

ABERDEEN NEW DAWN INVESTMENT TRUST PLC

AUDIT COMMITTEE TERMS OF REFERENCE

CONSTITUTION The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee.

MEMBERSHIP The Committee shall be appointed by the Board. All members of the Committee shall be independent non-executive Directors of the Company. The Committee shall consist of not less than three members.

A quorum shall be two members.

The Chairman of the Committee shall be appointed by the Board from amongst the independent non-executive Directors.

The Chairman is Mr Shearer (with effect from 1 January 2007).

ATTENDANCE AT MEETINGS The head of the Manager's internal audit department and the Manager's compliance officer and a representative of the external auditors shall attend meetings at the invitation of the Committee.

There should be at least one meeting per year, or part thereof, where the external auditors attend without management present.

The Company Secretary shall be the Secretary of the Committee.

FREQUENCY OF MEETINGS Meetings shall be held not less than twice a year, and where appropriate should coincide with key dates in the Company's financial reporting cycle

External auditors or internal auditors of the Manager may request a meeting if they consider that one is necessary.

AUTHORITY

The Committee is authorised by the Board to:

- a. investigate any activity within its terms of reference;
- b. seek any information that it requires from any employee of the Manager and all employees of the Manager are directed to co-operate with any request made by the Committee; and
- c. obtain outside legal or independent professional advice and such advisors may attend meetings as necessary.

DUTIES

The duties of the Committee shall be to:

- a. consider the appointment of the external auditor, and assess independence of the external auditor, ensuring that key partners are rotated at appropriate intervals (at present five years);
- b. to recommend the audit fee to the Board and pre-approve any fees in respect of non audit services provided by the external auditor and to ensure that the provision of non audit services does not impair the external auditor's independence or objectivity;
- c. to discuss with the external auditor, before the audit commences, the nature and scope of the audit and to review the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- d. to oversee the process for selecting the external auditor and make appropriate recommendations through the Board to the shareholders to consider at the AGM;
- e. to review the external auditor's management letter and management's response;
- f. to review the internal audit monitoring report and report on procedures.
- g. to review the risk profiles of the Company and the Manager, including in particular the procedures for identifying business risks and controlling their financial impact on the Company.

- h. to consider the Manager's response to any major external or internal audit recommendations;
- i. review the internal controls of the Company and the Manager, including policies for preventing or detecting fraud;
- j. review any compliance matters regarding the Manager that could impinge on the Company;
- k. review the operations and effectiveness of the administrators, custodians, registrar, savings plan administrators and other sub-contractors providing services to the Company;
- l. review the investment management agreement;
- m. consider any other relevant matter.
- n. to review, and challenge where necessary, the actions and judgements of management, in relation to the interim and annual financial statements before submission to the Board, paying particular attention to:
 - critical accounting policies and practice and any changes in them;
 - decisions requiring a major element of judgement;
 - the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - the clarity of disclosures;
 - significant adjustments resulting from the audit;
 - the going concern assumption;
 - compliance with accounting standards;
 - compliance with UK Listing Authority, London Stock Exchange and legal requirements especially with regard to the Combined Code;
 - valuation of unlisted investments
 - reviewing the Company's statement on internal control systems prior to endorsement by the Board and to review the policies and process for identifying and assessing business risks and the management of those risks by the Company; and
 - consider the major findings of internal investigation and management response; and
 - to consider other topics, as defined by the Board.

REPORTING

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board, and the Chairman of the

Committee.

The minutes of meetings of the Committee shall be included with the agenda of the next Committee Meeting.

The Committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the Board.

The Committee's duties and activities during the year shall be disclosed in the annual financial statements.

The Chairman shall attend the AGM and shall answer questions, through the chairman of the Board, on the audit Committee's activities and their responsibilities.