

**BALLANTYNE STRONG, INC. AUDIT COMMITTEE CHARTER PURPOSE:**

The Audit Committee of the Board of Directors assists the Board of Directors in fulfilling its responsibilities for oversight of the quality and integrity of the accounting, auditing internal controls, and reporting practices of the Company, and performs such other duties as are directed by the Board. The Committee's role includes a particular focus on the qualitative aspects of financial reporting to shareholders, and on the Company's processes to manage business and financial risk, and for compliance with significant applicable legal, ethical, and regulatory requirements. The Committee is directly responsible for the appointment of the public accounting firm engaged to prepare or issue an audit report on the financial statements of the Company.

**MEMBERSHIP:**

The membership of the Committee shall consist of at least three independent directors as defined by Section 803A(2) of the NYSE AMEX Company Guide, each of whom is able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, or cash flow statement or will become able to do so within a reasonable period of time after his or her appointment to the Audit Committee. At least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Each member shall be free of any relationship that, in the opinion of the Board, would interfere with his or her individual exercise of independent judgment. Applicable laws and regulations shall be followed in evaluating a member's independence. The members of the Committee shall be elected by the Board at its annual meeting. The Chairperson shall be appointed by the full Board.

**COMMUNICATIONS/REPORTING:**

The public accounting firm shall report directly to the Committee. The Committee is expected to maintain free and open communication with the public accounting firm, the internal accounting staff, and the Company's management. This communication shall include private executive sessions, at least annually, with these parties. The Committee Chairperson shall report on the Audit Committee activities to the full Board.

**MEETINGS:**

The Committee shall meet four times a year or more frequently as circumstances require. The Committee may ask members of management or others to attend the meetings.

The agenda for the Committee meetings will be prepared in consultation between the Committee chair and members of the Committee, and when appropriate, with Company's finance management and the public accounting firm.

**RESPONSIBILITIES:**

The Committee relies on the expertise and knowledge of management, the internal accounting

staff, and the public accounting firm in carrying out its oversight responsibilities. Management of the Company is responsible for determining the Company's financial statements are complete, accurate and in accordance with generally accepted accounting principles. The public accounting firm is accountable to the full Board of Directors and the Audit Committee. The public accounting firm is responsible for auditing the Company's financial statements. It is not the duty of the Committee to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Company's internal policies, procedures, and controls.

#### **SPECIFIC RESPONSIBILITIES:**

1. The Committee will perform such functions as assigned by law, the Company's charter, bylaws, or the Board of Directors.
2. Ensure its receipt from the public accounting firm of a formal written statement delineating all relationships between the public accounting firm and the Company consistent with Independent Standards Board, Standard 1, and to actively engage in a dialogue with the public accounting firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the public accounting firm.
3. Taking or recommending that the full Board of Directors take, appropriate action to oversee the independence of the public accounting firm.
4. Provide a report in the annual proxy that includes the Committee's review and discussion of matters with management and the independent public accounting firm. In addition, include a copy of the committee charter as an appendix to the proxy statement at least once every three years.
5. Appoint, approve the compensation of, and provide oversight of the public accounting firm. The Committee may delegate the responsibility of approving proposed non-audit services that arise between Committee meetings to the Chairman, provided that the decision to approve the service is presented at the next scheduled Committee meeting.
6. Confirm annually the independence of the public accounting firm, quarterly review of the firm's non-audit services and related fees.
7. Verify the Committee consists of a minimum of three members who are financially literate, including at least one member who has financial management expertise.
8. Review with the public accounting firm and the Company's financial management the adequacy of the Company's internal controls, including computerized information system controls and security.
9. Review policies and procedures regarding transactions between the Company and officers and directors that are not a normal part of the Company's business.
10. The Committee will meet with management and the public accounting firm to review earnings press releases, as well as Company's policies with respect to release of financial

information and earnings guidance.

11. Review with management and the independent public auditor the annual and quarterly financial statements of the Company, including: (a) the Company's disclosures under "Management's Discussion and Analysis Condition and Results of Operations"; (b) any material changes in accounting principles or practices used in preparing the financial statements prior to the filing of a report on Form 10-K or 10-Q with the Securities and Exchange Commission; and (c) the items required by Statement of Auditing Standards 61 as in effect at that time in the case of annual statements and Statement of Auditing Standards 100 as in effect at that time in the case of the quarterly statements.
12. In connection with each periodic report of the Company, review management's disclosure to the Committee under Section 302 of the Sarbanes-Oxley Act, and the contents of the Chief Executive Officers and the Chief Financial Officer certificates to be filed under Section 302 and 906 of the Act.
13. Meet with the public accounting firm in executive session to discuss any matters that the Committee or the public accounting firm believe should be discussed privately with the Audit Committee.
14. Meet with the Chief Financial Officer in executive session to discuss any matters that the Committee believe should be discussed with the Audit Committee.
15. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
16. Appoint and set the compensation of such special or independent counsel, accountants or other experts as the Committee deems necessary or appropriate to discharge its duties and responsibilities.
17. Conduct periodic oversight of the Company's risk management.
18. Conduct periodic review of the Company Investment Policy, and approve all changes to the Investment Policy.
19. Review and update this charter, at least annually, as conditions dictate.
20. Conduct an annual performance of the Audit Committee and annually evaluate the adequacy of its Charter.