

AMINO TECHNOLOGIES PLC

Terms of Reference for the Audit Committee

WE HEREBY CERTIFY THIS TO BE
A TRUE COPY OF THE ORIGINAL

Hewitsons 7/6/04

HEWITSONS
SOLICITORS
Shakespeare House
42 Newmarket Road
Cambridge
CB5 8EP

1. Constitution

The Committee has been established by resolution of the Board and is to be known as the Audit Committee.

2. Membership

2.1 The members of the Audit Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than two members. The members of the Audit Committee shall be non-executive directors of the Company. A quorum shall be two members present and voting on the matter for decision.

2.2 The Board shall appoint the Chairman of the Audit Committee.

2.3 The Board shall have the power at any time to remove any members of the Audit Committee and to fill any vacancies so created.

2.4 The Company Secretary shall act as the secretary of the Committee.

3. Attendance

The Committee shall normally invite the chairman of the Board, the Finance Director and a representative of the external auditors to attend meetings to make proposals as necessary.

4. Frequency of meetings

Meetings shall be held at such times as the Committee deems appropriate and in any event shall not be held less than twice¹ a year. Further meetings may be called by the Board or any member thereof, including all members of the Committee, or by the external auditors, if they consider that one is necessary.

5. Proceedings

5.1 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of directors.

5.2 Except under exceptional circumstances, at least 48 hours' notice will be given of a meeting of the Committee. Such notice will include the agenda and any supporting papers.

¹ The Combined Code provides that the Committee should meet at least 3 times a year.

5.3 The Company Secretary shall circulate the minutes of the meetings of the Audit Committee to all members of the Board.

5.4 The meeting may be held by teleconference, video conference or e-mail provided all parties agree.

6. Annual General Meeting

The Chairman of the Audit Committee shall be available at the Annual General Meeting to answer questions on the Audit Committee's activities.²

7. Duties

The duties of the Committee shall be to have regard to Section C (*Accountability and Audit*)³ of the Combined Code on Corporate Governance, and in particular, shall be:

7.1 to review the half-year and annual financial statements, the accompanying reports to shareholders, the preliminary announcement of results and any other announcement regarding the Company's results or other financial information before submission to the Board, focussing particularly on:

- any changes in accounting policies or practices;
- major judgemental areas;
- significant adjustments arising from the audit;
- the going concern statement;
- internal control;
- announcements of a price sensitive nature;
- compliance with accounting standards, local and international; and
- compliance with regulatory and legal requirements.

7.2 to discuss problems and reservations arising from the audit, and any matters the auditors may wish to discuss (in the absence of any executive Directors or employees where necessary);

7.3 to review the effectiveness of the Company's systems of internal control in the context of the Company's overall risk management system;

7.4 at least once a year, to review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and⁴

7.4 to consider other relevant matters referred to it by the Board.

² The Combined Code provides for a report on the Audit Committee to be included in the Company's Annual Report.

³ Section C gives main and supporting principles and Code provisions on financial reporting, internal control, and audit committee and auditors.

⁴ The Combined Code requires that the terms of reference of the Audit Committee be made available on request and placed on the Company's website.

8. Internal Controls and Risk Management Systems

In carrying out its duties regarding internal control the Audit Committee shall:

- 8.1 review the Company's annual statement on its systems of internal control prior to endorsement by the Board and in particular review:
 - the procedures for identifying business, operational, financial, compliance and other risks and controlling their impact on the Company having regard, in particular, to any significant failings or weaknesses in internal control that have been reported;
 - the actions taken to remedy any significant failings or weaknesses;
 - the Company's policies for preventing and detecting fraud;
 - the Company's policies for ensuring compliance with regulatory and legal requirements; and
 - the operational effectiveness of these policies and procedures.
- 8.2 review such significant transactions not directly related to the Company's normal business as the Audit Committee might deem appropriate;
- 8.3 review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Company; and
- 8.4 identify the significant risk factors and review the controls over significant risks.

9. External Audit

The duties of the Audit Committee shall be:

- 9.1 to review the scope and results of the annual audit and its cost-effectiveness and the independence and objectivity of the external auditors;
- 9.2 to consider the appointment of the external auditors, the audit fee, and any questions of resignation or dismissal;
- 9.3 to keep under review the overall financial relationship between the Company and its external auditors, in order to ensure the maintenance of objectivity and independence;
- 9.4 to discuss with the external auditors the nature and scope of the audit and other relevant matters;
- 9.5 to review the external auditors' management letter and management's response;
- 9.6 where the auditors supply a substantial volume of non-audit services for the Company, to review the nature and extent of such services with a view to balancing the maintenance of the auditors' objectivity and value for money to the Company taking into account any relevant guidance on the matter.

10. Authority

- 10.1 The Audit Committee is authorised by the Board to investigate any matter within its term of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Audit Committee.
- 10.2 The Audit Committee is authorised to require a representative of the external auditors to attend meetings, or parts of meetings.
- 10.3 The Audit Committee shall at least once a year meet with the external auditors without any executive member of the Board in attendance.⁵
- 10.4 The Audit Committee is authorised by the Board at the expense of the Company to obtain outside legal or other independent professional advice on any matter within its terms of reference and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. It is envisaged that in obtaining outside advice the Committee will act with the knowledge and approval of the chairman and Chief Executive of the Company.
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Adopted by the Board on 20 May 2004

⁵ This may not be necessary given the size of the main Board or it may be a meeting which all directors should attend.

Terms of Reference for the Remuneration and Nomination Committee**1. Constitution**

The Committee has been established by resolution of the Board and is to be known as the Remuneration and Nomination Committee.

2. Membership

2.1 The members of the Remuneration and Nomination Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than two members. The members of the Remuneration and Nomination Committee shall be non-executive directors of the Company. A quorum shall be two members present and voting on the matter for decision.

2.2 The Board shall appoint the Chairman of the Remuneration Committee.

3. Frequency of Meetings

Meetings shall be held at such times as the Committee deems appropriate and in any event shall not be held less than twice¹ a year. The chairman of the Company may request a meeting if he or she reasonably considers that one is necessary.

4. Proceedings

4.1 Unless varied by these terms of reference, meetings and proceedings of the Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of directors.

4.2 Except under exceptional circumstances, at least 48 hours' notice will be given of a meeting of the Committee. Such notice will include the agenda and any supporting papers.

4.3 The Company Secretary shall circulate the minutes of the meetings of the Remuneration Committee to all members of the Committee and, if the Chairman so decides, to all members of the Board.

4.4 The meeting may be held by teleconference, video conference or e-mail provided all parties agree.

¹ The Remuneration Committee must meet close to the year end, to review the Remuneration Report (if appropriate) to be submitted to shareholders with or as part of the Company's Annual Report for their approval at the AGM.

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5. Annual General Meeting

The Chairman of the Remuneration Committee shall be available at the Annual General Meeting to answer questions regarding remuneration policy and practice or any of the Committee's activities.

6. Purpose

The purpose of the Remuneration Committee is:

- 6.1 to ensure that the executive directors of the Company and other employees (any employee whose basis gross salary and car allowance exceeds £60,000 per annum) are fairly, but responsibly, rewarded for their individual contribution to the overall performance of the Company;
- 6.2 to consider and, if thought fit, to approve the granting of share options to employees and non-executive directors;
- 6.2 to demonstrate to the shareholders of the Company that the remuneration of the Company's Chief Executive, executive directors, Company Secretary and other senior executives of the group ("**the Executives**") is set by a committee of the Board whose members have no personal interest in the outcome of the decisions of the Remuneration and Nomination Committee and who will have due regard to the interests of shareholders irrespective of their personal interests; and
- 6.3 to make recommendations to the Board on the Company's framework of executive remuneration and its cost.

7. Duties

Subject to paragraph 6 above and to Section B² of the Combined Code on Corporate Governance, the Remuneration and Nomination Committee shall be responsible for all elements of the remuneration of the Executives and the duties of the Remuneration and Nomination Committee shall be:

- 7.1 to consider the basic salary paid to the Executives and any recommendations made by the chairman of the Company for changes to that basic salary. The remuneration of non-executive directors shall be a matter for the Board. No director shall be involved in any decisions as to their own remuneration;
- 7.2 to consider any bonuses to be paid to the Executives and, in respect of any element of remuneration of an Executive which is performance-related, to formulate suitable performance-related criteria and monitor their operation, and to consider any recommendations regarding bonuses or performance-related remuneration;
- 7.3 having regard to Schedule A³ of the Combined Code on Corporate Governance, to advise on and determine all performance-related formulae relevant to the

² Section B of the CC deals with remuneration including remuneration policy, main and supporting principles, service contracts and compensation and procedure.

³ Schedule A of the CC deals with provisions on the design of performance related remuneration.

remuneration of the directors of the Company and to consider the eligibility of directors for annual bonuses and benefits under long-term incentive schemes;

7.4 to administer all aspects of share option and/or share incentive schemes operated by the Company, including, but not limited to (subject always to the rules of the schemes and any applicable legal and Stock Exchange requirements):

- the selection of those eligible directors and employees of the Group to whom options should be granted;
- the timing of any grant;
- the numbers of shares over which options are to be granted;
- the exercise price at which options are to be granted; and
- the imposition of any objective condition which must be complied with before any option can be exercised.

7.5 to review the design of all share option and/or share incentive plans for approval by the Board and shareholders;

7.6 to have regard, in the performance of the duties set out in this paragraph, to any published guidelines or recommendations regarding the remuneration of directors of quoted companies and the formation and operation of share option and share incentive schemes which the Remuneration Committee considers relevant or appropriate;

7.7 to consider and prepare a report of the committee for the annual accounts;

7.8 to consider other benefits granted to the Executives and any recommendation of the chairman of the Company for changes in those benefits;

7.9 to consider the policy for, and scope of, pension arrangements applicable to the Executives;

7.10 to consider and make recommendations in respect of any other terms of the service contracts of the Executives and any proposed changes to these contracts;

7.11 to consider other matters relating to the remuneration of or terms of employment applicable to the Executives and referred to the Remuneration Committee by the Board;

7.12 to review, at least once a year, its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.⁴

8. Reporting Responsibilities

8.1 The Chairman of the Remuneration Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

⁴ The Combined Code requires that the terms of reference of the Remuneration Committee be made available on request and placed on the Company's website.

8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9. Appointments

The Committee will have responsibility and authority to make recommendations to the Board for appointment as a director together with the relevant remuneration package, appropriate terms and conditions.

10. Authority

10.1 The Remuneration Committee is authorised by the Board at the expense of the Company to investigate any matter within its term of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Remuneration Committee.

10.2 The Remuneration Committee is authorised by the Board at the expense of the Company to obtain outside professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. It is envisaged that in obtaining outside advice the Committee will act with the knowledge and approval of the chairman and Chief Executive of the Company.

Adopted by the Board on 20 May 2004