

AUDIT COMMITTEE CHARTER

Introduction

The role of the Audit Committee is to assist the Board to meet its obligations in connection with its Corporate Governance and other responsibilities including financial reporting, the audit function, the management of risk and review of internal control. The full board appoints the Chairman and other members of the Committee.

The Audit Committee fulfills its responsibilities having regard to the size and structure of Farm Pride Foods Ltd and the ASX Corporate Governance Council published guidelines as well as its corporate governance principles and recommendations.

Objectives of the Committee

As a sub-committee of the Board the primary objectives of the committee are to:

- protect the integrity of financial reporting and the interests of shareholders;
- report to the Board on all matters contained within its Terms of Reference including the tabling of agendas and the minutes of the intervening Audit Committee meetings;
- liaise with the external auditor to ensure that the annual and half yearly audits are conducted in an efficient and effective manner;
- review financial statements and other financial information;
- review procedures to ensure confidential information gained is not disclosed for any personal gain nor in any way which would be harmful to the organisation or the shareholders;
- monitor the procedures in place to ensure compliance with the Corporations Law, Stock Exchange Listing Rules and any matters outstanding with auditors, Australian Taxation Office, Australian Securities Commission and Australian Stock Exchange;
- review the nomination and performance of the external auditor;
- ensure effective internal controls exist;
- review significant transactions which are not a normal part of the company's business, review contracts, arrangements and undertakings that may involve related parties;
- monitor the establishment of appropriate ethical standards; and
- review related party transactions.

Committee Membership

After consideration of ASX Corporate Governance "Principles of Good Corporate Governance and Good Practices Recommendations" and the nature and size of the business it is Board policy that:

1. The Committee consists of two members.
2. The number of committee members will be at least two with at least one having significant experience and specialist skills in financial and related matters.
3. Membership is subject to Board approval.

The current members of the Audit Committee are:

Malcolm Ward (Chairman)
Peter Bell

Each year at the first meeting of the Board following the Annual General Meeting directors should confirm the appointment of committee members.

Meetings

Meetings will be conducted in the same way as Board meetings with agendas being distributed prior to the meeting and minutes (signed by the Committee Chairman) being kept of all meetings. Auditors will also be invited to provide agenda items.

Attendance by the CEO or equivalent, Chief Financial Officer and external auditors will be by invitation. The Committee has the right to access auditors without management present and seek explanations and additional information.

At a meeting of the committee the number of directors whose presence is necessary to constitute a quorum is two or any other number determined by the Board.

The Committee will endeavour to meet four times a fiscal year.

Reporting to the Board

The Chairman of the Committee will report to the Board on all relevant matters within its charter and formally table the agenda and approved minutes of the proceeding meeting(s).

The Committee will also report on progress of the current audit and any other significant matters of which the Board should be informed.

Audit Committee Responsibilities

Audit Committee responsibilities include the following matters.

External Reporting

- Ensure financial results are properly and promptly reported to shareholders.
- Review of accounting policies to ensure that Farm Pride Foods is able to prepare Financial Statements in accordance with the requirements of the Corporations Law, applicable accounting standards and other mandatory professional reporting requirements and statutory requirements.
- Review of those policies that are not consistent with those of the previous year.
- Ensuring that the company is able to comply with the continuous disclosure requirements that an entity must satisfy.
- Review the company's Statement of Corporate Governance Practices that were in place during the reporting period to ensure its accuracy.
- Review periodic draft disclosures to regulators and recommend to the Board their adoption or amendment.

- Review information provided to and by auditors in connection with the half yearly and annual audits and request auditors to provide an independent report as to the accuracy.
- Integrity of financial reports.

Related Party Transactions

- Review related party transactions to ensure compliance with various regulatory requirements.

Internal Control and Risk Management

- Assess and review the procedures for managing risk including matters generally dealt with by the Board, non-compliance with legislative matters, litigation and claims.
- Review internal controls with management and auditors.
- Review the Corporate Governance Policy and Code of Conduct to ensure relevance and compliance with them.

External Audit

- Recommend the removal, appointment and remuneration of the external auditor.
- Assess effectiveness and independence of the external auditor.
- Invite auditor to Audit Committee meetings to review audit reports and plans.
- Review management representation letters.