



AUDIT COMMITTEE TERMS OF REFERENCE

The quorum of the Committee shall be at least two members.

Secretary

The Secretary of the Board shall be the Secretary of the Committee.

Attendance at meetings

- The chairman of the board, chief executive officer, chief finance officer, head of internal audit and a representative of the external auditors shall attend meetings at the invitation of the committee.
- Other board members shall attend with the agreement of the committee.
- There should be at least one meeting a year, or part thereof, where the external and internal auditors attend without management present.

Frequency of meetings

- Meetings shall be held not less than twice a year, and where appropriate should coincide with key dates in the company's financial reporting cycle.
- External auditors or internal auditors may request a meeting if they consider that one is necessary.

Authority

The committee is authorised by the board to:

- a) investigate any activity within its terms of reference;
- b) seek any information that it requires from any employee of the company and all employees are directed to cooperate with any request made by the committee.

Financial reporting

- to review, and challenge where necessary, the actions and judgements of management, in relation to the company's financial statements, operating and financial review, interim reports, preliminary announcement and related formal statements before submissions to the board, paying particular attention to:
 - i) critical accounting policies and practices, and any changes in them;
 - ii) financial decisions requiring a significant element of judgement;
 - iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - iv) the clarity of disclosures;
 - v) significant adjustments resulting from the audit;

- vi) the going concern assumption;
- vii) compliance with accounting standards;
- viii) compliance with stock exchange and other legal requirements.

- to consider other topics, as defined by the board.

Internal Control and Risk Management

- to review the company's procedures for detecting fraud and whistle blowing and ensure that arrangements are in place by which employees may raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters;
- to review management's and the internal auditor's reports on the effectiveness of systems for internal financial control, financial reporting and risk management;
- to review the statement in the annual financial statements on the Company's internal controls and risk management framework;
- to assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial risks.

Internal Audit

- to review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the company;
- to ensure that the internal auditor has direct access to the board chairman and the audit committee;
- to receive a report on the results of the internal auditors' work on a periodic basis;
- to review and monitor management's responsiveness to the internal auditor's findings and recommendations;
- to monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system;
- to approve the appointment or dismissal of the head of internal audit.

External Audit

- to consider the re-appointment and removal of the external auditor and assess the independence of the external auditor, ensuring that key partners are rotated at appropriate intervals;
- to recommend the audit fee to the board and approve any fees in respect of non audit services provided by the external auditor;
- to ensure that the provision of non audit services does not impair the external auditors' independence or objectivity;
- to discuss with the external auditor, before the audit commences, the nature and scope of the audit;
- to review the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- to oversee the process for selecting the external auditor and make appropriate recommendations through the board to the shareholders to consider at the AGM;
- to review and monitor the content of the external auditor's management letter and to consider management's response;
- to review with the external auditors, the findings of their work, including, any major issues that arose during the course of the audit;
- to review and assess at the end of the audit cycle the effectiveness of the audit process.

Reporting procedures

- The secretary shall circulate the minutes of meetings of the committee to all members of the board.
- The committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the board.
- The committee's duties and activities during the year shall be disclosed in the annual financial statements.
- The chairman shall attend the AGM and shall answer questions, through the chairman of the board, on the audit committee's activities and their responsibilities.

Regulatory Compliance and Corporate Governance

The company's head of compliance shall be requested by the board to give this committee every assistance in discharging its responsibility for overseeing compliance by the company with its responsibilities in these areas.