

AIR PARTNER PLC
AUDIT COMMITTEE TERMS OF REFERENCE
September 2010

The Audit Committee has been established as a sub-committee of the Board to monitor the arrangements for financial reporting and internal control within the Company and to manage the relationship with the Company's auditors.

TERMS OF REFERENCE

A. Membership and Resources

1. The Audit Committee shall act as a sub-committee of the Board and shall be appointed by the Board.
2. Only non-executive directors shall be eligible to be members of the Committee.
3. The Committee shall be made up of at least three members. At least one member of the Committee should have recent and relevant financial experience.
4. The Chairman of the Company may be a member of the Committee, so long as he was independent of the Company at the time of his appointment.
5. The Chairman of the Committee will be chosen by the Board. The Board intends that an independent non-executive director should chair meetings of the Audit Committee. If this is not possible and the Chairman of the Company was independent at the date of his appointment he may chair the Committee until such time as an independent non-executive director with recent and relevant financial experience is able to take on this task.
6. In the absence of the Chairman of the Committee, the Committee members present shall elect one of their number to chair the meeting.
7. Members of the Committee will normally serve for a period of three years. Their appointment may be renewed for a further three year period, so long as they are considered to remain independent and may be renewed on an annual basis thereafter but no director shall serve as a member of the Audit Committee for more than nine years.
8. Only members of the committee have the right to attend Committee meetings. However, the Chairman of the Company (if not a committee member), the Chief Finance Officer and the external auditor shall be informed of the date of each meeting and may be invited to attend all or part of any meeting as and when appropriate.
9. The Chairman of the Audit Committee shall attend Annual General Meetings of the Company to respond to questions from shareholders relating to audit and accounting matters.
10. The Company Secretary shall not be a member of the Committee but shall act as Secretary to the Committee and shall keep minutes and records of each meeting and ensure regular reporting by the Committee to the full Board. Minutes of each meeting will be circulated to all members of the Committee and, once agreed, to all members of the Board unless a conflict of interest exists.
11. The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the Company Secretary and members of the Finance team;
12. The Committee shall be authorised to seek any information it requires from any employee of the Company in order to perform its duties

13. The Committee shall have authority to obtain, at the Company's expense, any legal or other professional advice on matters within its terms of reference as required, save that potential expenditure on professional fees likely to exceed £10,000 shall be approved by the Board in advance of such fees being incurred.
14. Members of the Committee shall conduct an annual review of the Committee's performance, taking into account any need for changes to its membership or terms of reference, its compliance with corporate governance guidelines and the requirements of the UK Listing Authority's Listing, Disclosure and Transparency Rules and attendance by individual members of the Committee.

B. Meetings

1. The Committee shall meet as often as required but not less than twice a year. The Committee may meet in person, by telephone or by other electronic means, so long as each member can contribute to the business of the meeting simultaneously.
2. The timing of meetings shall be coordinated with the timetable for issue of the preliminary and interim announcement of results of the Company and any other significant financial events.
3. The quorum necessary for the transaction of business shall be 2 members, present in person, by telephone or other electronic means, as above. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities and powers vested in the Committee.
4. Meetings may be convened by the Secretary to the Committee or by any member of the Committee at any time and shall be convened within 7 days at the request of any external or internal auditor.
5. Notice of each meeting shall be given to all members of the Committee, the Chief Finance Officer, the external auditor and any other person required to attend at least 3 working days before each meeting.
6. In exceptional circumstances, resolutions of the Committee may be made in writing, so long as the relevant resolution is signed by all members of the Committee, and such a resolution shall be effective from the date of the last signature appended thereto. Signatures may be provided in hard copy, by fax or by scanning the original by email to the Company Secretary.

C. Duties and Responsibilities

The main duties and responsibilities of the Committee are:

1. to monitor the integrity of the financial statements of the Company, including its annual and interim statements and any other formal announcements relating to the company's financial performance, reviewing significant financial reporting judgements contained in them. The committee may also review any significant financial returns to regulators and financial information contained in other documents which may be of a price sensitive nature;
2. to seek assurance from the Chief Finance Officer that appropriate steps have been taken with regard to the preparation and consolidation of financial statements from subsidiary undertakings;
3. to review the consistency of, and any changes to, accounting policies on a year by year basis and across the Group;
4. to review the methods used to account for significant or unusual transactions where different approaches are possible;
5. to discuss whether the parent Company has following appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
6. to review, on behalf of the Board, the clarity of disclosure in published financial statements and the context in which such statements are made;

7. to review and challenge, as necessary, material information presented with the financial statements, insofar as they relate to audit, risk management and internal control;
8. to challenge the executive directors as required on matters of financial management, accounting policies and matters of internal control and risk management;
9. to review the company's internal financial controls and risk management systems;
10. to review and approve statements to be included in the Annual Report concerning internal control and risk management;
11. to monitor and review the need for internal audit and the effectiveness of any internal audit function;
12. to make recommendations to the board in regard to the performance of the external auditor, the audit process and the remuneration of the auditors, in particular to ensure that the level of fees is appropriate and the planning of audits managed to enable an adequate audit to be conducted;
13. to agree the scope of work and terms of engagement of external auditors and arrange for signature on behalf of the Board of any audit engagement letter;
14. to review at least annually the independence of the external auditors, taking account of industry guidance and firm policy on the rotation of audit partners and to monitor the use and remuneration of the existing external auditors in relation to any non-audit services;
15. to review the findings of each external audit, including but not limited to, discussion of any major issues arising during the audit, the validity of any accounting and audit judgments made and the materiality levels for any matters identified during the audit;
16. to meet with the external auditors at least once each year without management being present to discuss any issues arising from the audit and consider any comments on financial control and risk management within in the company;
17. to review any representation letter requested by the external auditors
18. to receive and review management's response to the auditors' findings and recommendations
19. to assess the effectiveness of the audit process and the quality of service provided and take steps to improve the effectiveness of the audit as necessary;
20. to investigate the reasons for any intended resignation by external auditors, discuss any issues of concern and decide what further action is required;
21. to manage any change of auditors on behalf of the Board;
22. to provide a separate section to the Annual Report of the company, describing the work of the committee during the year;
23. to review the Company's arrangements for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters significant to the business of the Company;
24. to ensure that there is a process for proportionate and appropriate investigation of any such matters and follow-up reporting;
25. to review the Company's procedures for fraud detection