

COHORT PLC
AUDIT COMMITTEE
TERMS OF REFERENCE
REVISED AUGUST 2006

1.0 Membership

- 1.1 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. A quorum shall be two members. The Company Secretary shall attend meetings of the Committee and record the proceedings and decisions of the Committee for prompt circulation to the Board. Where the Secretary is also an executive director, the Committee may nominate one of its members to act as Secretary for any meeting which the Committee wishes to hold without executive directors being present.
- 1.2 The Chairman of the Committee shall be confirmed by the Board.

2.0 Attendance at Meetings

- 2.1 The Finance Director and a representative of the external auditors can be invited to attend meetings. Other Executive Directors to attend by personal invitations from the Committee Chairman. However, at least once a year, the Committee shall ensure that it meets with the external auditors without Executive Board members present.

3.0 Frequency of Meetings

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

4.0 Authority

- 4.1 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 and all employees are directed to co-operate with any reasonable request made by the Committee.
- 4.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this is necessary.

5.0 Duties

5.1 The duties of the Committee shall be kept under periodic review, and will include:

5.1.1 The Accounts

To review the interim and annual financial statements before submission to the Board, focusing particularly on but not limited to:

- Any changes in accounting policies and practices
- Significant adjustments resulting from the audit
- Decisions requiring a major element of judgement
- The extent to which the financial transactions are affected by any unusual transactions or circumstances
- The clarity of disclosures
- The going concern assumption
- Compliance with legal, listing and accounting requirements and standards

5.1.2 External Audit

5.1.2.1 To make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditors.

5.1.2.2 To discuss with the external auditor before the audit commences, the nature and scope of the audit.

5.1.2.3 To review the external auditor's management letter and management's response, and to discuss problems and reservations arising from the interim and final audits, including any matters the auditor may wish to discuss (in the absence of management where necessary).

5.1.2.4 To review the findings of the audit with the external auditor.

5.1.2.5 To monitor and review the external auditors' independence, objectivity and effectiveness, taking into consideration relevant UK and International professional and regulatory requirements.

5.1.3 Management of Business Risk and to address business risk through:

5.1.3.1 Review of the risk assessment programme, including internal audit (where it exists), certification against externally recognised standards, and management's risk certification, ensuring co-ordination between these and the external audit programme

5.1.3.2 Ensuring that the risk management programme is adequately resourced and supported by management and the Audit Committee

5.1.3.3 Review of the process for risk management including financial and operational controls, monitoring and evaluating risks, and its relevance, effectiveness and completeness

5.1.3.4 Consideration of the findings of the risk management process and management's response

5.1.5 Self-assessment

5.1.4.1 To consider the effectiveness of the Audit Committee in carrying out its duties

5.1.5 Other

5.1.5.1 To consider other topics within its remit and / or as defined by the Board

5.1.6 Whistle Blowing

5.1.6.1 To review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

5.1.6.2 Such occurrences are to be reported to the Audit Committee as and when they arise.

5 September 2006