
TAWA PLC
TERMS OF REFERENCE OF AUDIT
COMMITTEE

LeBoeuf, Lamb, Greene & MacRae
No.1 Minster Court
Mincing Lane
London EC3R 7YL

Tawa PLC
the ("Company")

Audit Committee

Terms of Reference

On 28 June 2007 the Board of Directors of the Company (the "**Board**") resolved to establish a Committee of the Board to be known as the Audit Committee (the "**Committee**"). These Terms of Reference were also adopted by the Board on 28 June 2007.

1. Membership

- 1.1 The Committee shall be appointed by the Board and shall consist of the chairman of the Committee (the "**Chairman**") and not less than two non-executive directors. A quorum shall be two members. 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.
- 1.2 The Chairman shall be appointed by the Board and shall be a non-executive director. The chairman of the Company shall not be a member of the Committee. In the absence of the Chairman, the remaining members shall elect one of their number to chair the meeting.
- 1.3 Appointments to the Committee shall be made by the Board on the recommendation of the Company's nomination committee in consultation with the Chairman.
- 1.4 All members of the Committee shall be non-executive directors at least one of whom shall have recent and relevant financial experience in the opinion of the Board.
- 1.5 The Chief Financial Officer and the Head of Internal Audit (if any such, or similar, appointment exists) and a representative of the external auditors shall normally attend meetings.
- 1.6 The Company Secretary, or in his or her absence, someone nominated by the Committee shall be the secretary of the Committee.

2. Authority

- 2.1 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 and its subsidiary undertakings (the "**Group**") and all such employees are directed to co-operate with any request made by the Committee.
- 2.2 The Committee is authorised by the Board (subject first to informing the Board of its intention to do so) to obtain outside legal or other independent professional advice at

the Company's expense and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary in fulfilling its duties.

3. Duties

The Committee should carry out the duties set below for the Group as appropriate to:

3.1 External Audit

3.1.1 keep under review the scope and results of the audit and its effectiveness and the independence and objectivity of the auditors, taking into consideration relevant UK professional and regulatory requirements;

3.1.2 keep the nature and extent of substantial volumes of non-audit services provided (if any) by the external auditors under review, seeking to balance the maintenance of objectivity and value for money and taking into consideration relevant ethical guidance regarding the provision of non-audit services by external auditors; and to report to the Board, identifying any matters in which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

3.1.3 make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment, removal and remuneration (unless authority to set the remuneration of the external auditor is delegated to the Board by the shareholders) of the external auditor, and to approve the terms of engagement (and remuneration if authority to set the remuneration of the external auditor is delegated to the Board by the shareholders) and consider any issues involving the resignation or dismissal of the external auditor;

3.1.4 discuss with the external auditor the nature and scope of the audit before the audit commences and to ensure co-ordination where more than one audit firm is involved;

3.1.5 monitor in discussion with the external auditors the interim and annual financial statements and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them (having particular regard to the application of accounting policy, significant adjustments arising from the audit, the going concern assumption, compliance with accounting standards and other requirements);

3.1.6 discuss problems and reservations arising from the interim and final audits, as well as any matters the auditor may wish to raise (in the absence of executive management where necessary);

3.1.7 review the external auditor's management letter and management's response to it; and

3.1.8 review quarterly any transactions between the Group and any related parties (as defined in the AIM Rules) or any associates or connected party thereof.

3.2 Internal Audit

- 3.2.1 review the Group's internal control and financial reporting systems (including financial, operational, compliance and risk management) and to make recommendations to the Board;
 - 3.2.2 review the Company's statement on internal control systems prior to endorsement by the Board;
 - 3.2.3 review annually the need for an internal audit function and make a recommendation to the Board and, where such a function exists, to review the implementation of the programme ensuring its smooth efficient running and appropriate standing within the Company; and
 - 3.2.4 consider the major findings of internal investigations and management's response.
- 3.3 Other Duties
- 3.3.1 review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the proportionate and independent investigation of such matters with appropriate follow-up action;
 - 3.3.2 consider other topics, as requested by the Board; and
 - 3.3.3 report and make recommendations (where appropriate) on all the above matters to the Board.

4. Reporting Procedures

- 4.1 The Committee shall meet as and when requested by either its Chairman or the chairman of the Company, and its Chairman will ensure that such meetings are held sufficiently frequently for the Committee to fulfil its duties.
- 4.2 Notwithstanding 4.1 above, Committee meetings shall be held at least twice a year.
- 4.3 Notice in writing of the meetings of the Committee shall be given to each member of the Committee at least 3 business days before any meeting. For the purposes of this clause, notice in writing shall include notice sent by electronic means as deemed appropriate by the members of the Committee.
- 4.4 The secretary of the Committee shall minute the proceedings of all meetings of the Committee including a record of the names of those present. The minutes, but not necessarily all the related background papers, shall be made available by the secretary of the Committee for inspection by any member of the Board.
- 4.5 The Chairman will report to the Board on significant matters considered, recommended or decided by the Committee.
- 4.6 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 4.7 The Committee shall compile an appropriate report to shareholders on its activities

which may be included as part of the Company's annual report.

5. Annual General Meeting

The Chairman shall attend the Annual General Meeting of the Company and be prepared to respond to any shareholder questions on the Committee's activities.

Adopted on 28 June 2007