

Audit Committee - Terms of Reference

Members

1. Membership

1.1 The Committee shall be composed of at least three members.

1.2 All members of the Committee including its Chairman shall be non-executive directors, at least two of them should be Independent and ideally at least one of whom shall have significant, recent and relevant financial experience.

1.3 The Board shall appoint the Committee Chairman. 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.

1.4 The company secretary or his nominee shall act as Secretary of the Committee.

2. Proceedings

2.1 A quorum for the Committee is two Independent Committee members. 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 duties vested in or exercisable by the Committee.

2.2 The Group Finance Director (also the Company Secretary) although not members of the Committee will attend meetings with the agreement of the Chairman of the Committee. FB's external auditors, KPMG, will normally attend, although they will not be present at meetings when the Committee discusses their performance and/or remuneration.

2.3 FB's other directors may attend with the agreement of the Chairman of the Committee.

2.4 Any Committee member or the Company Secretary may call additional meetings as necessary. The external auditors may also request additional meetings.

2.5 The Chairman of the Committee will be available to the Group Finance Director and the Company Secretary to discuss any matters of concern in relation to financial reporting matters, internal control concerns or compliance with the Group's legal and regulatory obligations should this be considered necessary by those individuals.

2.6 The terms of reference and the effectiveness of the Committee shall be reviewed annually and any necessary recommendations made to the Board.

2.7 The Committee shall meet at least four times a year, linked to the announcement of the FB Group half year and year end financial results.

3. Minutes

The minutes of meetings of the Committee are circulated to all members of the Committee and to nominated recipients as soon as practicable after the meeting. The minutes are also circulated to all members of the FB Group Board.

4. Authority

The Committee has authority to:

- (a) oversee any investigation of activities which are within its terms of reference;
- (b) require provision of any necessary information to fulfill the above;
- (c) obtain, through the Company Secretary, outside legal help and any professional advice, at the Company's expense, which might be necessary to enable it to fulfill its duties;
- (d) call any member of staff, through the Company Secretary, to be questioned at a meeting of the Committee as and when required;
- (e) meet with the external and internal auditors (if applicable) without management present.

5. Principal Duties

5.1 External Audit

5.1.1 Recommend to the Board the appointment and reappointment of external auditors to FB Group plc, ensuring that key partners are rotated at appropriate intervals; and consider their resignation and removal and recommend appropriate action.

5.1.2 Review the performance of the external auditors including the scope of their audit and recommend to the Board appropriate remuneration.

5.1.3 Review, at least annually, the cost effectiveness of the audit and the qualification, expertise, independence and objectivity of the external auditors, including the nature and extent of non-audit and consultancy services to ensure that independence or objectivity is not impaired.

5.1.4 Review and approve the Group Audit Engagement Letter.

5.1.5 Discuss with the external auditors the scope of their audits before they commence and review the results and consider their Management Letter, and report the results of those reviews to the Board.

5.1.6 Review and discuss any reports from the external auditors on critical accounting policies, including management's response.

5.2 Internal Audit

5.2.1 Assess whether an Internal Audit department is required, at least annually.

5.3 Financial Reporting

5.3.1 Review the annual and half year financial results, the Annual Report, the Interim Management Statements and other published information to satisfy itself that they meet all statutory requirements, appropriate Financial Reporting Standards and, where applicable, the requirements of the UK Listing Authority and the Combined Code and that there are no unsettled issues of significance between the management and the auditors which could affect the truth and fairness of the statements.

5.3.2 Review the disclosure made by the Chief Executive and Group Finance Director in their Annual Report and any disclosures about any significant deficiencies or material weaknesses in the design or operation of internal financial controls and any fraud involving management or other employees who have a significant role in the Company's internal control over financial reporting.

5.3.3 Review annually the accounting policies and make recommendations to the Board.

5.4 Risk Management

5.4.1 Monitor and review the standards of risk management and internal control, including the processes and procedures for ensuring that material business risks, including risks relating to IT security, fraud and related matters, are properly identified and managed, the effectiveness of internal control, financial reporting, accounting policies and procedures, and the Company's statements on internal controls before they are agreed by the Board for each year's Annual Report.

5.4.2 Review processes for dealing with complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters ('whistleblowing' procedures), ensuring arrangements are in place for the proportionate and independent investigation and appropriate follow up action.

5.4.3 Receive regular reports on significant litigation and financial commitments and potential liability (including tax) issues involving the Group.

6. Other

The Committee shall:

6.1 Review any other matter referred to it by either the Board or the Chairman;

6.2 Delegate any of its powers to one or more of its members, or the Secretary if it deems this appropriate.

6.3 Review annually the overall finance strength of the Company.

15 December 2008