

ZETEX PLC

TERMS OF REFERENCE OF THE BUDGET COMMITTEE OF THE BOARD APPOINTED UNDER ARTICLE 133

1 Objective

The Committee shall be a committee of the Board and will primarily concern itself with the review of the Group budget, the execution of the Group's financial and operational plans within the context of its strategy, the approval and review of capital expenditure and the stewardship of the Group's foreign currency risk management.

2 Terms of Reference

- 2.1 *Review the annual budget for the Group and provide recommendations on such to the Board.*
- 2.2 *Consider, review and report to the Board on the implications of the annual budget on the execution of the Group's strategy.*
- 2.3 *Consider, review and report to the Board on proposals to materially increase revenue or capital expenditure plans to accelerate the fulfilment of the Group strategy or to materially reduce such plans to adapt to prevailing market circumstances.*
- 2.4 *Review the Group's financial and operational plans generally and consider and report to the Board on the potential impact of proposed corporate transactions (acquisitions or disposals).*
- 2.5 *Consider, and if thought fit, approve capital and special revenue expenditure proposals from £251K up to £1m and review and make recommendations to the Board on capital or special revenue expenditure of over £1m prior to submission to the Board for final approval.*
- 2.6 *Consider and review the terms of the Group's banking facilities and their adequacy in terms of the Group's financial plans.*
- 2.7 *Consider and review the policy for the management of the Group's cash resources.*

3 Constitution

- 3.1

<i>R E Venter (Chairman)</i>	<i>- non-executive director</i>
<i>B Waite</i>	<i>- non-executive director</i>
<i>M Geh</i>	<i>- non-executive director</i>
<i>H Rohrer</i>	<i>- Executive director</i>
<i>N Hawkins</i>	<i>- Executive director</i>
<i>C K Greene</i>	<i>- Executive director</i>
- 3.2 *The Chairman of the Committee shall be appointed by the Board.*
- 3.3 *If the Chairman of the Committee is not present at a meeting, the members present shall elect one of their number as Chairman of the meeting.*
- 3.4 *The Company Secretary shall be secretary of the Committee.*
- 3.5 *The Committee shall have the power to invite such other persons as it deems*

necessary or expedient to attend its meetings.

- 3.6 *The power of appointing and removing members of the Committee shall be exercised by the Board.*

4 Transaction of Business

- 4.1 *The quorum necessary for the transaction of the business of the committee shall be two including at least one non-executive and one executive director and the Chairman shall not have a second or casting vote.*
- 4.2 *In accordance with Article 162 of the Articles of Association of the Company, a Meeting of the Budget Committee may be validly held notwithstanding that such Committee Members may not be in the same place provided that they are in constant communication with each other throughout by telephone, video with voice link or other form of communication.*
- 4.3 *In accordance with Article 161 of the Articles of Association of the Company, a resolution in writing signed by all the members of the Committee for the time being shall be as valid and effectual as a resolution passed at a Meeting of the Committee duly called and constituted. Such resolution may be contained in one document or in several documents in like form each signed by one or more Members of the Committee.*

5 Minutes

The Committee shall cause minutes to be kept of the names of the members of the Committee present and of the resolutions and proceedings at each of its meetings and once approved by the Committee, shall circulate such minutes to the Board.

6 Report

The Committee shall prepare a report of its activities for consideration by the Board, arising from its regular meetings.

7 Frequency

The Committee shall meet at least three times a year and thereafter as frequently as it considers necessary to fulfil its terms of reference. At least one meeting shall be held immediately prior to the submission of the annual budget to the Board and at least one meeting shall be held prior to the announcement of the Group's interim results to the London Stock Exchange in order to review financial performance in the light of the budget and the Group strategy.