

STARCOMMS PLC

AUDIT AND RISK COMMITTEE CHARTER

The Audit and Risk Committee (the “**Committee**”) of the board of Directors (the “**Board**”) of Starcomms Plc (the “**Company**”) has the responsibilities, authority and duties described in this charter. Applicable laws, the Company’s memorandum and articles of association and any legal obligations owed by the Company to Shareholders or other third parties, whether by contract or otherwise, take precedence to this charter.

1. PURPOSE

The Committee is established by the Board for the primary purpose of overseeing or assisting the Board in overseeing the following:

The integrity of the Company’s financial statements.

The Company’s compliance with legal and regulatory requirements.

The qualifications and independence of the independent auditors.

The performance of the Company’s independent auditors and of the internal audit function.

The Company’s systems and disclosure controls and procedures, internal controls over financial reporting and compliance with ethical standards adopted by the Company

The key risks that affect the Company and the mitigation thereof.

The Committee will encourage continuous improvement of, and adherence to, the Company’s policies, procedures and practices at all levels. The Committee will also facilitate open communication between the independent auditor, financial and senior management, the internal audit function and the Board.

The Committee has authority to obtain advice and assistance from outside legal, accounting or other advisors as deemed appropriate to perform its duties and responsibilities.

The Company will provide appropriate funding, as determined by the Committee, for compensation to the independent auditor, to any advisors that Committee chooses to engage, and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee will fulfil its responsibilities by carrying out the activities enumerated in Section 3 of this charter. The Committee will report regularly to the Board regarding the execution of its duties and responsibilities and copies of Committee minutes will be circulated to the Board.

2. COMPOSITION AND MEETINGS

The Committee shall comprise an equal number of non-executive Directors and shareholders of the Company (“**Shareholder Representatives**”) and shall contain no more than six members. Any shareholder of the Company may nominate a shareholder as a Shareholder Representative by giving notice in writing of such nomination to the secretary of the Company at least 21 days before the annual general meeting. The shareholders of the Company shall, at each annual general meeting, consider a resolution for the election of the persons nominated by shareholders for the positions of Shareholder Representatives. Shareholder Representatives must retire from the Committee at the annual general meeting that follows the general meeting at which they were elected.

The quorum for meetings of the Committee will be a majority of the members of the Committee. Formal actions to be taken by the Committee shall be by unanimous written consent or by a majority of the persons present (in person or by conference telephone) at a meeting at which a quorum is present.

Each member of the Committee will be a person other than an officer or employee of the Company or its subsidiaries or any other individual having a relationship which, in the opinion of the Board, would interfere with the exercise of his or her independent judgment and shall otherwise meet the independence requirements of the Nigerian Stock Exchange (“**NSE**”) and applicable law.

No member of the Committee shall have participated in the preparation of the financial statements of the Company or any of its subsidiaries at any time in the prior three years.

All members of the Committee must comply with financial literacy requirements of the NSE. The Board will ensure that at least one member of the Committee is qualified as an “audit committee financial expert” in compliance with the criteria established by the NSE. The existence of such a member, including his or her name and the fact that he or she is independent, will be disclosed in periodic filings as required by the NSE.

The Committee will meet at least four times annually or more frequently as circumstances dictate. Each scheduled meeting will conclude with an executive session of the Committee without members of management being present. In addition, the Committee will meet periodically in separate executive sessions with management, the director of the internal auditing function and the independent auditor. The Committee will also meet with the independent auditor and management to discuss the annual audited financial statements and quarterly financial statements, including the Company’s disclosures under “management’s discussion and analysis of financial conditions and results of operations”.

3. RESPONSIBILITIES AND DUTIES

3.1 Documents/Reports/Accounting Information Review

To fulfil its responsibilities and duties the Committee will:

- (a) Review and reassess this charter periodically, at least annually, and recommend to the Board any necessary amendments.
- (b) Review and discuss with management, the internal auditors, and the independent auditor the Company's annual and quarterly financial statements prior to the first public release of the Company's financial results for such year or quarter, and the Company's Annual Report and Quarterly Reports (if required) in advance of such filings, and review any "pro forma" or "adjusted" non-GAAP information included therein.
- (c) Review other relevant reports or financial information submitted by the Company to any governmental body or the public, including management certifications and relevant reports rendered by the independent auditor (or summaries thereof).
- (d) Recommend to the Board whether the financial statements should be included in the annual report and, if applicable, the Company's Annual Report to shareholders.
- (e) Discuss earnings press releases, prior to distribution, including the type and presentation of information, paying particular attention to any pro forma or adjusted non-GAAP information.
- (f) Discuss financial information and earnings guidance provided to analysts and ratings agencies, prior to distribution thereof.
- (g) Review the regular internal reports to management (or summaries thereof) prepared by the internal auditing department, as well as management's response.

3.2 Independent Auditor

To fulfil its responsibilities and duties the Committee will:

- (a) Be solely and directly responsible for the appointment, compensation, retention, and oversight of any independent auditor engaged for the purpose of preparing or issuing any audit report or performing related work.
- (b) Review the performance of the independent auditor.
- (c) Remove the independent auditor if circumstances warrant.
- (d) Resolve disagreements between management and the independent auditor if they arise. The independent auditor is required to report directly to the Committee any disagreements between management and the independent auditor.
- (e) Consider whether the auditor's performance of permissible non-audit services is compatible with the auditor's independence.

- (f) Discuss with the independent auditor the matters required to be addressed under the provisions of the Companies and Allied Matters Act of Nigeria and relevant statements of accounting standards issued to date by the Nigerian Accounting Standards Board.
- (g) Review Statement on Auditing Standards
- (h) Review with the independent auditor any significant matters arising from any audit or report or communication relating to the financial statements, including any material audit problems or difficulties and management's response and resolution.
- (i) Review the independent auditor's attestation and report on management's internal control report, from the time that such reports are prepared.
- (j) Hold timely discussions with the independent auditor regarding the following:
- all critical accounting policies and practices;
 - all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management;
 - ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - other material written communications between the independent auditor and management, including, but not limited to, the management letter and schedule of unadjusted differences.
- (i) At least annually, obtain and review a report by the independent auditor describing:
- the independent auditor's internal quality control procedures;
 - any material issues raised by the most recent internal quality control review or peer review, or by any inquiry or investigation conducted by governmental or professional authorities during the preceding five years with respect to independent audits carried out by the independent auditor, and any steps taken to deal with any such issues; and
 - all relationships between the independent auditor and the Company, addressing the matters set forth in the Independent Standards Board. This report should be used to evaluate the independent auditor's qualifications, performance, and independence. Further, the Committee will review the experience and qualifications of the lead partner and other senior members of the independent audit team each year and determine that all partner rotation requirements, as promulgated by the applicable rules and regulations, are executed. The Committee will also consider whether there should be rotation of the firm itself.

- (j) Actively engage in dialogue with the independent auditor with respect to any disclosed relationships or services that may affect the independence and objectivity of the auditor and take, or recommend that the full Board take, appropriate actions to oversee the independence of the auditor.
- (k) Review and pre-approve (which may be pursuant to appropriate pre-approval policies and procedures) both audit and non-audit services to be provided by the independent auditor. The authority to grant pre-approvals may be delegated to one or more designated members of the Committee whose decisions will be presented to the full Committee at its next scheduled meeting. Such review and approval will be disclosed in reports filed with or furnished to the NSE, as required by applicable NSE requirements.
- (l) Set clear hiring policies, compliant with governing laws and regulations, for employees or former employees of the independent auditor.

3.3 Financial Reporting Processes, Accounting Policies, and Internal Control Procedure

To fulfil its responsibilities and duties the Committee will:

- (a) In consultation with the independent auditor, the internal auditor and management, review and discuss the integrity of the organisation's financial reporting processes (both internal and external), and the internal control structure (including disclosure controls and procedures and internal control over financial reporting).
- (b) Review and discuss with management, the internal auditors, and the independent auditor the Company's report regarding internal control over financial reporting and any major issues as to the adequacy of the Company's internal controls.
- (c) Receive and review any disclosure from the Company's CEO or CFO made in connection with the certification of the Company's quarterly and annual reports filed with the SEC of:
 - all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarise, and report financial data; and
 - any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
- (d) Review major issues regarding accounting principles and financial statement presentations, including: any significant proposed or contemplated changes in the Company's selection or application of accounting principles; major issues as to the adequacy of the Company's internal controls; policies, estimates, internal controls, disclosure controls, procedures, practices or auditing plans (including those policies for which management is required to exercise

discretion) or judgments regarding the implementation thereof; and any special audit steps adopted in light of material control deficiencies.

- (e) Review any analysis prepared by management (and the independent auditor as noted in item 3.2 above) setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
- (f) Review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- (g) Review and pre-approve all related party transactions, defined as those transactions or arrangements required to be disclosed.
- (h) Establish and maintain procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters.
- (i) Establish and maintain procedures for the confidential, anonymous submission by Company employees regarding questionable accounting or auditing matters.
- (j) Periodically discuss with the independent auditor, without management being present:
 - such firm's judgments about the quality, appropriateness, and acceptability of the Company's accounting principles and financial disclosures practices, as applied in its financial reporting, and
 - the completeness and accuracy of the Company's financial statements.
- (k) Meet periodically with management and the independent auditors to:
 - review the annual audit plans of the independent auditors; and
 - receive a detailed explanation of the accounting for any unusual or non-recurring transactions which have a material impact on the Company's financial statements during the reporting period.

3.4 Internal Audit

To fulfil its responsibilities and duties the Committee will:

- (a) Review and advise on the selection and removal of the internal audit director.
- (b) Review activities, organisational structure, and qualifications of the internal audit function.
- (c) Annually review and recommend changes (if any) to the internal audit charter.

- (d) Periodically review with the internal audit director any significant difficulties, disagreements with management or scope restrictions encountered in the course of the function's work.

3.5 Legal Compliance and Risk Management

To fulfil its responsibilities and duties the Committee will:

- (a) Establish, review and update periodically a code of ethics (the “**Code of Ethics**”) applicable to all employees and directors of the Company, and determine whether management has established a system to enforce this code.
- (b) Determine whether the Code of Ethics is in compliance with all applicable rules and regulations.
- (c) Review and pre-approve:
- any change or waiver of the Code of Ethics; and
 - any disclosure made regarding such change or waiver.
- (d) Review management's monitoring of the Company's compliance with the Code of Ethics, and determine whether management has the proper review system in place to ensure that the Company's financial statements, reports, and other financial information disseminated to governmental organisations and the public satisfy legal requirements.
- (e) Review, with the Company's counsel, legal compliance matters, including corporate securities trading policies.
- (f) Review, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements.
- (g) Discuss policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process, as well as the Company's major financial risk exposures and the steps management has undertaken to control them.

3.6 Other Responsibilities

To fulfil its responsibilities and duties the Committee will:

- (a) Review with the independent auditor, the internal auditing department, and management the extent to which changes or improvements in financial or accounting practices have been implemented.
- (b) Prepare the report that the NSE requires be included in the Company's annual proxy statement.
- (c) Conduct an annual performance assessment regarding this Committee's purpose, duties, and responsibilities outlined herein.

- (d) Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, as the Board deems necessary or appropriate.

By Order of the Board of Starcomms Plc

Dated this 27th day of May 2008.