

AUKETT SWANKE GROUP PLC (the "Company")

TERMS OF REFERENCE FOR AUDIT COMMITTEE

1. CONSTITUTION

This committee of the Board known as the Audit Committee (the "**Committee**") is established under Article 118 of the Articles of Association of the Company. In these terms of reference, the "**Group**" means the Company and its subsidiaries from time to time.

2. MEMBERSHIP

- 2.1 The Committee shall be appointed by the board from amongst the non-executive directors of the Company and shall consist of not less than two members.
- 2.2 The chairman of the Committee shall be appointed by the board. In the absence of the chairman of the Committee or any deputy appointed by the board, the remaining members present at any meeting shall elect one of their number to chair the meeting.
- 2.3 If a regular member is unable to act due to absence, illness or other cause, the chairman of the Committee may, if there are any other non-executive directors, appoint another non-executive director of the Company to serve as an alternate member provided that the Committee continues to have a majority of independent non-executive directors from time to time.

3. SECRETARY

The secretary of the Committee shall be such person as the Committee shall from time to time decide.

4. QUORUM

The quorum necessary for the transactions of the business of the Committee shall be two members of whom at least one must be an independent non-executive director. 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.

5. ATTENDANCE AT MEETINGS

Save as referred to in 6 below, the Finance Director and representative(s) of the Auditors of the Company will be entitled to and will normally be expected to attend

and if requested by Committee members shall attend meetings of the Committee. Other board members also shall have the right to attend such meetings.

6. ANNUAL MEETING WITH EXTERNAL AUDITORS

At least once a year the Committee shall meet with the Auditors without any executive member of the board in attendance.

7. FREQUENCY OF MEETINGS

7.1 Meetings shall be held not less than twice a year (ordinarily on a six-monthly basis) and shall be summoned by the secretary of the Committee at the request of the chairman of the Committee.

7.2 In addition to the routine meetings of the Committee, either the chairman of the Committee, the Auditors or the Finance Director may at any time request the secretary of the Committee to summon a meeting if he or they consider that one is necessary. Further, the Auditors and the Finance Director may have access to the chairman or any other member of the Committee as required in relation to any matter falling within the remit of the Committee.

8. AUTHORITY

8.1 The Committee is authorised by the board to investigate any activity within its terms of reference.

8.2 The Committee is authorised by the board to seek any information it requires from any employee of the Group and all such employees are directed to co-operate with any request made by the Committee.

8.3 The Committee is authorised by the board to obtain internal or external legal or other independent professional advice and to secure the attendance of internal or external professional advisers at its meetings if it reasonably considers any of these matters necessary.

8.4 The chairman of the Committee shall attend the annual general meeting of the Company to answer shareholders' questions relating to the matters within its remit.

9. DUTIES

The duties of the Committee shall be:

- (a) to consider the appointment of the Auditors and any matters relating to their resignation or dismissal;
- (b) to review the independence and objectivity of the Auditors;

- (c) to consider the audit fee and keep under review any other fees payable to the Auditors in respect of non-audit activities;
- (d) to discuss with the Auditors before the audit commences the nature and scope of the audit;
- (e) to review the financial statements, annual accounts and accompanying reports to shareholders and preliminary announcement of results and any other announcement regarding the Group's results or other financial information to be made public with particular reference to:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumption;
 - (v) compliance with accounting standards;
 - (vi) compliance with the Listing Rules of the UK Listing Authority and legal requirements and all applicable codes of corporate governance practices;
- (f) to discuss issues and recommendations arising from the audit, and any matters the Auditors may wish to discuss (in the absence, where requested by the Committee, of executive members of the board and other persons having a right to attend meetings of the Committee but who are not members of the Committee);
- (g) to discuss whether the Committee should recommend that the accounts should be approved by the board in the board meeting following the Committee meeting and, if so, whether that approval should be granted subject to any matters discussed by the Committee;
- (h) to review the Auditors' management letter and management's response;
- (i) to review the operation of the internal operational audit function and, when relevant, to consider the major findings of internal operational audit reviews and management's response and ensure co-ordination between any internal auditors and the Auditors;
- (j) to review any statement to be made by the Company in its annual report and accounts on internal control systems prior to endorsement by the board and generally to keep under review the effectiveness of internal control systems;
- (k) to oversee the establishment and maintenance, and to review the operation of good business practices throughout the Group and to investigate, at the request of any member of management, any issues of concern to such person relating to the Group's management, reporting, control or business procedures; and

- (1) to consider other topics as notified from time to time by the board.

10. MINUTES

- 10.1 The members of the Committee shall cause minutes to be made of all resolutions and proceedings of the Committee including the names of all those present and in attendance at meetings of the Committee.

The secretary shall circulate the minutes of meetings of the Committee to all members of the Committee, all members of the board and to the Auditors.