



SP Telemedia Limited (the “Company”)

Audit & Risk Committee Charter

1. Objectives

The Board has established the Audit & Risk Committee (the “AR Committee”) to assist in the oversight and review of the financial, operational and risk management of the Company’s activities.

The AR Committee has responsibility for ensuring the integrity of the financial reporting process, the risk management system, internal reporting and controls, management of strategic and major financial and operational risks and the external audit process based on sound principles of accountability, transparency and responsibility.

2. Authority of the AR Committee

The Board has delegated to the AR Committee the authority:-

- to seek such information from internal or external parties as the AR Committee deems appropriate;
- to obtain such external legal, tax, accounting or other professional advice and
- to request the attendance of staff and external advisors to meetings of the AR Committee.

3. Composition

The AR Committee shall comprise not less than 3 members, all of whom must be non-executive directors. The Chairperson shall be independent and be nominated by the Board and shall not be the Chairperson of the Board. Unless otherwise agreed by the Board the secretary of the AR Committee shall be the Company Secretary. A quorum for any meeting shall be two members.

The composition of the AR Committee shall include one member who has accounting or financial expertise and one member with an understanding of the industry sector in which the Company operates. The composition will be reviewed annually by the Board.

4. Meetings

The AR Committee shall meet at least two times per financial year or more if so required. The external auditors may request a meeting if they consider it necessary and any such request must be conveyed to the Board. The Chairperson of the AR Committee may invite such other persons to attend meetings of the AR

Committee as required including the external auditors and professional advisors as he deems appropriate.

The secretary shall minute the proceedings of all meetings and they shall be included in the papers for the next Board meeting following an AR Committee meeting.

5. Role & Responsibility

The AR Committee is charged with the following roles and responsibilities:-

5.1 Financial reporting

- Review of the annual financial statements for completeness and consistency with known information, ensuring they reflect appropriate accounting principles and standards and adequately address such issues as valuation of assets and liabilities, contingent liabilities, litigation provisions and other commitments and contingencies.
- Obtain sign-off by the Chief Executive Officer and Chief Financial Officer that the Company's financial reports present a true and fair view of the Company's financial position, that they have been prepared in accordance with the relevant accounting standards and there are no material operational issues excluded from the reports.
- Review the Directors Report, Remuneration Report and Corporate Governance Statement included in the Annual Report for completeness and accuracy taking into account preliminary announcements, forecast and guidance statements and analyst's briefings.
- Review the preliminary and interim financial statements and disclosure process and obtain explanations from management on whether:-
 - actual results varied from budgeted or projected results,
 - any changes in financial ratios and relationships are consistent with changes in the Company's operations and financing practices.
 - consistent application of generally accepted accounting principles in preparation of the results,
 - there are any significant or unusual events or transactions not reflected in the results,
 - the financial controls are functioning effectively and
 - the preliminary and interim financial statements disclose all relevant information.

5.2 Controls

- Evaluate whether appropriate internal controls both financial and non financial are in place and whether management encourages a culture of compliance by communicating the importance of controls and leading by example.
- Assess the adequacy of the controls including disaster recovery and business continuity plans for preserving and re-establishing financial and operational information in the event of a disaster.

- Consider what other controls might be appropriate and assess the benefit of implementing and monitoring any additional controls.
- Monitor compliance with legal, regulatory and industry standards and evaluate potential liability, including impact on reputation, in relation to any non compliance.
- Review the adequacy of fraud controls, privacy protection policies and intellectual property arrangements and make appropriate recommendations as required to protect the Company's position, reputation and assets.

5.3 Risk management

- Establish an appropriate risk management framework for the effective identification, assessment and management of risk, through the establishment of a working Risk Management Committee, which will:
 - Review and monitor the effectiveness, integrity and quality of the risk identification, assessment and management process and risk strategies.
 - Oversee risk management accountability, reporting and compliance with the risk management policies by requiring line management to sign off on the risk management process within their area of responsibility and having the AR Committee Chairperson sign off the overall risk management process.
 - Ensure all major strategic and operational risk is brought to the attention of the AR Committee in a timely manner and monitor and report on the management of major strategic and operational risk.

5.4 Internal Audit and controls

- Assess the requirement for the appointment of an internal auditor and make the appropriate recommendation to the Board.
- Review and approve any internal audit plan, including its scope, resources and approach, and monitor the audit activity against the approved plan.
- Evaluate the effectiveness of the internal audit, quality of service provided, resources, interaction with the external auditors and cost benefit at least yearly.

5.5 External Audit

- Review the external auditor's proposed audit scope, plan and methodology to ensure its appropriateness and that no undue restrictions or limitations have been placed on the scope of the work.
- Review the performance of the external auditors yearly.
- Assess the independence of the external auditors taking into account non audit services provided to the Company.
- Review and make recommendations in relation to the external auditors' budget.
- Meet separately with the external auditors at least once a year to discuss any matters considered appropriate to be dealt with privately.

5.6 Other responsibilities

- Undertake oversight responsibility as and when requested by the Board.
- Undertake special investigations or specific reviews as requested by the Board.