

**CHARTER OF THE AUDIT COMMITTEE
OF THE
BOARD OF DIRECTORS
OF
EMTEC, INC.**

I. PURPOSE

The primary purpose of the Audit Committee (the “Committee”) of the Board of Directors of the Company (the “Board”) is to:

- assist the Board in its oversight of the integrity of the Company’s financial statements; the adequacy of the Company’s systems of internal controls regarding finance, accounting, legal and regulatory compliance; the qualifications and independence of the Company’s independent auditors; and the performance of the Company’s internal audit function and independent auditors; and
- provide an avenue of communication between the independent auditors, management and the Board.

The Committee’s function is one of oversight and it recognizes that the Company’s management is responsible for preparing the Company’s financial statements and that the independent auditors are responsible for auditing those financial statements. In carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company’s financial statements.

II. COMPOSITION, PROCEDURE AND MEETINGS

The Committee shall consist of two or more directors as determined by the Board, each of whom shall be non-employee directors who meet the requirements of the Securities and Exchange Commission (“SEC”) and the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) applicable to the Company. All members of the Committee shall be able to read and understand fundamental financial statements.

Committee members shall be appointed by the Board and shall serve at the discretion of the Board. The Board shall designate one member of the Committee to serve as its Chair. If the Committee Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership. The Committee is empowered by the Board to form and delegate authority to subcommittees when appropriate.

The presence of a majority of all of the members of the Committee shall be required to constitute a quorum, with the majority of votes of those Committee members present at a meeting at which a quorum has been established being sufficient to adopt a resolution or otherwise take action.

The Committee will have regular meetings at least four times per year (which should coincide with, and precede, the Company's public announcement of its quarterly and annual results) or more frequently as circumstances dictate. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee should meet privately and separately, on a regular basis, with management and with the independent auditors, to discuss any matters that the Committee or each of these groups believes should be discussed.

III. RESPONSIBILITIES, DUTIES AND AUTHORITY

The Committee shall:

Review Procedures

1. Review the Company's annual audited financial statements and related footnotes prior to filing or distribution. The review should include separate discussions with management and with the independent auditors of significant issues and disagreements (if any) regarding accounting principles, practices and judgments, any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information and the effect of using different accounting principles, practices and judgments.
2. Review the Company's quarterly earnings prior to filing or distribution and discuss with management and with the independent auditors.
3. Review any reports or other documents that include public financial disclosures prior to filing or distribution and discuss with management, if appropriate, whether the information contained in these documents is consistent with the information contained in the Company's financial statements.
4. In consultation with the management and the independent auditors, consider the integrity of the Company's financial reporting processes and adequacy of controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review and assess management's critical accounting estimates and policies and off-balance sheet transactions (if any).
5. Review written reports and significant findings prepared by the independent auditors, if any, including reports regarding the Company's critical accounting policies, alternative treatments of financial information and material communications between the independent auditor and management and if appropriate, discuss the information contained in the reports with the independent auditors. Review management's responses, if any, to such reports and findings, including the status of previous recommendations.
6. Obtain confirmation from internal auditors that the Company is in compliance with its financial reporting requirements.
7. Review and approve the hiring of employees of the independent auditors who were engaged on the Company's account. Discuss with independent auditors any recommendations the independent auditors may have.

8. Review annually policies and procedures, as well as audit results, associated with directors' and officers' expense accounts and perquisites, and other uses of corporate assets.
9. Review and approve a summary of directors' and officers' related party transactions and potential conflicts of interest.

Independent Auditors

10. The independent auditors are accountable to the Committee and the Board, and the Committee has the sole authority and responsibility to select and hire, oversee, determine funding for, evaluate and, where appropriate, replace the independent auditors (and independent counsel and other advisors to represent the Committee). The Committee shall review the performance of the independent auditors, the experience and qualifications of the senior members of the independent auditor team and the quality control procedures of the independent auditors.
11. Approve the fees and other significant compensation to be paid to the independent auditors (and independent counsel and other advisors to represent the Committee).
12. Review the non-audit services to determine whether they are permissible under applicable law. Preapprove the provision of any permissible non-audit services by the independent auditors and the related fees of the independent auditors therefor. Consider whether the provision of these other services is compatible with maintaining the auditors' independence.
13. On an annual basis, the Committee should receive from the independent auditors a formal written statement delineating all relationships between the independent auditors and the Company and should discuss with the independent auditors the disclosed relationships or services that may impact the objectivity and independence of the auditors, and take, or recommend that the Board take appropriate action to ensure the independence of the auditors. Annually, the Committee shall ensure receipt of a formal written statement from the independent auditors with respect to their independence consistent with all applicable standards.
14. Review the independent auditors audit plan - discuss scope, staffing, locations, reliance upon management and internal audit and general audit approach.
15. Discuss certain matters required to be communicated to Committees in accordance with the American Institute of Certified Public Accountants: A Statement of Auditing Standards No. 61, including such matters as (i) the consistency of application of the Company's accounting policies; (ii) the completeness of information contained in the financial statements and related disclosures; (iii) the selection of new or changes to the Company's accounting policies; (iv) estimates, judgments and uncertainties; (v) unusual transactions and (vi) accounting policies relating to significant financial statement items, including the timing of transactions and the period in which they are recorded.

16. Obtain and consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting; the discussion should include such issues as the clarity of the Company's financial disclosures and degree of aggressiveness or conservatism of the Company's accounting principles and underlying estimates and other significant decisions made by the management in preparing the financial disclosure.

Legal Compliance

17. On at least an annual basis, review with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

Other Committee Responsibilities

18. Establish and maintain appropriate procedures for (i) the receipt, retention and treatment of complaints received from employees of the Company regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. A memo setting forth such procedures shall be distributed to all employees of the Company on at least an annual basis.
19. Review the Company's Code of Business Conduct and Ethics, management's system for communicating, monitoring compliance with and enforcing this Code and any waiver or change to this Code.
20. Maintain minutes of Committee meetings and report Committee actions to the Board on a regular basis including any recommendations the Committee deems appropriate.
21. Annually perform a self-assessment of the Committee's performance and report the results to the Board.
22. Review and reassess the adequacy of this Charter at least annually and submit this Charter to the Board for approval.
23. Perform any other activities consistent with this Charter, the Company's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

The Committee has the authority to conduct or authorize investigations into any matter within the scope of its responsibilities and it shall have direct access to the independent auditors as well as anyone in the organization. The Committee has the authority to retain, at the Company's expense, special accounting, legal or other consultants or advisors it deems necessary in the performance of its duties or to assist in the conduct of any investigation. The Committee shall have the sole authority to retain or terminate any such consultant or advisor, including sole authority to approve such consultant's or advisor's fees. The Committee is empowered, without further action by the Board, to cause the Company to pay the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

IV. EFFECTIVE DATE

This Charter is effective as of July 13, 2006.