

Cassidy Brothers plc

Terms of Reference for the Audit Committee

Constitution

The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee. Peter Cassidy has agreed to act as Chairman of this Committee.

General Statement

The Audit Committee provides a facility for discussing with the Company's external auditors their report on the annual accounts.

The Committee also considers any other matters which might have a financial impact on shareholders, including changes in accounting policies.

The Committee will facilitate an open avenue of communication between the external auditor, the finance function and the Board of directors.

The Committee is responsible for ensuring that an appropriate relationship between the Company and the external auditors is maintained, including approval of fees paid to the Company's external auditors.

Membership

The Committee shall comprise one non-executive director. The Board (acting upon recommendation from the Nominations Committee) shall appoint the Audit Committee and determine the period for which they shall hold office.

The majority of members shall be considered by the Board to be independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement.

The Financial Director shall act as Secretary to the Committee.

The Finance Director, the Secretary to the Committee and a representative of the external auditors shall normally attend meetings. Other Board members shall also have the right of attendance as necessary.

Meetings

The Committee shall meet at least twice a year or more frequently if requested by the external auditors. At least once a year the Committee shall meet with the external auditors without executive Board members present. The Quorum shall not be less than two.

Unless otherwise agreed, notice of each meeting, together with an agenda of items to be discussed, shall be sent to each member of the Committee, any other person required to attend, and all other non-executive directors, no fewer than 5 working days before the meeting.

Reporting Procedures

The Secretary shall minute the proceedings and circulate Minutes to all members of the Committee and to all members of the Board.

Authority

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 of the Company, or to obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary to the proper fulfilment of its duties.

All employees are directed to comply with requests from the Committee, and the Committee also has the power to call any employee to be questioned at a meeting of the Committee where it considers this necessary.

Terms of Reference

The Committee will follow the Principles and Provisions contained in The Combined Code as they apply to Audit Policy.

The duties of the Committee are to:

- a) make recommendations to the Board on the appointment or reappointment of external auditors, the audit fee and any questions of resignation or dismissal.
- b) approve fees paid both for audit and non-audit work and periodically review the cost effectiveness of the external audit.
- c) review from time to time the independence and objectivity of the external auditors, monitoring also the nature and extent of non-audit services provided by the external auditors.
- d) review with the external auditor the scope and outcome of the audit, and ensure co-ordination between the finance function and external auditors.
- e) review annually the effectiveness of the company's internal controls, and report to the Board on the findings of the review. The report shall cover all controls including financial, operational and compliance controls, risk evaluation and management.
- f) review the Company's statement on financial reporting, going concern and internal control systems for inclusion in the Annual Report and Accounts, giving due regard to the comments and recommendations of the Combined Code as well as the rules of the Alternative Investment Market and any Best Practice guidelines as applicable. Such review shall refer in particular to:
 - Any changes in accounting policies and practices;
 - Compliance with accounting standards;
 - Any material judgements;
 - Significant adjustments resulting from the audit.

- g) ensure that the Chairman of the Committee attends the Annual General Meeting and is prepared to respond to any shareholder questions on the Committee's report and activities.
- h) Review directors' and Company Secretary's expenses.
- i) Monitor compliance with the Company's policy for the appointment of agents and consultants.