



Audit & Risk Committee Charter

INTRODUCTION

The Directors of Ardent Leisure Group (the **Group**) have established an Audit & Risk Committee (the **Committee**) as a sub-committee of the Board.

Objective

The primary objective of the Committee is to assist the Board to fulfil its corporate governance and oversight responsibilities relating to the Company's

- Financial reporting;
- System of internal control and management of material business risks;
- The internal and external audit functions; and
- The process for monitoring compliance with laws and regulations and its own code of business conduct.

Specifically, the Committee's role is to report to the Board and provide appropriate advice and recommendations on matters relevant to this Board Audit Committee Charter (the Charter) in order to facilitate decision making by the Board.

Committee Membership

The Committee will consist of a minimum of three members. The majority of members of the Committee should be independent directors. All members must be able to read and understand financial statements, and at least one member must have a comprehensive financial background, that is the person must be either a qualified accountant or other financial professional with experience of financial accounting matters.

Members will be appointed for a three (3) year term of office (or such shorter time as they remain in the office of Director) and, subject to continuing to be a Director, will be eligible for re-appointment at the end of their term in office. The Board will formally approve all changes to members and their remuneration.

Any Director may attend any Committee meeting at any time.

The Chief Executive Officer and the Chief Financial Officer are not members of the Audit and Risk Committee. They may be invited to attend meetings of the Audit and Risk Committee for reasons of efficiency but shall not be entitled to vote.

Chairperson

The Chairperson will be a non-executive independent director appointed by the Board who is not the Chairperson of the Board.

Quorum

The quorum for any Committee meeting shall be two members.

Meetings

Any director may attend a meeting of the Committee for the purposes of discussion but is not entitled to vote. The Committee will meet at least twice per annum and more often if deemed necessary. Meetings may be held by electronic means as allowed under the provisions of the Corporations Act 2001.

Appointment of Committee Secretary

The Committee Secretary will be the Secretary to the Board.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the assistance of outsiders with relevant experience and expertise if it considers this necessary but only after consultation with the Chairman of the Board.

The Committee shall have unlimited access to both the internal and external auditors and to senior management of the Company.

Purpose

The Committee is established by the Board of directors to review, evaluate and make recommendations to the Board in relation to:

General Risk and Accounting

The Committee is responsible for:

- Evaluating and monitor the internal control environment and the Company's risk management function, processes and policies;
- Serving as an independent and objective party to review the financial information presented by management to shareholders, analysts and the general public;
- Overseeing and appraising the coverage and quality of the audits conducted by the Company's internal and external auditors to ensure the widest coverage possible;
- Approving and monitoring policies, procedures and content of the Company's statutory and management reporting;
- Evaluating and monitoring the Company's fraud management policies and exposures;
- Monitoring the company's various disclosure obligations.

Internal Control

The Committee is responsible for:

- Evaluating the current “control culture” of the company and the underlying consistency, direction and communication to employees of appropriate risk policies therein.
- Reviewing existing disaster recovery plans;
- Identifying key risks within the organisation and building appropriate risk management controls and policies to minimize the impact and likelihood of same;
- Evaluating and managing the overall effectiveness and implementation of the internal control and risk management frameworks;
- Ensuring adequate resources are allocated to assist management and the Board in implementing an appropriate internal risk culture and discipline.

Risk and Control Environment

The Committee is responsible for:

- Assessing the overall effectiveness of the Group’s risk management, internal control and compliance systems.
- Monitoring and assessing management’s process for identifying, managing and controlling risk.
- Reviewing and evaluating the effectiveness of the Group’s internal control system.

Financial Reporting

The Committee is responsible for:

- Considering the appropriateness of the Group’s accounting policies and principles and how those principles are applied.
- Reviewing and assessing existing management processes so as to ensure compliance with prevailing laws, regulations and accounting standards.
- Ensuring that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies are discussed in advance with the external auditor.
- Reviewing the underlying quality and accuracy of the financial reports from the internal and external auditors and making recommendation to the Board on their approval or amendment.
- Evaluating the adequacy and effectiveness of the Company’s administrative, operating and accounting policies through communication with management, internal auditors and external auditors;
- Evaluating and monitoring the company’s monthly management and operational reporting;
- Reviewing and evaluating appropriate disclosures from management, the internal auditors and external auditors on any significant proposed regulatory, accounting or reporting issue, to assess the potential impact upon the Company’s financial reporting process; and
- Evaluating the adequacy of the Company’s management information and accounting control system.

Internal Audit

The Committee is responsible for:

- Making recommendations to the Board on the appointment, and where necessary the removal of the internal auditor.

- Reviewing the role and function of the internal auditor, and management's response to the recommendations of the internal auditor.
- Evaluating the underlying performance of the internal auditors.
- Reviewing the efficacy and resources of the internal audit function and ensuring no unjustified restrictions or limitations are made.

External Audit

The Committee is responsible for:

- Making recommendations to the Board on the appointment, fees and where necessary the removal of the external auditor.
- Reviewing annually the external auditor's procedures for independence together with any relationships or services, which may impair the external auditor's independence.
- Reviewing at the start of each audit, the terms of engagement with the external auditor, including the proposed audit scope.
- Ensuring the external auditor will be invited to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of the external audit findings for the control environment.
- Ensuring there is appropriate communication and co-ordination between the internal and external auditors on risks, risks policies and audit results
- Reviewing all financial reports and management representation letters and recommending them to the Board as complete and appropriate;
- Reviewing annually the performance of the internal auditor and based on the results of the annual assessment of the external audit services, determine whether the external audit services should be re-tendered

Compliance

- The Committee will authorize the Group's compliance framework and will consider the effectiveness of the framework.
- Management will provide information relating to the Group's compliance framework to the Committee to allow the committee to ensure that a proper process is in place for continuous reporting to the ASX.
- The Committee will monitor, review, and assess compliance within the Group.

Right to Obtain Information

The Committee is entitled to consult with expert advisers and seek expert advice where it considers it necessary to carry out its duties at the expense of the Group.

The Committee will have a right of access to internal and external auditors and senior management. The Committee will also meet separately with the internal and external auditors at least annually or as otherwise required.

Reporting to the Board

Recommendations from the Committee to the Board will be included in the Board Papers under items for decision by the Board and be accompanied by information in support of the recommendation to enable directors to make a considered decision.

Performance Evaluation

The Committee will undertake a self-assessment process annually which includes:

- Determining the Committee's objectives for the following year;
- Comparing the Committee's practices with the Charter requirements;
- Identifying any enhancements to the Committee Charter; and
- Implementing practices designed to enhance the Committee's effectiveness.

Access to the Charter

A summary of the Charter will be made available to stakeholders on the Group's website and upon request.