

## AEGIS GROUP PLC

### Terms of Reference for the Audit Committee

#### Constitution

- 1) The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee.

#### Membership

- 2) The Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company and shall consist of not less than three members. A quorum shall be two members.
- 3) The Board shall appoint the chairman of the Committee.

#### Attendance at meetings

- 4) The Chief Financial Officer, Group Chief Accountant and a senior representative from the external auditors shall normally attend meetings. The Chief Executive Officer may also attend meetings.
- 5) The Company Secretary shall be the Secretary of the Committee.

#### Frequency of meetings

- 6) Meetings shall be held not less than three times a year. The external auditors may request a meeting if they consider that one is necessary.

#### Authority

- 7) The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any such request.
- 8) The Committee is authorised by the Board to obtain external professional advice and assistance if it considers this necessary.

#### Duties

- 9) The duties of the Committee shall be:
  - a) to recommend the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal.
  - b) to consider with the external auditor the nature and scope of the audit, and to ensure coordination where more than one audit firm is involved.
  - c) to review the half year and annual financial statements before submission to the Board, focusing particularly on:

- i) any changes in accounting policies and practices
  - ii) major judgemental areas
  - iii) significant adjustments resulting from the audit
  - iv) the going concern assumption
  - v) compliance with accounting standards
  - vi) compliance with stock exchange and legal requirements.
- d) to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary).
- e) to review the external auditor's management letter and management's response.
- f) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
- g) to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.
- h) to review the Company's internal financial control systems and procedures prior to endorsement by the Board.
- i) to review the Company's statement on internal control systems prior to endorsement by the Board.
- j) to consider the need for an internal audit function.
- k) to consider the major findings of internal investigations and management's response.
- l) to confirm all changes to internal audit and risk management executives.
- m) to consider other topics as necessary.

### **Reporting procedures**

10) The Secretary shall circulate the minutes of meetings of the Committee to all Board members.

Approved 07/12/07