

➤ Corporate Governance and Share Dealing Code (14/08/07)

The Directors recognise the importance of sound corporate governance. The Directors comply with the main provisions of the Combined Code, in so far as possible and appropriate given the Company's size and nature.

The Directors have established an audit committee, a remuneration committee and a nominations committee, each with formally delegated rules and responsibilities. Each of the committees currently comprises the non-executive Directors and meets regularly, and at least twice each year in respect of the audit committee and once a year in respect of each of the nominations committee and remuneration committee.

The Company holds at least 10 board meetings throughout the year. The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets, major items of capital expenditure and acquisitions.

The audit committee meets at least twice each year and be is responsible for ensuring that the financial performance of the Company is properly reported on and monitored and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems. It meets once a year with the auditors without executive board members present. The audit committee comprise the non-executive Directors of the Company and is chaired by Graham Norfolk.

The remuneration committee reviews the performance of the executive Directors and sets and reviews the scale and structure of their remuneration and the terms of their service agreements with due regard to the interests of Shareholders. In determining the remuneration of executive Directors, the remuneration committee seeks to enable the Company to attract and retain executives of the highest calibre. The remuneration committee also makes recommendations to the Board concerning the allocation of share options to employees. No Director is permitted to participate in discussions or decisions concerning his own remuneration. The remuneration committee comprises the non-executive Directors and is chaired by Chris Townsend.

The nominations committee meets as required for the purpose of considering new or replacement appointments to the Board. The nominations committee comprises the non-executive Directors of the Company and is chaired by Chris Townsend.

The Company has adopted a model code for Directors' and key employees' share dealings which is appropriate for an AIM quoted company. The Directors comply with Rule 21 of the AIM Rules relating to Directors' dealings and take all reasonable steps to ensure compliance by the Group's applicable employees as well.