in improving internal controls arising from recommendations made by the internal auditors.
 - 6.3.6 Make recommendations to the Board on the appointment of the internal auditor.
 - 6.3.7 Meet with the Internal Audit Manager, in the absence of management, to hear the views of the auditor on financial management and internal controls.

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6.4 External Audit

- 6.4.1 Interface with the external auditors.
- 6.4.2 Approve the annual plans of the external auditors for the Group and regularly monitor the progress of implementation of these plans.
- 6.4.3 Discuss the scope of audit work with the external auditors and approve letters of engagement (including proposed fees).
- 6.4.4 Commission such enquiry by the external auditor as the Committee deems appropriate.
- 6.4.5 Review with the external auditor any significant recommendations made by them on the subject of internal control, and management's response to the recommendations.
- 6.4.6 Monitor progress made by management in improving internal controls arising from recommendations made by the external auditors.
- 6.4.7 Make recommendations to the Board on the appointment or, if necessary, the removal of the external auditors, subject to Corporations Act requirements.
- 6.4.8 Review and approve external audit fees, including the monitoring and approval of all non-audit services in accordance with the Committee's policies.
- 6.4.9 Assess the independence of the external auditors (including the monitoring of the employment of former employees of the external auditor) and advise the Board on any statements required to be included in the Company's Annual Report as to:
 - whether the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act; and
 - the reasons for being satisfied (or not satisfied, as the case may be) that the provision of those non-audit services did not compromise the auditor independence requirements of the Corporations Act.
- 6.4.10 Meet with the external auditors, in the absence of management, to hear the views of the auditors on financial management and internal controls.

6.5 Compliance

- 6.5.1 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- 6.5.2 Review the findings of any examinations by regulatory agencies, and any auditor observations.

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- 6.5.3 Review the process for communicating the Code of Ethics and Business Conduct to Company personnel, and for monitoring compliance therewith.
- 6.5.4 Obtain regular updates from management regarding compliance matters.
- 6.5.5 Review compliance with taxation requirements and tax risk management.
- 6.5.6 Receive reports on disclosures to the Whistleblower Hotline. The Chair will be made aware of all reports and oversee the investigation of disclosures and report on these investigations to the Committee.

6.6 **General**

- 6.6.1 Make recommendations to the Board regarding the payment of dividends.
- 6.6.2 Review the Group's insurances at least annually, having regard to the Group's business and the insurable risks associated with the Group's business.
- 6.6.3 Receive and review the declarations made by the Chief Executive Officer and Chief Finance Officer in relation to financial reports (including as required by section 295A of the *Corporations Act*).
- 6.6.4 Undertake any matters referred to the Committee by the Board.
- 6.6.5 To formulate and monitor the effectiveness of financial, accounting and other policies relevant to the Committee's responsibilities.

7. **Reviews**

7.1 **Review of Performance**

To determine whether it is functioning effectively, the Committee will evaluate its own performance on an annual basis. This will include an assessment of the extent to which the Committee has discharged its responsibilities as set out in this Charter. The results of this review will be reported to the Board.

7.2 **Review of Charter**

The Committee will review its Charter every two years, or otherwise as it considers necessary. The Committee shall discuss any required changes with the Board and ensure that the Charter is approved by a resolution of the Board.

Approved: 19 May 2011

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