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PLANT HEALTH CARE PLC

**TERMS OF REFERENCE OF THE
AUDIT COMMITTEE**



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**TERMS OF REFERENCE OF THE AUDIT COMMITTEE (the ‘Committee’)
OF THE BOARD OF DIRECTORS OF PLANT HEALTH CARE PLC (the ‘Board’)**

1 Authority

- 1.1 The Committee has been established by resolution of the Board and is to be known as the Audit Committee.
- 1.2 The Committee is authorised to investigate and undertake any activity within its terms of reference. It is authorised to seek any information it requires from any employee or director and the Board shall direct all employees and directors to co-operate with any request made by the Committee.
- 1.3 If the Committee considers it necessary, it is authorised to obtain appropriate external advice to assist it in the performance of its duties and to secure the services of outsiders with relevant experience and expertise. The Company shall bear the cost of obtaining such advice or services. The Committee shall inform the Finance Director before incurring any such expense.

2 Committee Members

- 2.1 The members of the 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 committee shall consist exclusively of non-executive directors of the Company. The members of the Committee should have no personal financial interest in the matters to be reviewed and determined (other than as shareholders), no potential conflict of interest as a result of cross directorships, and no day to day involvement in the running of the Company. The initial members shall be Samuel Wauchope and Dr Robert Chanson.
- 2.2 The Chairman of the Committee shall be appointed by the Board and shall be a non-executive director. The Board shall decide the Chairman's period of office. The initial Chairman shall be Samuel Wauchope. In the absence of the Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 2.3 If a member is unable to act for any reason, the chairman of the Committee may appoint another non-executive director as an additional member.
- 2.4 The Company Secretary shall be Secretary to the Committee.

3 Meetings

- 3.1 The quorum for any meeting of the Committee shall be two.
- 3.2 The Committee shall meet at least twice in each year, at such times and locations as may be agreed by the members. Any member of the Committee may at any time convene a meeting of the Committee. If they consider that

one is necessary, the Company's auditors may at any time request a meeting of the Committee and the Committee shall comply with such request.

- 3.3 A representative of the Company's auditors shall normally attend at least one meeting of the Committee each year. Any other member of the Board shall have the right to attend (but not to vote at) any meeting of the Committee (subject as provided in 3.4 below).
- 3.4 The Committee may invite any person it thinks appropriate to attend any of its meetings. At least once in each year, the Committee shall meet with the Company's auditors without the presence of any executive director or employee.

4 Purpose

The purpose of the committee is:

- 4.1 to ensure that the Company's accounting and financial policies and controls are proper and effective;
- 4.2 to ensure that internal and external auditing processes are properly coordinated and work effectively; and
- 4.3 to ensure the integrity of the financial statements and information published by the Company.

5 Duties

The duties of the Committee shall be:

- 5.1 to review the half year and annual financial statements before submission to the Board;
- 5.2 to review any changes in accounting policies and practices;
- 5.3 to review and challenge major judgmental areas;
- 5.4 to review significant adjustments resulting from the audit;
- 5.5 to review the going concern assumption;
- 5.6 to review compliance with accounting standards;
- 5.7 to review compliance with applicable stock exchange and legal requirements;
- 5.8 to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of the executive directors and other management, where necessary);

- 5.9 to consider the major findings of internal investigations and management's response;
- 5.10 to consider the nature and scope of the annual audit and its cost effectiveness with the external auditors;
- 5.11 to keep under review the overall financial relationship between the Company and its external auditors, to ensure the maintenance of objectivity and independence;
- 5.12 to consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal;
- 5.13 to review the independence and objectivity of the auditors and matters related to the provision of non-audit services;
- 5.14 to review the external auditor's management letter and the Company's response;
- 5.15 to review the effectiveness of the Company's internal control systems and to review systems to identify, evaluate and manage risks and to review the annual statement on internal control to shareholders, prior to endorsement by the Board;
- 5.16 to have regard to Section 1D (Accountability and Audit) of the Combined Code;
- 5.17 to consider any other matters relating to audits that may be referred to the Committee by the Board; and
- 5.18 to review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting in accordance with section 1D, para C.3.4 of the Combined Code.

6 Reporting

- 6.1 Before each meeting of the Committee it shall circulate the agenda to all members of the Board and the Company's auditors and, after each meeting, shall in a timely manner circulate the minutes of that meeting to all members of the Board and the Company's auditors.
- 6.2 The Chairman of the Committee (or another member of the Committee nominated by the Chairman) shall attend the Company's Annual General Meeting to answer any questions which shareholders may raise in connection with the audit.
- 6.3 The Committee shall conduct a review, at least once every three years, of their work and these terms of reference and make any recommendations for change to the Board.

7 **Minutes**

- 7.1 The Committee shall circulate the minutes of each meeting of the Committee to all members of the Board.

- 7.2 The Committee shall be entitled to keep confidential from members of the Board extracts of the minutes of any meeting of the Committee to the extent that the Committee resolves that those extracts are of a sensitive nature and should remain confidential.

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