

THE REMUNERATION COMMITTEE

TERMS OF REFERENCE

Constitution

The Board has resolved to establish a committee of the Board known as the Remuneration Committee.

Membership

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 independent non-executive directors. If the Company has only one independent non-executive director, the Chairman of the Board shall be a member of the Committee.

A quorum shall be two members.

The chairman of the committee shall be appointed by the Board.

Attendance at meetings

Directors of the company other than the members of the committee shall not normally attend meetings nor shall they have the right of attendance. However, the Chief Executive may be invited to attend meetings to discuss the performance of other executive directors and to make proposals as necessary.

The Company Secretary shall be the Secretary of the committee.

Frequency of meetings

Meetings shall be held not less than twice a year.

Authority

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.

The committee is authorised by the Board to obtain professional advice. Advisers with relevant experience and expertise may attend meetings of the committee if the chairman of the committee considers this necessary.

Duties

The duties of the committee shall be:

- (a) to have regard to The Alternative Investment Market Rules issued by the London Stock Exchange plc (“AIM Rules”) and the recommendations of the Combined Code on Corporate Governance annexed to the Listing Rules issued by the Financial Services Authority.
- (b) to determine the company’s policy on the remuneration of executive directors of the Company and of other senior executives in the Group.
- (c) to determine the total remuneration package (that is, conditions of employment, basic salary, performance related bonuses (both short and long term) pension, share options and other benefits) of the executive directors of the Company, and, after discussion with the Chief Executive, to agree with him the total remuneration package of the other senior executives in the Group;
- (d) to report to shareholders in compliance with AIM Rules and legal requirements;
- (e) to ensure that the company maintains contact as required with its principal shareholders about remuneration in the same way as for other matters;
- (f) to determine the number of shares over which options may be granted;
and
- (g) to consider other topics, as defined by the Board.

Reporting to the Board

The Secretary shall make available the minutes of meetings of the committee to all members of the Board.

Reporting to shareholders

The committee shall prepare, on behalf of the Board, an annual report to shareholders (to be included in the company’s annual report and accounts) which should include, inter alia, the information on directors’ remuneration required to be disclosed by the Companies Act, the AIM Rules and other relevant requirements.

The chairman of the committee, or in his or her absence another member of the committee, should attend the company’s Annual General Meeting to be available to answer questions about directors’ remuneration.

Other Matters

The Remuneration Committee shall make available on request these terms of reference, explaining the role and the authority delegated to it by the Board including posting it on the Company website.