

ARI NETWORK SERVICES, INC.
AUDIT COMMITTEE CHARTER
Effective as of August 1, 2011

I. Purpose and Authority

The Audit Committee (“Committee”) of ARI Network Services, Inc. (“ARI” or the “Company”) is established by and among the board of directors for the primary purpose of assisting the board in its oversight responsibilities with respect to:

- (i) The integrity of the company’s financial statements and internal controls over financial reporting;
- (ii) The Company’s compliance with legal and regulatory requirements;
- (iii) The qualifications, independence, and performance of the Company’s independent public accountants;
- (iv) The Company’s systems of disclosure controls and procedures, and compliance with ethical standards adopted by the Company; and
- (v) Reporting the results of the Committee’s activities to the board and to the public.

The Committee should encourage continuous improvement of and adherence to the Company’s policies, procedures, and practices at all levels. The Committee should also provide for open communication among the board of directors, financial and senior management, and the independent public accountants.

The Committee has the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisors, as it deems necessary to perform its duties and responsibilities.

In carrying out its duties and responsibilities, the Committee shall have the authority to meet with and seek any information it requires from employees, officers, directors, or external parties.

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

The Committee will primarily fulfill its responsibilities by carrying out the activities described in section III of this charter. Notwithstanding, it is specifically noted that it is not the responsibility of the Committee or any member of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management of the Company is responsible for preparing the Company’s financial statements in accordance with generally accepted accounting principles, and the independent public accountants are responsible for auditing the Company’s financial statements.

II. Committee Composition and Meetings

The Committee shall be composed of at least three members of the board of directors. Each Committee member will be both independent and financially literate, as defined by the requirements set forth in the rules of the Securities and Exchange Commission (“SEC”) and the Amex and Nasdaq stock markets. At least one member will qualify as an audit committee financial expert as defined by the SEC. In addition, no member of the Committee shall have participated in the preparation of the Company’s financial statements during any of the past three years.

The members of the Committee shall be elected by the Board to hold such office until their successors shall be duly elected and qualified. The Board designates an “audit committee financial expert” to act as Chairman of the Committee, as defined under the Securities and Exchange Commission regulations and NASDAQ listing standards.

The Committee shall hold four quarterly meetings, coinciding with the filing dates of the Company's financial statements with the SEC. Additionally, the Committee will meet annually near the end of July specifically for annual audit planning purposes. The Committee may meet on a more frequent basis if it deems necessary. Special meetings of the Committee may be called at any time by any member thereof on not less than three days' notice. The Committee shall report periodically to the Board of Directors regarding the Committee's activities, findings and recommendations.

The Committee may conduct its business and affairs at any time or location it deems appropriate. Attendance and participation in a meeting may take place by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Any action to be taken at any meeting of the Committee may be taken without a meeting, if all members of the Committee consent thereto in writing and such writing or writings are filed with the minutes of the Committee. All decisions of the Committee shall be determined by a majority vote of its members.

III. Responsibilities

The primary responsibilities of the Committee are described below. The table attached as Appendix A to the charter indicates the specific responsibilities to be addressed and actions to be taken at each of the Committee's meetings.

Committee Administration and Reporting

1. Review and assess the adequacy of this charter on an annual basis, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
2. Confirm annually that all responsibilities ascribed in this charter have been carried out.
3. Evaluate the Committee's and individual members' performance and qualifications on a regular basis.
4. Regularly report to the board of directors about activities, issues, and recommendations related to the Committee.
5. Review and approve the report that the SEC requires be included in the Company's annual proxy statement.

Oversight of Independent Auditors

6. Appoint (and recommend that the board submit for shareholder ratification), compensate, retain, and oversee the work performed by the independent audit firm. The independent auditor will report directly to the Committee and the Committee will oversee resolution of disagreements between management and the independent auditor.
7. Review the performance and independence of the independent audit firm at least annually.
 - a. Obtain a written statement annually from the independent public accountants listing all relationships between the independent public accountants and the Company. Review and discuss any disclosed relationships or services that may affect the objectivity and independence of the independent public accountants and review the actions taken to ensure the independent public accountants' independence
 - b. Monitor the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
 - c. Obtain and review a report, at least annually, from the independent auditor describing: (i) the independent auditor's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review or peer review; and (iii) other information pertaining to the Committee's ability to assess the performance and qualifications of the independent auditors.

- d. Approve hiring decisions by the Company involving any partner or employee of any independent audit firm that worked on the Company's account during the preceding three years. No audit engagement team member that participated in the audit of the Company within one year prior to the proposed date of hire may be hired by the Company as a senior executive.
8. Approve in writing any permitted non-audit services to be provided by the Company's independent public accountants.
9. Review the independent auditors' annual audit planning materials and discuss any items of a critical nature to the audit prior to the beginning of fieldwork.
10. Discuss with the independent auditors the matters required to be discussed in accordance with SAS 114 "The Auditor's Communication with Those Charged with Governance" as may be modified or supplemented from time to time.
11. Review with the independent auditors any matter of significant disagreement between management and the independent auditors and any other problems or difficulties encountered during the course of their work and management's response to such disagreements, problems or difficulties.

Financial Statement and Disclosure Matters

12. Review with management and the independent public accountants the Company's quarterly operating results to be included in the Company's quarterly reports on Form 10-Q. The Chairman of the Committee may represent the entire Committee for purposes of this review.
13. Review with management and the independent public accountants the Company's audited financial statements to be included in the Company's annual report on Form 10-K and, based on this review, make a recommendation to the board of directors whether to include these financial statements in the annual report on Form 10-K to be filed with the SEC.
14. Discuss the Company's earnings press releases, including the use of any "pro forma" or other non-GAAP information provided to the investing community.
15. Review any recommendations of the independent auditors resulting from the audit and monitor management's response in an effort to ensure that appropriate actions are taken.
16. Review with management and the independent auditors: (i) the Company's annual assessment of the effectiveness of its internal control over financial reporting; (ii) any comments the independent auditor may have about the Company's assessment; and (iii) any material weaknesses or significant deficiencies in the Company's internal control over financial reporting identified by management or the independent auditors.
17. Review with management any significant internal control or financial reporting issues that arise throughout the year. At least annually, review with management the Company's key internal controls and the effectiveness of those controls.

Corporate Oversight and Other Matters

18. Review the procedures annually 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 concerns regarding questionable accounting or auditing matters.
19. Review the quarterly report outlining the results and corrective actions of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters or any other matters that may involve fraud.
20. Review and approve any material transaction to which the Company is a party involving a conflict of interest with a director, executive officer or other affiliate of the Company.

21. Discuss the Company's major financial and other significant risk exposures or deficiencies, and the steps management has taken to monitor, control, and/or mitigate the exposures, including any formal risk management policies and insurance coverage.
22. Establish, review and update as needed a Code of Business Conduct and Ethics for certain principal officers (Code) and ensure that management has established a system to enforce the Code.
23. Establish a formal whistleblower policy with the appropriate procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Review policy at least annually and amend as necessary.

**ARI NETWORK SERVICES
AUDIT COMMITTEE SCHEDULE OF RESPONSIBILITIES BY MEETING**

APPENDIX A

Responsibility		Meeting for Fiscal Quarter Ending:					Notes
#	Description	Oct 31	Jan 31	Apr 30	Jul 31	Other	
Committee Administration and Reporting							
1.	Review and assess the adequacy of the charter			✓			
2.	Confirm that the Committee has carried out its duties in accordance with the charter			✓			
3.	Evaluate the Committee's and members' performance and qualifications on a regular basis			✓			
4.	Regularly report to the board of directors about activities, issues, and recommendations related to the Committee					✓	Audit committee chairman will provide an update to the Board of Directors on a regular basis.
5.	Review and approve the annual proxy statement report required by the SEC				✓		
Oversight of Independent Auditors							
6.	Appoint the independent auditors				✓		Any changes to the independent auditor must be made prior to the disbursement of the proxy statement
7.	Review the performance and independence of the audit firm: <ul style="list-style-type: none"> a.) Review for possible independence and objectivity concerns the written statement provided by auditor, which lists all relationships between the audit firm and ARI. b.) Monitor the rotation of the lead audit partner and concurring reviewer. c.) Review the results of the audit firm's most recent internal quality control review or peer review. d.) Approve any hiring decisions by the 				✓		Approval of hiring decisions involving any partner or employee of the audit firm will occur on an as needed basis, in the event the situation arises.

Responsibility		Meeting for Fiscal Quarter Ending:					Notes
#	Description	Oct 31	Jan 31	Apr 30	Jul 31	Other	
	Company involving any partner or employee of the audit firm.						
8.	Approve any non-audit services to be provided by the audit firm.					✓	Will be approved on an as needed basis if the situation arises.
9.	Review auditor's audit planning materials and discuss any critical items prior to the start of fieldwork.					✓	Will occur during the audit planning meeting, which occurs at the end of July.
10.	Discuss SAS 114 required matters.				✓		
11.	Review with the audit firm any matters of disagreement with management or other difficulties encountered during the course of fieldwork.				✓		
Financial Statement and Disclosure Matters							
12.	Review the quarterly results and Form 10-Q.	✓	✓	✓			
13.	Review the audited financial statements to be included in the Company's annual 10-K and make a recommendation to the board of directors whether to include the financial statements in the 10-K.				✓		
14.	Review the Company's earnings releases.	✓	✓	✓	✓		
15.	Review any recommendations of the audit firm and monitor management's response and actions taken.	✓			✓		Audit firm will discuss recommendations with the audit committee in the fourth quarter meeting and management will respond with actions taken / to be taken during the first quarter meeting.
16.	Review with management and the audit firm: (i) the Company's assessment of the effectiveness of its internal controls over financial reporting; (ii) the audit firm's comments about the Company's assessment; and (iii) any material weaknesses or significant deficiencies in the Company's internal controls				✓		

Responsibility		Meeting for Fiscal Quarter Ending:					Notes
#	Description	Oct 31	Jan 31	Apr 30	Jul 31	Other	
	over financial reporting.						
17.	Review with management any significant internal control or financial reporting issues that arise throughout the year.					✓	Discussions will be held on an as needed basis, as issues arise.
Corporate Oversight and Other Matters							
18.	Review the procedures for the receipt, retention, and treatment of complaints and anonymous submissions regarding questionable accounting and internal control matters.		✓				
19.	Review any submissions received regarding questionable accounting and internal control matters and the corrective actions taken by management.	✓	✓	✓	✓		
20.	Review and approve any material transaction to which the Company is a party involving a conflict of interest with a director, executive officer, or other affiliate of the Company.					✓	Action will be taken on an as needed basis as these situations arise.
21.	Discuss the Company's major risk exposures and the steps taken to mitigate such risks, including insurance coverage in effect.		✓				
22.	Review the Code of Business Conduct and Ethics and ensure management has established a system to enforce the Code.		✓				
23.	Review the Company's whistleblower policy.		✓				