

**ROBERT WISEMAN DAIRIES PLC (the “Company”)
TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

Objectives

1. The objectives of the Audit Committee are:
 - To monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
 - To review the effectiveness of the Company's internal financial controls and, unless covered expressly by a separate Board risk committee composed of independent directors or by the Board itself, the Company's internal control and risk management systems;
 - To assess the requirement for an internal audit function at least annually and, where a function is established, to monitor and review the effectiveness of the internal audit function;
 - To make recommendations to the board in relation to the appointment of external auditor and to approve the remuneration and terms of engagement of the external auditor;
 - To review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
 - To develop and implement policy on the engagement of the external auditor to supply non-audit services;
 - To report to the Board, identifying any matters in respect of what it considers that action or improvement is needed, and making recommendations as to the next steps to be taken; and
 - To review the Company's procedure for detecting fraud and whistle blowing and ensure that procedures are in place through which employees may in confidence raise concerns about improprieties in matters of financial reporting or control or any other matter.

Authority

2. The Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee is authorised to require the provision of such information, and access to such personnel, as it requires to discharge its responsibilities. The Board shall give such instructions or directions as are necessary to enable the Committee to fulfill its duties and responsibilities.
3. The Committee may obtain legal or any other independent professional advice, at the Company's expense, as it considers necessary for the fulfillment of its duties and responsibilities and such advisers may attend meetings as necessary.

Membership

4. The Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company and shall consist of at least three members. A quorum shall be two members.
5. All Audit Committee members shall be independent and shall be free of any relationship which, in the opinion of the Board, could materially interfere with the exercise of their independent judgment as Committee members.
6. It is required that all Committee members shall be financially literate and at least one member of the Committee must have sufficient recent and relevant financial experience.
7. The Chairman of the Committee shall be appointed by the Board by formal resolution and be chosen from the three Non Executive Directors who shall from time to time make up the Committee. The Chairman of the Board shall not be eligible for appointment to the Committee.
8. The Company secretary or his/her nominee shall be the Secretary to the Committee.
9. The members of the Committee shall be identified in the Company's Annual Report.

Meetings

10. The Committee will meet at least three times a year and additionally as the Committee Chairman deems necessary. The external auditors may request a meeting if they consider that one is necessary. Any member of the Committee shall be entitled to call a meeting of the Committee by giving reasonable notice to all or a majority of the other Committee members. No one shall have the right to attend a meeting of the Committee without the invitation of the chairman of the Committee, nor shall any such attendee have the right to vote.
11. At least once a year, without the presence of executive management, the Committee shall meet with the external auditors.
12. Notice of each meeting confirming the date, venue and time, together with an agenda of items and relevant papers to be discussed shall be formally provided, in writing, to each member of the Committee, other than in special circumstances, at least three working days prior to the meeting.
13. Members of the Committee (and any other director or officer who is present) must declare any personal interest in any matter under discussion in accordance with section 317 of the Companies Act 1985.
14. The Committee shall ensure proper minutes of meetings of the Committee are kept.

Duties

The duties of the Committee are to:

Financial statements and financial information

15. Assist the Board in ensuring that the Company's published financial statements, including preliminary announcements, interim reports and the annual report, comply with statute and all appropriate and relevant accounting standards and good practice.
16. Review the half-year and annual financial statements before submission to the Board, focusing on:
 - (i) any changes in accounting policies and practices;
 - (ii) complex or unusual transactions and highly judgmental areas and recent professional and regulatory pronouncements and understand their impact on the financial statements;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumption;
 - (v) compliance with accounting standards;
 - (vi) clarity of disclosures;
 - (vi) compliance with stock exchange and legal requirements; and
 - (vii) risk management procedures and their application.

Internal Audit/Internal Controls

17. Review the Company's statement on internal controls systems prior to endorsement by the Board.
18. Consider the major findings of any internal investigations on control and management's response.
19. Assess at least annually the effectiveness of the internal audit function.
20. Consider whether any significant control weaknesses and failures have been identified. If such weaknesses have been identified, then consider the appropriateness of the remedial action taken and the appropriateness of the Combined Code disclosures in the Annual Report.

External Auditors

21. Make recommendations on the appointment and remuneration of the external auditors and make appropriate recommendations, along with the associated reasons, to the Board for submission to the shareholders at the AGM and any other public documents.
22. Discuss with the external auditors, before the start of each annual audit, the scope of the audit and review the engagement terms.
23. Discuss with the external auditors, matters arising from their work and encourage and monitor compliance with relevant codes of best practice in corporate governance;

24. Keep under review the scope and results of the annual audit, its cost effectiveness and the independence and objectivity of the auditors. Where the auditors also supply any volume of non-audit services to the Group, the Committee will keep the nature and extent of such services under review. The Committee has a policy on non-audit services from the external auditors in line with APB's Ethical Standards.
25. The Committee confirmed that the auditors provide assistance to the Remuneration Committee, if required.
26. Review the external auditors' management letter and management's response.

Compliance

27. Review the effectiveness of the system for monitoring compliance with laws and regulations and review the results of management's investigation and follow-up any instances of non-compliance.
28. Review the findings of any examinations by regulatory agencies, and any auditor observations.
29. Obtain regular updates from management and Company legal counsel regarding compliance matters.
30. Review the Company's procedures for handling allegations from whistleblowers.
31. Review the Company's procedures for ensuring compliance with competition law.

Reporting

32. The minutes from the Audit Committee meetings shall be circulated to all members of the Board and the Company Secretary.
33. The Committee's duties and activities during the year shall be disclosed in the annual financial statements and the frequency and attendance record (by member) of Committee meetings shall be reported.
34. The Chairman of the Committee shall be available to answer shareholders' questions on the Committee's activities and its duties and responsibilities at any relevant general meeting of the Company.