

Maxima Holdings plc

Terms of reference for the Audit Committee

These terms of reference are those adopted on flotation of the Company, amended to reflect requirements of the Combined Code. They were adopted by the Board on 22nd June 2007.

Constitution

The Committee will be established by resolution of the Board of the Company ("**Board**") and will be known as the Audit Committee.

Membership

The members of the Audit Committee shall be appointed by the Board from amongst the independent non-executive Directors of the Company and shall consist of not less than two members. A quorum shall be two members.

Attendance at meetings

The Chairman, Chief Executive, Finance Director and Company Secretary, and a representative of the external auditors, shall normally attend meetings. However, the committee shall have the right to meet without such persons being present.

The Committee may at each meeting appoint one of their number, or the Company Secretary, to be the Secretary of the Committee.

Frequency of meetings

Meetings shall be held at least three times a year. The external auditors may request a meeting if they consider that one is necessary.

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 and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board at the expense of the Company 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 necessary.

Duties

The duties of the Committee shall be:

- to monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgements contained in them
- specifically, to review the interim and annual financial statements before submission to the Board, focusing on: any changes in accounting policies and practices; major judgmental areas; significant adjustments resulting from the audit; the going concern assumption; compliance with accounting standards; information presented with the financial statements; and compliance with stock exchange and legal requirements
- to review the company's internal financial controls and, unless otherwise addressed by the Board, to review the company's internal control and risk management systems
- to consider annually whether there is a need for an internal audit function, and to make a recommendation to the Board
- to make recommendations to the Board, for it to put to shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor

- 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
- to develop, implement and review policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the firm; and to report to the Board any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken
- to discuss with the external auditor before the audit commences the nature and scope of the audit, and other relevant matters
- to discuss with the external auditor after the audit any matters arising or which they may wish to discuss (in the absence of management where necessary), and to review the external auditor's key issues letter and management's response
- to review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters
- to consider the findings of any internal investigations and management's response, and to consider other topics as defined by the Board; .
-
- to make available its terms of reference explaining its role and the authority delegated to it by the Board, and to review and where necessary update these annually;
- to conduct an annual review of the effectiveness of the Committee.

Reporting procedures

The Chairman shall report a summary of matters arising to the next board meeting.

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

The Committee shall prepare a report to shareholders on its activities to be included in the company's annual report, including the frequency of and attendance by members at Committee meetings.