

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Constitution

1.1. The membership, duties and authorities of the Audit Committee are set out in these Terms of Reference which may be amended from time to time by the Board. These Terms of Reference shall be publicly available.

2. Membership

2.1. Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee from amongst the non-executive directors of the Company and shall consist of not fewer than three members. The Chief Executive of the Company shall not be a member of the Committee but may attend its meetings by invitation.

2.2. The Chairman of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee and shall be an independent non-executive director.

2.3. The Board shall have the power to remove any member of the Committee and to fill any vacancies arising from time to time.

3. Secretary

3.1. The Company Secretary or their nominee shall be the Secretary of the Committee.

4. Attendance at meetings

4.1. The Group Finance Director and representatives of the external auditors as determined by the Committee shall normally attend meetings of the Committee.

4.2. The Committee shall have authority to require the attendance at a meeting of any Board member, senior executive or employee of the Group.

4.3. When deemed necessary part of a meeting of the Committee shall be held with representatives of the external auditors without executive Board members or senior executives present.

5. Quorum

5.1. The quorum for the transaction of the Committee's business shall be any two members present in person or by telephone throughout the meeting. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

6. Frequency of meetings

6.1. Meetings will be held as frequently as the Committee considers appropriate, but it will normally meet not fewer than three times a year as follows:

Early March, June and December

6.2. Meetings will be arranged to tie in with the publication of the company's annual and interim financial statements.

6.3. Further meetings may be called by the Board or any member thereof and the external audit partner.

6.4. Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall, unless otherwise agreed by all concerned, be forwarded to each member of the Committee and any other person required to attend, not fewer than three working days prior to the date of the meeting.

7. Duties

7.1. The duties of the Committee shall be:-

- 7.1.1. to consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal;
- 7.1.2. to discuss and agree with the external auditor before the audit commences the nature and scope of the audit, and ensure effective co-ordination where more than one audit firm is involved;
- 7.1.3. to review the annual and interim financial statements before submission to the Board, focusing particularly on:
 - 7.1.3.1. any changes in accounting policies and practices
 - 7.1.3.2. the effect of major or unusual transactions
 - 7.1.3.3. major judgmental areas
 - 7.1.3.4. significant adjustments resulting from the audit
 - 7.1.3.5. the adequacy and clarity of disclosures
 - 7.1.3.6. the going concern assumption
 - 7.1.3.7. compliance with accounting standards
 - 7.1.3.8. compliance with Stock Exchange and legal requirements and relevant codes of practice
- 7.1.4. to discuss problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss, in the absence of management where necessary;
- 7.1.5. to review the external auditor's management letter and management's response;
- 7.1.6. to approve appointments to the post of head of internal audit (or equivalent) and to consider any question of dismissal;
- 7.1.7. to consider and approve the terms of reference of the internal audit function and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group;
- 7.1.8. to be advised of the planned programme of internal audits and the reason for any change or delay in the programme;
- 7.1.9. to consider on a regular basis the major findings of internal audits and investigations and management's responses and to keep under review the effectiveness of the internal audit function;
- 7.1.10. to ensure co-ordination between internal and external auditors;
- 7.1.11. to review the Company's statement on internal controls prior to endorsement by the Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the Company;

- 7.1.12. to review annually the fees paid to other advisers for accounting, taxation and related advice and projects;
 - 7.1.13. to keep under review the cost effectiveness, independence and objectivity of the external auditors and to keep under review the nature, extent and costs of non-audit services;
 - 7.1.14. to assess annually the effectiveness of the audit process;
 - 7.1.15. to keep abreast of proposed changes in accounting standards and other issues impacting upon the Group's financial statements and financial management;
 - 7.1.16. to consider other topics as defined by the Board;
- 7.2. The Committee will keep under review the introduction of procedures for handling allegations from whistleblowers.
- 7.3. The Committee shall, on a regular basis, review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness.

8. Authorities

- 8.1. The Committee is authorised by the Board to investigate any activity within these Terms of Reference.
- 8.2. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 8.3. The Committee is authorised by the Board to obtain, at the Company's expense, external legal or other independent professional advice on any matters within the Terms of Reference.
- 8.4. The Committee may secure the attendance of external professional advisers at its meetings if necessary for the effective discharge of its duties.

9. Reporting and accountability

- 9.1. The Chairman of 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 duties or these Terms of Reference.
- 9.2. The Secretary shall promptly prepare and circulate the minutes of meetings of the Committee to all members of the Committee and the Board.
- 9.3. The Committee shall prepare an annual report of its activities for inclusion in the Company's Annual Report and Accounts.
- 9.4. The Chairman, or in his absence, another member of the Committee shall attend the Annual General Meeting to answer questions relevant to the Committee's activities and any other matters falling within these Terms of Reference.

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