

PINEWOOD SHEPPERTON PLC (the "Company")

AUDIT COMMITTEE - TERMS OF REFERENCE

CONSTITUTION

- 1.** The members of the Audit Committee for the time being shall be:

Adrian Burn (Chairman)
Nigel Hall
Michael Grade
- 2.** The Audit Committee (the "**Committee**") shall consist of a minimum of 2 members appointed by the Board of the Company (the "**Board**") on the recommendation of the Nomination Committee. A majority of members of the Committee should be independent non-executive directors (in accordance with A.3.1 of the Combined Code on Corporate Governance). The Chairman of the Committee, who shall be an independent non-executive director, shall be appointed by the Board on the recommendation of the Nomination Committee which shall determine the period for which he/she shall hold office. In the absence of the Audit Committee Chairman, the remaining members present shall elect one other member present to chair the meeting. A formal note of all meetings shall be taken.
- 3.** At least one member of the Committee should have recent and relevant financial knowledge.
- 4.** The quorum for decisions of the Committee shall be any 2 members, both of whom must be independent. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

ROLE

- 5.** The overall purpose of the Committee shall be to:
 - 5.1** ensure that the Group's accounting and financial policies and controls are proper, effective and adequate;
 - 5.2** ensure that internal and external auditing processes are properly co-ordinated and work effectively;
 - 5.3** ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance published by the Company, reviewing significant financial reporting judgments contained in them; and
 - 5.4** keep under review the nature and extent of non-audit services provided by the Company's Auditors.
- 6.** The Committee shall:
 - 6.1** make recommendations to the Board for it to put to the shareholders in general meeting about the appointment, re-appointment, removal, remuneration and terms of engagement of the Company's Auditors;
 - 6.2** meet with the Company's Auditors before the start of each annual audit to consider the nature and scope of the audit (and, where more than one audit firm is involved, monitoring co-ordination between them) and post audit at the reporting stage;
 - 6.3** review and monitor the results and effectiveness of the audit and the independence and objectivity of the Company's Auditors, taking into consideration relevant UK professional and regulatory requirements;
 - 6.4** develop and implement policy on the engagement of the Company's Auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by

the Auditors and report to the Board identifying any matters in respect of which it considers that action or improvement is needed making recommendations on the steps to be taken;

- 6.5** meet the Board formally at least once each year to discuss matters such as the annual report and the relationship with the external auditors;
- 6.6** prepare a report to shareholders to be included in the Company's Annual Report and Accounts which shall include:
 - 6.6.1** if there is no internal audit function, the reasons for the absence of such a function;
 - 6.6.2** if the Board has not accepted the Committee's recommendations about the appointment, re-appointment or removal of the Company's Auditors, a statement explaining their recommendation and the reasons why the Board has taken a different position; and
 - 6.6.3** if the Company's Auditors provide non-audit services, how auditor objectivity and independence is safeguarded;
- 6.7** review the Company's financial statements including its annual and interim reports, preliminary results' announcements, summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents before their submission to the full Board, focusing in particular on:
 - 6.7.1** any changes in accounting policies and practices;
 - 6.7.2** major judgemental areas;
 - 6.7.3** significant adjustments arising from the audit;
 - 6.7.4** the "going concern" assumption;
 - 6.7.5** compliance with accounting standards;
 - 6.7.6** the extent to which the financial statements are affected by any unusual transactions; and
 - 6.7.7** compliance with legal, UK Listing Authority and/or London Stock Exchange requirements;
- 6.8** discuss, in the absence of the executive directors (if appropriate), any problems or reservations which the Company's Auditors may have arising from final audits and any interim audits or otherwise;
- 6.9** review the external Company's Auditors' management letter and management's response;
- 6.10** review the statement to be included in the annual report on the Board's review of the effectiveness of its internal control systems prior to endorsement by the Board;
- 6.11** review the effectiveness of the internal financial control, financial reporting and risk management systems of the Group and regularly review the effectiveness of the Company's internal audit function. If there is no such function, the Committee should consider annually if there is a need for an internal audit function and make a recommendation to the Board;
- 6.12** consider the major findings of the Company's Auditors (including any management letters from the Company's Auditors) and/or internal investigations and management's response to those findings and investigations;
- 6.13** consider the requirements of the Listing Rules issued by the UK Listing Authority;
- 6.14** review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these

arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action;

6.15 consider any other matter specifically referred to the Committee by the Board;

6.16 co-ordinate internal and external audit functions; and

6.17 oversee any investigation of activities which are within the Committee's terms of reference.

PROCEDURE

7. The Company's Auditors and the Company's Chairman, Chief Executive and Finance Director may be invited to attend and speak at meetings of the Committee and at least once each year representatives of the Company's Auditors and the head of internal audit shall meet the Committee without any executive directors being present, except by invitation of the Committee.

8. The Committee shall meet at least three times during each year and at such other times as the Chairman of the Committee shall require. Meetings of the Committee may be held by telephone. The Company's Auditors may request a meeting if they consider it necessary. Meetings may also be called at the request of any member of the Committee.

9. At least 21 days' notice of any meeting of the Committee shall be given (confirming the venue, time and date of the meeting and attaching an agenda of items, to be discussed (together with any supporting papers)), although such notice period may be waived or shortened with the consent of all the members of the Committee.

10. The minutes of the meeting of the Committee shall be circulated to all members of the Committee and the Board and to the Company's Auditors.

11. All recommendations of the Committee shall be reported to the Board.

12. The Chairman of the Committee shall attend the Company's Annual General Meeting prepared to respond to any shareholder questions on the Committee and its activities and responsibilities.

13. The Board authorises the Committee:

13.1 to investigate any activity within its terms of reference and seek directly any information it requires from any employee, consultant or contractor of the Company and other provider of services to the Company (e.g. solicitors, tax advisers, management consultants) (all such persons being directed to co-operate with any such request by the Committee);

13.2 to obtain outside legal or other independent professional advice at the cost of the Company to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary (but such persons shall not be members of the Committee); and

13.3 to call any member of staff to be questioned at a meeting of the Committee as and when required.

14. The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members, and on an ongoing basis for all members.

15. The Committee shall conduct an annual review of its work, constitution and these terms of reference and shall make recommendations to the Board.

16. References in these terms of reference to the "**Group**" mean the Company and its subsidiaries.

19 April 2004 (amended 27 September 2004)