



mcm entertainment group Limited
ACN 006 173 271
adopted by the Board on 20 August 2008

charter

audit and risk committee charter

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1 purpose

The Audit and Risk Committee (“the Committee”) is a Committee of the Board of mcm entertainment group limited (the Company), 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. For the avoidance of doubt this includes environmental matters.

2 membership

The Committee is comprised of a minimum of two non-executive directors who shall form a majority of the Committee.

The Committee must have a non-executive Chairperson, who is not Chairperson of the Board and is a qualified accountant or has significant experience in the financial industry.

Non-executive members of the Committee shall be appointed by the Board for an initial term of three (3) years after which their appointment may be subject to rotation (subject to continuing membership of the Board).

The Executive Directors (Managing Director and Finance Director) should be given notice of all meetings and have the right to attend and speak at such meetings other than matters relating to their own performance.

3 meetings

The Committee meets at least twice a year or more frequently as required.

Without the presence of management, the Chairman and members of the Committee meet at least annually with the external auditor.

The Committee may request any employee to attend any meeting as it considers appropriate. However, if an employee has a material personal interest in a matter that is being considered at a meeting, he/she must not be present for consideration of that matter.

The Company Secretary shall be appointed Secretary of the Committee.

The Chairman or the Secretary may call a meeting.

Two non-executive Directors, one being the Chairman, shall constitute a quorum.

4 role and responsibilities

The Audit & Risk Committee is a committee of the Board of Directors. Its functions are to:

- review the integrity of the Company’s financial and external reporting;
- review and appraise the internal (where applicable) and external auditors’ activities, scope and independence;

- review and assess the adequacy of management information and internal control structures;
- review and assess the accounting policies of the Company;
- review and report on the annual and half yearly financial reporting carried out by the Company;
- review and assess 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:
- review the adequacy and effectiveness of the Company's risk management program;
- identify the full range of actual or potential risk exposures which are material to the Company;
- provide assurance that the Company is providing adequate controls against fraud;
- update the Board on changing community standards and recommend changes to Company policy; and
- maintain a list of committee tasks, and ensure compliance with that list on a timely basis.

The Chairman of the Committee will report to the Board following each Committee meeting. All minutes of meetings of the Committee will be circulated to the Board.

5 authority

In carrying out its duties the Committee shall have the authority to discuss directly with management 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 Company.

The Committee discharges its responsibilities by making recommendations to the Board.

6 access to independent professional advice

The Committee has the right to seek the assistance of appropriate external advisers that it considers necessary in order for it to fulfil its duties.

7 effective date

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

This Charter is effective 20 August 2008 and supersedes any Charter previously in force.

Risk Management Statement

The Board of the Company takes a proactive approach to the Company's risk management and internal compliance and control system. This function is dealt with by the Audit and Risk Committee.

The Audit and Risk Committee is responsible for ensuring that risks and mitigation of these risks are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Committee and the Board of Directors.

The Company continuously undertakes a risk assessment of the Company's operations, procedures and processes. The risk assessment is aimed at identifying the following:

- a culture of risk control and the minimisation of risk throughout the Company, which is being done through natural or instinctive process by employees of the Company;
- a culture of risk control that can easily identify risks as they arise and amend practices;
- the installation of practices and procedures in all areas of the business that are designed to minimise an event or incident that could have a financial or other effect on the business and its day to day management; and
- adoption of these practices and procedures to minimise many of the standard commercial risks, i.e. taking out the appropriate insurance policies, or ensuring compliance reporting is up to date.