

1st May 2009

Zetar Plc ("Zetar" or the "Company")

Disposal of The Baked Snacks Company Limited (the "Disposal")

Zetar announces that it sold its subsidiary, The Baked Snacks Company Limited ("BSC"), on 30th April 2009 to Tilbury Property Limited ("Tilbury"), a company controlled by Mobeen Mehdi (chief executive officer of BSC) for a consideration of up to a maximum of £2.68 million.

Tilbury has made an initial cash payment to Zetar of £590,000, comprising £100 in consideration for 100% of the issued share capital of BSC and £589,900 to repay an inter company loan. Deferred cash consideration of up to £2.091 million (the "Deferred Consideration") is payable by Tilbury in instalments over the three year period to 30 April 2012. Receipt by Zetar of the Deferred Consideration remains subject to Tilbury securing appropriate financing commitments.

The Deferred Consideration payments will be partly secured by way of a first charge and debenture over the plant and machinery of Tilbury and personal guarantees given by Mobeen Mehdi. In addition, Zetar has been issued shares, credited as fully paid, representing 49% of Tilbury's issued share capital (the "Consideration Shares"). Mobeen Mehdi, who holds 51% of Tilbury's issued share capital, has the right to purchase the Consideration Shares from Zetar for nominal amounts in various tranches, subject to the receipt by Zetar of agreed amounts of the Deferred Consideration. Zetar's holding of Consideration Shares can be reduced to zero once £1.3 million of Deferred Consideration is received by it in cash.

The aggregate amount of the Deferred Consideration can be reduced by up to £225,000 if Tilbury makes a payment of a specified amount before 31 January 2010.

BSC manufactures a range of healthier low fat crisps and biscuits. In the year ended 30 April 2008, BSC made sales of approximately £2 million and an adjusted operating loss of £0.9 million. At 31 October 2008, BSC had net assets of £2.6 million.

The Disposal removes the Company's only loss making subsidiary, enhancing its earnings and allowing management to refocus solely on continuing to grow the profitable Confectionery and Natural & Premium Snacks divisions. The Disposal proceeds will be used by Zetar to reduce its borrowings.

The Disposal is a related party transaction by virtue of Mobeen Mehdi, as a director of a Zetar subsidiary, holding a controlling interest in Tilbury. The directors of Zetar, having consulted with Investec Investment Banking (a division of Investec Bank plc), consider that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned.

Zetar intends to issue a trading update in respect of its continuing business in early May 2009.

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