

Terms of Reference (AIM Compliance Committee)

1. Membership

1. The committee shall consist of not less than one Non-executive Director of the Company. The first appointees to the Committee are Mr Peter Hammonds and Mr Justin Martin. A quorum shall be two members.
2. The chairman of the committee shall be Mr Peter Hammonds.
3. The members of the committee shall be re-elected each year by the board and a member of the committee can be removed by the board at any time.

2. Attendance at meetings

1. Other board members shall also have the right of attendance.
2. The Company Secretary shall be the Secretary to the committee.

3. Frequency of meetings

1. Meetings shall be held not less than twice a year. Members of this Committee should also ensure that each meeting of the full board, a discussion of AIM matters, in particular a briefing of the Committee by the executive directors and issues raised with the Nomad and advice given. These discussions should be minuted and made available to the Nomad on request;
2. A meeting may also be requested by any member of the Committee or the Nominated Advisor who considers that one is necessary and by any member of the board if approval is given by the Chairman of the board.

4. Authority

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 request made by the committee.
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 necessary.

5. Duties

The duties of the Committee shall be:-

1. to ensure that procedures, resources and controls are in place to ensure AIM Rule compliance within the company are operating effectively from time to time;
2. to ensure that the executive directors are communicating as necessary with the company's Nomad regarding ongoing compliance with the AIM Rules and in relation to proposed or potential transactions;

3. to ensure that advice received from the Nomad is recorded and taken into account;
4. to ensure that all announcements made have been verified and approved by the Nomad whose name must be on all material announcements to RNS;
5. to monitor press coverage to ensure that executives are not including price sensitive information in any press briefings;
6. to question the executive board to ascertain the reasons for any unusual, substantial movement in the company's share price;
7. to ensure that the Nomad is supplied with information on the company's financial condition on a regular and timely basis and of any other key developments in the company from time to time;
8. to assess whether the executive directors are aware of their AIM responsibilities from time to time and, where any deficiencies are noted, arrange for the Nomad to brief the director(s) concerned;
9. to ensure that the Nomad is maintaining contact with the company on a regular basis. Where this is not the case, the Committee should contact the Nomad and remind them of their responsibilities under the AIM Rules for Nomads to the company;
10. The Nomad will circulate any rule changes to the Chairman of the Committee and it will be his responsibility to circulate these changes to the rest of the board;
11. to meet with the executive directors at least every 6 months to discuss and confirm that the AIM Rules have been complied with in the period. Keep minutes of these meeting and send a copy of these minutes to the Nomad;
12. In the event that the meeting with the executive directors has identified any actual or possible non-compliance issues, these should be discussed immediately with the Nomad to determine the course of action to be taken;
13. to ensure the executive directors comply with advice given by the Nomad from time to time;
14. to be responsible for any investigation launched by the AIM Team into the company's affairs;
15. to approve a statement on AIM Rule compliance for inclusion in the company's interim statement and annual accounts in the agreed form.