
Automatic Systems Ltd - *Audit Committee Charter*

1. Purpose, Objectives and activities

The audit committee will

- assist the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards;
- provide a forum for discussing business risk and control issues for developing relevant recommendations for consideration by the board;
- make recommendations to the board for its approval or final decision;
- maintain effective working relationships with the board of directors, the management and the internal and external auditors

The audit committee will not perform any management functions or assume any management responsibilities.

2. Constitution and delegation of authority

2.1. The Board is responsible for setting up the committee and has the power to amend its membership, resources, responsibilities and authorities (composition, functions and operations) as and when required.

The board delegates to the audit committee, within the scope of its responsibilities, the right to:

- seek any information it requires from any employee or external party
- seek any legal, financial or other professional advice it requires from external parties
- request the attendance of company officers and external auditors at meetings as appropriate

3. Composition, tenure and functioning

3.1 Membership

- The audit committee will comprise of not less than 3 members appointed by the Board, the majority of whom shall be non-executive Directors and, where possible, independent non-executive Directors. Members need not be directors.
- Each member should be capable of making a valuable contribution to the committee and to perform his or her role effectively, each committee member shall obtain an understanding of the detailed responsibilities of committee membership as well as the Company's business, operations, and risks;
- All members should be independent of management and the Chief Executive Officer (CEO) should not be a member of the audit committee;
- the chairman of the audit committee shall be nominated by the board from time to time and shall be chosen among the independent or non-Executive Directors. He should have substantial accounting or financial experience;
- The chairman of the board will not be eligible to be appointed as chairman of the audit committee.

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- Members will be appointed for a one year term of office. Members are eligible for reappointment.
- A quorum for any meeting will be 2 members present throughout the meeting.
- The board will have the power at any time to remove any member from the audit committee and to fill any vacancy created by such removal
- The secretary of the audit committee shall be the Secretary of the Company

3.2 Attendance at meetings

- The audit committee may invite such other persons (e.g. the CEO, the External Auditors, a Director, etc.) to its meetings, as it deems necessary
- The external auditors may be invited to make presentations to the audit committee as appropriate
- Meetings shall be held not less than three times a year. The board, any board member, any committee member and the external auditors may convene a meeting if they consider that it is necessary
- Minutes of proceedings of all meetings will signed by the Chairman at the following committee and kept by the Secretary of the Company.

3.3 Remuneration

- The Chairman and the members of the committee shall be paid such special remuneration in respect of their appointment as shall be fixed by the board.
- The chairman of the committee shall, in addition to his remuneration as a member, receive a further sum as determined by the board;
- Such remuneration in terms hereof shall be in addition to the annual fees payable to directors as applicable

4. Role and responsibilities

The audit committee will:

4.1. Internal Control

- review the effectiveness of the company's systems of internal control including internal financial control and business risk management and maintaining effective internal control systems; and in particular to review:
 - ◆ the procedures for identifying business risks and minimising their impact on the company;
 - ◆ the company's policies for preventing or detecting fraud;
 - ◆ the company's policies for ensuring that the company complies with relevant regulatory and legal requirements;
 - ◆ the operational effectiveness of the policies and procedures;
- evaluate whether management is setting the appropriate "control culture" by communicating the importance of internal control and ensuring that all employees have an understanding of their roles and responsibilities;
- consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown;

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- gain an understanding of whether internal control recommendations made by internal (where applicable) and external auditors have been implemented by management;
- safeguard the company's assets against unauthorised use or disposal;
- follow up investigations into matters within its scope, for example, cases of employee fraud, misconduct or conflict of interest

4.2. Financial Reporting

4.2.1. General

- gain an understanding of the current areas of greatest risk (financial or other) and how management is managing these effectively;
- consider with the internal (when applicable) and external auditors any fraud, illegal acts, deficiencies in internal control or other similar issues;
- review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- ask management and the internal and external auditors about significant risks and exposures and the plans to minimise such risks;
- review any legal matter which could significantly impact the financial statements

4.2.2. Annual Financial Statements

- review the annual financial statements, prior to submission and approval by the board, and determine whether they are complete and consistent with the information known to committee members; assess whether the financial statements reflect appropriate accounting principles;
- consider any accounting treatments, significant unusual transactions, or accounting judgement, that could be contentious;
- focus on judgmental areas, for example those involving valuation of assets and liabilities; warranty or environmental liability; and other commitments and contingencies;
- ensure that International Accounting Standards have been consistently applied;
- meet with management and the external auditors to review the financial statements and the results of the audit, focusing particularly on:
 - ◆ the implementation of new systems;
 - ◆ tax and litigation matters involving uncertainty;
 - ◆ any changes in accounting policies and practices;
 - ◆ major judgemental areas;
 - ◆ significant adjustments resulting from the audit;
 - ◆ the basis on which the Company has been determined a going concern;

- ◆ capital adequacy;
 - ◆ internal control;
 - ◆ compliance with accounting standards, local and international, compliance with stock exchange and legal requirements;
 - ◆ the efficiency of major adjustments processed at year end;
 - ◆ compliance with the financial conditions of loan agreements;
 - ◆ review of special documents such as prospectuses as and when prepared
- review the other sections of the annual report, prior to submission and approval by the board, before its release and consider whether the information is understandable and consistent with members' knowledge about the Company and its operations

4.2.3. Preliminary Announcements, Interim Financial Statements and Analysts' Briefings

Review and assess, prior to submission and approval by the board, the fairness of the preliminary and interim statements and disclosures, obtain explanations from management and internal (when applicable) and external auditors on whether:

- ◆ Actual financial results for the interim period varied significantly from previous year's results
- ◆ Changes in financial ratios in the interim financial statements are consistent with changes in the Company's operations and financing practices
- ◆ International Accounting Standards have been consistently applied
- ◆ There are any actual or proposed changes in accounting or financial reporting practices
- ◆ There are any significant or unusual events or transactions
- ◆ The Company's financial and operating controls are functioning effectively
- ◆ The preliminary announcements and interim financial statements contain adequate and appropriate disclosures

4.3. Internal Audit (if and when applicable)

- Review and approve the internal audit charter;
- Review the plans, activities and organisational structure of the internal audit function and ensure no unjustified restrictions or limitations are made;
- Review the cooperation and coordination between the internal and external auditors and coordinate the formal internal audit work plan with the external auditors to avoid duplication of work;
- Review the qualifications of internal audit personnel and consider the appointment, replacement, reassignment or dismissal of the head of internal audit;
- Review the effectiveness of the internal audit function;
- Evaluate the independence of the internal audit function;

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- Meet separately with the head of internal audit to discuss any matters that the committee or internal auditors believe should be discussed privately;
- Review significant differences of opinion between management and the internal audit function;
- Review the significant matters reported by the internal audit function;
- Ensure that significant findings and recommendations made by the internal auditors are received and discussed on a timely basis;
- Ensure that management responds to recommendations by the internal auditors;
- Review the adequacy of corrective action taken in response to significant internal audit findings

4.4. External auditors

- Review, with the external auditors, before the audit commences, the auditors' letter of engagement, the terms, nature and audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope;
- Negotiate procedures, subject to agreement, beyond minimum statutory and professional duties;
- Agree the timing and nature of reports from the external auditors;
- Consider any problems identified in going concern or statement of internal control;
- Make suggestions as to problem areas that the audit can address;
- Discuss implications of new auditing standards;
- Review the performance of the external auditors;
- Consider the independence of the external auditors, including reviewing the range of services provided in the context of all non-audit services bought by the Company;
- Make recommendations to the board regarding the appointment or reappointment of the external auditors and on any questions of resignation or dismissal of the external auditors;
- Ensure that the level of fee payable in respect of the audit services provided is appropriate and that an effective audit can be conducted for such a fee;
- Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately;
- Review the significant matters reported by the external auditors;
- Ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis;
- Ensure that management responds to recommendations by the external auditors;
- Consider whether any significant ventures, investments or operations are not subject to external audit.

4.5. Compliance with Laws and Regulations

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance;

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- Obtain regular updates from management and the Company's legal counsel regarding compliance matters;
- Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;
- Review the findings of any examinations by regulatory agencies

4.6. Reporting Responsibilities

- The committee shall account to the board for its activities and make recommendations to the board concerning the adoption of the annual and interim financial statements and any other matters arising from the above responsibilities;
- Ensure the board is aware of matters which may significantly impact the financial condition or affairs of the business;
- Attend the annual meeting to answer questions concerning matters falling within the ambit of the committee

4.7. Other Responsibilities

- If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist;
- Review and update the charter; receive approval of changes from the board;
- Evaluate the committee's own performance on a regular basis

Approved by the Board of Directors on 15th of March 2013

Eric Espitalier Noel
Chairman

Gerard Pascal
Audit Committee Chairman

Box Office Ltd
Secretary