

NETSCIENTIFIC PLC
(the "Company")

Terms of reference of the Audit Committee approved by the Board on 9 May 2013

In these terms of reference:

- The "Committee" means the Audit Committee.
- The "Board" means the board of directors of the Company.
- "Group Company" means any subsidiary undertaking of the Company from time to time.

1. Membership

- Members of the Committee shall be appointed by the Board in consultation with the Chairman of the Audit Committee. The Committee shall be made up of at least 2 members. Members of the committee shall be appointed by the board, on the recommendation of the nomination committee and in consultation with the chairman of the Committee.
- All members of the Committee shall be independent non-executive directors, at least one of whom shall have recent and relevant financial experience.
- Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Secretary of the Committee, Chief Executive, Finance Director, other directors, and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate.
- The external auditors will be invited to attend meetings of the Committee on a regular basis.
- Appointments to the Committee shall be for an initial period of up to three years, which may be extended thereafter for further periods of up to three years, provided the member still meets the criteria for membership of the Committee.
- The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2. Secretary

- The Company Secretary or his nominee shall act as the Secretary of the Committee.

3. Quorum

- The quorum necessary for the transaction of business shall be 2 members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of Meetings

- The Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

5. **Notice of Meetings**

- Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and to any other person required to attend no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. **Minutes of Meetings**

- The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

7. **Annual General Meeting**

- The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8. **Duties**

The Committee will carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as appropriate:

- *Financial Reporting*: the Committee shall monitor in discussion with the auditors the integrity of the financial statements of the Company, and any formal announcements relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain;
- *Financial Reporting Procedures*: [to be completed]
- *Internal Controls and Risk Management Systems*: the Committee shall review the Company's internal financial controls and, unless expressly addressed by the board itself, review the Company's internal control and risk management systems;
- *Internal Audit*: the Committee shall monitor and review the effectiveness of the Company's internal audit function and, where there is no internal audit function, consider annually whether there is a need for an internal audit function and make a recommendation to the Board;
- *External Audit*: the Committee shall:
 - make recommendations to the Board, for it to put to shareholders for approval in general meeting, in relation to the appointment, re-appointment and removal of the

Company's external auditor and to approve the remuneration and terms of engagement of the external auditor;

- review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance on the matter; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- *Whistleblowing*: the Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible improprieties in matters of financial reporting or other matters. The Committee shall make such arrangements as it decides are appropriate for the investigation of such matters with follow up action.

9. Reporting Responsibilities

- The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10. Other Matters

- The Committee shall, at least once a year, review its terms of reference and recommend any changes it considers necessary to the Board for approval.

11. Authority

- The Committee is authorised:
 - to seek any information it requires from any employee of the company in order to perform its duties;
 - to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
 - to call any employee of any Group Company to be questioned at a meeting of the Committee as and when required; and
 - to publish in the Company's annual report details of any issues that cannot be resolved between the committee and the Board.