

Audit, Risk and Compliance Committee Charter

1. Purpose and Authority

The Intermoco Audit, Risk and Compliance Committee (ARC) is a Committee of the Board of Intermoco and is established in accordance with Article 72 of the Constitution. This Charter defines the responsibilities of the Committee and its relationship to the Board and external auditors.

ARC makes recommendations to the Board. It does not have any executive powers to commit the Board or management to their implementation. ARC is not responsible for the assessing the performance of executives, and has no role in the management of the day-to-day operations of the company.

2. Overall Responsibility

The overall responsibility of the ARC is to assist the Board meet its responsibility to exercise due care, diligence and skill in relation to:

- financial reporting;
- application of accounting policies;
- financial management;
- internal control;
- external audit;
- risk management;
- business policies and practices;
- protection of the entities assets, and
- compliance with applicable laws, regulations, standards and best practice guidelines.

In discharging its role, ARC is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the authority to engage independent advice as it determines necessary.

3. Membership and Meetings

- a. Membership of ARC will consist of two directors, with the exclusion of executive directors. The Chairman of the Board is an ex officio member of ARC.
- b. The Secretary of ARC will be the Company Secretary.
- c. ARC will meet as frequently as is required but not less than two times each year.
- d. The Chairman of ARC will report to the Board following each meeting.

- e. Minutes of proceedings will be recorded by the Secretary and distributed to Committee members as soon as possible following the meeting.

4. Duties and Responsibilities

4.1 Financial Reporting

The primary responsibility of ARC is to oversee the company's financial reporting processes and report results to the Board. It is not the responsibility of ARC to conduct an audit. The Intermoco Board is responsible for the company's financial reports and the external auditors are responsible for auditing those financial reports.

Responsibilities

- Assess the company's accounting policies and principles and their application and ensure they are in accordance with the stated financial reporting framework;
- Assess any significant estimates contained in the financial reports by enquiring of management as to the process used and enquire of the external auditors regarding the reasonableness of those estimates;
- Review management's processes for ensuring external reporting of financial and non-financial information comply with laws and regulations;
- Review the process used by management to ensure continuous disclosure obligations are met;
- Assess information from external auditors, which affect the quality of financial reports (eg: actual and potential material audit adjustments, financial report disclosures, non-compliance with laws and regulations, internal control issues).
- Enquire of the external auditor as to the appropriateness of accounting principles used and the clarity of the financial disclosure practices used by management;
- Review the completeness and accuracy of the reporting of the key corporate governance practices;
- Recommend to the Board whether the financial and non-financial statements be signed based on the Committee's assessment.

4.2 Related Party Transactions

Review and monitor the propriety of all related- party transactions.

4.3 Internal Control and Risk Management

- Assess the internal processes for identifying and managing key risk areas, in particular:
 - compliance with laws, regulations, standards and best practice guidelines;
 - significant judgments and financial estimates;
 - contractual risks and indemnities;
 - litigation and claims;
 - insurance program;
 - fraud and theft, and
 - general business risk.
- Review the company's risk management system
- Review the company's risk profile
- Receive from management reports on all suspected and actual frauds, thefts and breaches of law.
- Review the effectiveness of the internal control system with management and external auditors.
- Assess the effectiveness of and compliance with the code of ethical conduct

4.4 External Audit

- Recommend to the Board on the appointment, remuneration and effectiveness of the external auditor.
- Prior to the commencement of each audit, review and agree the terms of appointment
- Meet with the auditor to review the audit plan and discuss audit results.
- Review management's response to the auditor's findings and recommendations.
- Review the auditor's independence

4.5 Independence of external auditors

ARC will assess the independence of the external auditor including but not limited to any relationships with the company.

The following are some guiding principles governing the company's relationship with its external auditor:

- ARC will monitor the appropriateness of the auditor performing non-audit services;

- The auditor may provide tax advice in addition to audit services
- The following work cannot be undertaken by the auditor:
 - Accounting policy advice
 - Services relating to setting up and maintaining significant accounting records
 - Services relating to preparation of accounts and records on financial statements
 - Services relating to fundamental aspects of the company's business and/or strategic planning
 - Valuation of assets for carrying value purposes

4.6 Fees and Expenses

Committee members are not entitled to receive any additional remuneration as director's fees are set to include membership of Board committees.

4.7 Distribution of Charter

Key features of the ARC Charter are included in the Corporate Governance Section of the Annual Report. The complete Charter is available on the Intermoco website.

5. Review:

The Board will review the ARC Charter annually to ensure it remains appropriate and effective in assisting the Board fulfil its obligations.

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