

AUDIT COMMITTEE

TERMS OF REFERENCE

Constitution

1. Established by Resolution of the Board of Directors of Coral Products PLC.

Membership

2. 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.
3. The Chairman of the Committee shall be appointed by the Board.
4. If the Chairman of the Committee is not present at a meeting, the members present shall elect one of their number as Chairman of the Meeting.

Attendance at Meetings

5. The Finance Director and a representative of the external auditors shall normally attend meetings. Other Board members shall also have the right of attendance. However, at least once a year the Committee shall meet with the external auditors without executive Board members present.
6. The Company Secretary shall be the Secretary of the Committee.

Frequency of Meetings

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

Authority

8. 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.
9. The Committee is authorised by the Board to obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

10. The duties of the Committee shall be:
 - a. to consider the appointment of the external auditor and any questions of resignation or dismissal;
 - b. to discuss with the external auditor before the audit and to ensure co-ordination where more than one audit firm is involved;
 - c. to review the half year and annual financial statements focusing particularly on:
 - i. any changes in accounting policies and practices
 - ii. major judgmental areas
 - iii. significant adjustments resulting from the audit
 - iv. compliance with accounting standards
 - v. compliance with Stock Exchange and legal requirements
 - d. to discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss;

- e. to review the external auditor's management letter and management's response;
- f. to consider other topics as defined by the Board.

Reporting Procedures

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