

HELPHIRE GROUP PLC

Terms of Reference of the Audit Committee (the "Committee")

Approved by the Committee on 29th Day of June 2009

MEMBERSHIP

1. The Committee and its Chairman shall be appointed by the Board and comprise at least 3 members all of whom shall be independent non-executive directors of the Company, at least one of whom shall have significant recent and relevant financial experience.
2. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided the director remains independent.
3. The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
4. Any 2 members of the Committee shall comprise a quorum. 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.
5. The Company Secretary or their nominee shall be Secretary of the Committee.

ATTENDANCE AT, FREQUENCY OF AND REPORTING ON MEETINGS

6. The Committee shall meet at least 3 times each year and otherwise as required or at the request of any of its members or the external or internal auditors.
7. Unless invited by the Committee no-one other than Committee members may attend meetings.
8. Representatives of the external auditors will be requested to attend the meetings at which draft interim and final results are reviewed and otherwise on a regular basis.
9. At least once a year the Committee shall meet the external and internal auditors without other executive management being present.
10. Agenda and supporting papers will be circulated 5 working days in advance of each meeting.
11. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
12. Minutes of all Committee meetings will be circulated to all Committee members and, following their approval, to all Board members, unless a conflict of interest exists.

AUTHORITY

13. The Committee is authorised by the Board to:
 - (i) investigate any activity within its terms of reference; and
 - (ii) require or permit the attendance of and to seek any information it requires from any director or employee of the Company and its subsidiaries; and
 - (iii) obtain at the expense of the Company outside legal or other independent advice on any matter within its terms of reference and permit the attendance of such advisers at Committee meetings.

ANNUAL GENERAL MEETING

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

DUTIES

External Auditors

15. To oversee the selection process of the external auditors of the Company and its subsidiaries; consider, review and make recommendations to the Board for it to put to shareholders for their approval at the AGM in relation to their appointment, re-appointment or removal and to approve their terms of engagement, audit and non-audit fees and to investigate and decide upon any action to be taken upon their resignation.
16. To monitor and review their independence, objectivity and effectiveness taking into consideration relevant UK professional and regulatory requirements.
17. To review their quality control procedures and ensure they are updated in response to changes in regulatory and other requirements.
18. To discuss with them, before any audit commences, the nature and scope of each audit.
19. To review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - a. a discussion of any major issues which arose during the audit;
 - b. any major accounting and audit judgements; and
 - c. levels of errors identified during the audit.
20. To review any representation letter(s) requested by the external auditor before they are signed by management.
21. To review the management letter and the management's response to the auditor's findings and recommendations.

22. To develop and implement policy on the engagement and cost of the external auditors supplying non-audit services, taking into account relevant UK professional and regulatory requirements and ethical guidance regarding the provision of them by the external audit firm.

Internal Control & Internal Audit

23. To approve the appointment or dismissal of the internal auditors (who shall report to the Chairman of the Committee), ensure they are adequately resourced and have appropriate standing within the Company.
24. To set the internal audit programme then monitor and review its effectiveness.
25. To keep under review the effectiveness of internal financial controls; in particular the external auditor's management letter, internal audit findings, management's response to them and the corrective action agreed as a result of any recommendations.
26. To consider ways of improving the quality of financial reporting and the implementation of critical information systems.

Whistleblowing and fraud

27. The Committee shall:
 - a. 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; and
 - b. review the Company's procedures for detecting fraud.

Financial Reporting

28. To monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing and challenging (where necessary) the significant financial actions and judgments of management, in relation to the interim and annual financial statements before submission to the Board, focusing on:
 - (i) critical accounting policies and practices and changes to them;
 - (ii) decisions requiring a major element of judgment;
 - (iii) significant audit led adjustments;
 - (iv) going concern assumption;
 - (v) compliance with accounting standards, UKLA and other legal requirements;
 - (vi) the clarity of disclosures; and
 - (vii) the extent to which the financial transactions are affected by and means of disclosure of any unusual transactions in the year.

Miscellaneous

29. To review the statements on internal control to be included in the corporate governance statement in the annual report prior to its endorsement by the Board ensuring that it contains a separate section describing the role of this Committee and the action it has taken.
30. Monitor compliance with all other regulations and codes to ensure the upholding of Board led standards of business conduct in the best interests of shareholders.
31. To consider any other matters remitted to it by the Board.
32. To conduct an annual review of the Committee's work and these terms of reference and make recommendations to the Board.
33. To ensure the Committee Chairman attends the AGM to answer questions about its activities and responsibilities.