



Freshtel Holdings Limited

Board Audit Committee Terms of Reference

Purpose

The Audit Committee (“the committee”) is a committee of the Freshtel Holdings Limited Board created to assist the Board in the effective discharge of its responsibilities for financial reporting, internal control structures, internal and external audit functions and risk management systems.

Membership

The Committee will consist of three members, all of whom must be appropriately financially literate and at least one member must have an accounting or associated financial management experience. The Chairman, members, and term of appointment of each member shall be determined by the Board.

The Chairman of the Committee must not be the Chairman of the Board.

Meetings

The committee shall meet as frequently as required but not less than three times a year. The Chairman or the Secretary may call a meeting.

Two Directors, at least one of whom is a non-executive Director shall constitute a quorum.

The Committee will meet with the external auditors and/or the internal auditors without members of management being present whenever it is deemed appropriate by the Chairman of the Committee.

Roles and Responsibilities

To review and report to the Board on the following:

- a) the annual and half yearly financial reporting carried out by Freshtel Holdings Limited:
- b) the accounting policies of the Freshtel Group:
- c) the scope and audit programmes of the internal and external auditors and any material issues arising from these audits:
- d) overseeing the independence of external auditors and determining procedures for the rotation of audit partners:
- e) the effectiveness of the Freshtel Group’s systems of accounting and internal controls:

- f) the sufficiency of and compliance with ethical guidelines and Group policies affecting corporate governance, financial reporting and corporate control, and compliance with laws and external regulations:
- g) identification of the full range of actual or potential risk exposures which are material to the Freshtel group; and
- h) the effectiveness of the Group's risk management systems and strategies.

In addition the Committee will:

- recommend to the Board the appointment of internal and external auditors and the level of their fees.

The Chairman of the Committee will report to the Board following each Committee meeting.

The Committee's Terms of Reference shall be reviewed annually and updated as required.

Authority

In carrying out its duties the Committee shall have the authority to discuss directly with management, internal auditors or the external auditors any issue within its remit and to request reports, explanations and information of any of the activities, procedures or accounts of the Freshtel Group.

The Committee is authorised by the Board to obtain outside legal or other professional advice if it considers this necessary.

Approved by Freshtel Holdings Limited Board on