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If you have sold or otherwise transferred all of your Existing Ordinary Shares, please send this document, together with the accompanying form of proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, these documents should not be distributed, forwarded or transmitted in or into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or their respective territories or possessions.

The Directors, whose names are set out on page 5 of this document, accept responsibility for the information contained herein, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, all such information for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

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## **Zetar Plc**

*(Registered in England and Wales with Registered No. 5308258)*

### **Proposed acquisition of Humdinger Limited**

### **Placing of 2,800,000 new ordinary shares of 10p each at 400p per share**

### **Notice of Extraordinary General Meeting**

### **Nominated Adviser and Broker**

### **Altium Capital Limited**

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Your attention is drawn to the letter from the Chairman of Zetar Plc set out on pages 5 to 9 of this document recommending that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting, notice of which is set out at the end of this document.

Altium, which is authorised and regulated by the Financial Services Authority, is acting as Nominated Adviser and Broker exclusively for the Company in connection with the Placing, the Acquisition and the other arrangements described in this document and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Altium, or for advising any other person in connection with the arrangements described in this document. The responsibilities of Altium, as Nominated Adviser, are owed solely to the London Stock Exchange. No representation or warranty, express or implied, is made by Altium as to any of the contents of this document.

**Notice of an Extraordinary General Meeting of the Company to be held at the offices of DLA Piper Rudnick Gray Cary UK LLP, 3 Noble Street, London EC2V 7EE at 10.00 a.m. on 17 July 2006 is set out at the end of this document. To be valid, the accompanying form of proxy for use at the Extraordinary General Meeting should be completed and signed in accordance with the instructions printed thereon and returned by post or by hand to the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but, in any event, so as to arrive no later than 10.00 a.m. on 15 July 2006, being 48 hours before the time appointed for the holding of the meeting. Completion and posting of the form of proxy will not prevent a Shareholder from attending and voting in person at the Extraordinary General Meeting if they so wish.**

The Placing described in this document is only being made in the United Kingdom. In particular, this document does not constitute an offer to buy or subscribe for, or the solicitation of an offer to buy or subscribe for, Placing Shares in any jurisdiction in which such offer or solicitation is unlawful. The Placing Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (the "Securities Act") or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. Neither this document nor any copy of it may be delivered, distributed or transmitted in or into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan, nor may it be distributed to any national, resident or citizen of any such country or jurisdiction or to any US person (within the meaning of Regulation S under the Securities Act).

Copies of this document will be available free of charge during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of Zetar Plc, 10<sup>th</sup> Floor, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL for the period of one month from the date of this document.

**The whole of the text of this document should be read.**

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### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2006</i>
Latest time and date for receipt of forms of proxy	10.00 a.m. on 15 July
Extraordinary General Meeting	10.00 a.m. on 17 July
Completion of the Acquisition, Admission and commencement of dealings in the New Ordinary Shares	18 July

### PLACING STATISTICS

Placing Price	400p
Number of Existing Ordinary Shares	7,530,500
Number of Placing Shares being placed on behalf of the Company	2,800,000
Number of Initial Consideration Shares being issued to the Sellers	305,701
Number of Ordinary Shares in issue immediately following Admission	10,636,201
Market capitalisation of the Company on Admission at the Placing Price	£42.5 million
Estimated net proceeds of the Placing*	£10.4 million

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\* *Estimated net proceeds of the Placing are stated after the deduction of the estimated total expenses of the Proposals and other related costs payable by the Company of approximately £0.8 million.*

## DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“Acquisition”	the proposed acquisition of Humdinger as described in this document
“Acquisition Agreement”	the conditional agreement dated 22 June 2006 between the Sellers and the Company relating to the Acquisition
“Act”	the Companies Act 1985 (as amended)
“Additional Consideration Shares”	the new Ordinary Shares which may be allotted and issued to the Sellers in satisfaction of any additional consideration which may become payable pursuant to the Acquisition Agreement
“Admission”	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the rules published by the London Stock Exchange relating to AIM
“Altium”	Altium Capital Limited
“Board”	the board of directors of the Company from time to time
“Company” or “Zetar”	Zetar Plc
“Completion”	completion of the Acquisition
“Consideration Shares”	the Initial Consideration Shares and the Additional Consideration Shares
“Directors”	the directors of the Company
“EBIT”	earnings before interest and tax
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company convened for 10.00 a.m. on 17 July 2006, or any adjournment thereof, notice of which is set out at the end of this document
“EMI Scheme”	the Zetar Enterprise Management Incentive Share Option Scheme
“EBT”	the Zetar Employee Benefit Trust
“Enlarged Group”	the Company and its subsidiaries as enlarged by the Acquisition
“Enlarged Issued Share Capital”	the issued ordinary share capital of the Company immediately following Completion
“Existing Ordinary Shares”	the Ordinary Shares in issue at the date of this document
“Group”	the Company and its subsidiaries
“Humdinger”	Humdinger Limited, the company the subject of the Acquisition
“Initial Consideration Shares”	the 305,701 new Ordinary Shares to be allotted and issued to the Sellers on Completion pursuant to the Acquisition Agreement
“Kinnerton”	Kinnerton Group Limited, a subsidiary of the Company
“Loan Notes”	the £289,784 nominal value of secured loan notes to be issued by the Company to the Sellers as part of the consideration payable on Completion
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the Initial Consideration Shares and the Placing Shares

“Ordinary Shares”	ordinary shares of 10p each in the capital of the Company
“Placing”	the proposed placing by Altium of the Placing Shares, as described in this document
“Placing Agreement”	the agreement dated 22 June 2006 between the Company and Altium relating to the Placing
“Placing Price”	400p per Placing Share
“Placing Shares”	the 2,800,000 new Ordinary Shares to be allotted and issued pursuant to the Placing
“Proposals”	the Acquisition, the Placing, and the other proposals set out in this document
“Readifoods”	Readifoods Limited, a subsidiary of the Company
“Resolution”	the resolution to be proposed at the EGM
“Sellers”	the various sellers under the Acquisition Agreement, being Philip Whitfield, Nigel Halmshaw, Community Foods Limited, Paul Gilbert, David Norwood, Paul Ramsey, Paul Sangwin, Andrew Humphries, John Pickering, David Lewis, William Henry, Peter Woodhams and Sharon Stubbs
“Shareholder”	a holder of Existing Ordinary Shares
“UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions and the District of Columbia

## PART 1

### Letter from the Chairman of Zetar

#### Zetar Plc

(Registered in England and Wales with registered number 5308258)

*Directors:*

David Jeffreys Williams (Chairman)  
Ian Marcel Blackburn (Chief Executive)  
Clive Henry Beecham (Managing Director – Kinnerton)  
Mark Irvine John Watts (Non-Executive Director)

*Registered Office:*

10th Floor  
Bucklersbury House  
3 Queen Victoria Street  
London EC4N 8EL

22 June 2006

*To Shareholders and, for information only, holders of options under the EMI Scheme and the EBT*

Dear Shareholder,

**Proposed acquisition of Humdinger  
Proposed placing of 2,800,000 new Ordinary Shares at 400p per share**

#### **Introduction**

The Company announced today that it has entered into a conditional agreement to acquire the entire issued share capital of Humdinger (a leading importer, processor, packer and distributor of premium quality dried fruit and nuts in the UK) for a total consideration of up to £12.975 million. Initial consideration of £10.0 million is payable on Completion which will be satisfied by the issue to the Sellers of the Initial Consideration Shares and the Loan Notes and the payment to the Sellers of £8.482 million in cash. Additional consideration of up to £2.975 million (to be satisfied by the issue of loan notes and/or Additional Consideration Shares at the option of Zetar) may become payable dependent upon the profitability of Humdinger in the two years ending 30 September 2008. On Completion, the Company will also repay Humdinger's bank loans and invoice discounting facilities, expected to amount to approximately £1.5 million in aggregate.

The Company also announced today that Altium has conditionally placed 2,800,000 new Ordinary Shares with institutional investors at a price of 400p per share to raise £11.2 million (gross) for the Company. The proceeds of the Placing will be used, *inter alia*, to pay the initial cash consideration for the Acquisition, to redeem Humdinger's bank loans and invoice discounting facilities and to meet the associated costs and expenses of the Proposals.

Completion of the Acquisition is conditional, *inter alia*, upon the approval by Shareholders of the Resolution, the Placing Agreement becoming unconditional in all respects and Admission.

The principal terms of the Acquisition and the Placing are described in more detail below and in Part 2 of this document.

The purpose of this document is to provide you with further information on the Acquisition and the Placing, to explain why the Directors believe that they are in the best interests of the Company and to seek your approval of the Resolution.

#### **Information on Humdinger**

##### *Introduction*

Humdinger is an importer, processor, packer and distributor of ambient food products, predominantly premium quality dried fruit and related products. The business was established in August 2001 by Phil Whitfield and Nigel Halmshaw, respectively the current managing director and finance director of Humdinger, together with four senior managers. It has since grown into a major UK food marketing, distribution and production business, specialising in dried fruit snacks and related products and employing over 80 full time staff. Humdinger is based in Kingston-upon-Hull, East Yorkshire where it operates from two leased premises covering, in total, 44,600 sq. ft. and containing 15 production lines.

### *Products*

Humdinger aims to distribute higher margin niche products rather than volume driven lines and continually seeks to develop new products, usually in conjunction with its customers. The Directors believe that this strategy strengthens Humdinger's relationship with its customers and its position in their supply chain.

Humdinger's current product portfolio includes the following categories:

- **Dried fruit** – for home baking and industrial uses. Brands include *Ultimate*
- **Snacking fruit bars and crisps** – Brands include *Humzingers Fruit Stix*, *Humdinger Fruit Crisps*, *Lunchbox Minis*
- **Nuts** – for both home baking and snacking e.g. cashews, pecans, pine nuts. Brands include *Chef's Secret*
- **Rice crackers** – for traditional snacking and biscuit crackers. Brands include *Japanese Rice Crackers*
- **Biscuits** – a range of continental wafers and cookies. Brands include *Heavenly Cookies* and *Choc Delite*
- **Chocolate confectionery** – including dairy free and no added sugar products

### *Markets and customer base*

Humdinger processes and supplies both private label and branded products, predominantly for the UK retail trade. Key customers in this market include some of the UK's major supermarket chains such as Sainsbury, Tesco, Asda and Waitrose, as well as Holland & Barrett.

Humdinger also has contract packing partnerships with several major dried fruit producers, such as Sunsweet Growers Inc, ("Sunsweet") a grower owned marketing cooperative based in California, US. Humdinger is the exclusive UK distributor of prunes for Sunsweet, one of the largest suppliers of prunes in the world. In addition, Humdinger has a licence from Sunsweet for the *Humzinger* trademark in the UK, which it uses on its *Humzingers Fruit Stix* products.

Humdinger has also been the contract packing partner for Community Foods Limited ("CFL") since it commenced trading in 2001, at which time CFL took a 25 per cent stake in Humdinger. CFL is a major UK importer and trader of, primarily organic, fruit and nuts, supplying supermarkets, under the *Crazy Jack* brand, and cash and carry outlets. Humdinger and CFL have recently extended their contract packing agreement for a further five years.

Humdinger's relationships with Sunsweet and CFL were key to the historic development of the business. In the six months ended 31 March 2006, Sunsweet and CFL accounted for, in aggregate, 29 per cent. of Humdinger's turnover.

### *Summary financial information*

Summary financial information relating to Humdinger, which has been extracted, or derived, without material adjustment from the audited results of Humdinger for the two years ended 30 September 2004 and 30 September 2005 and the six months ended 31 March 2006, is set out below:

	<i>Six months ended</i>		
	<i>Year ended 30 September</i>		<i>31 March</i>
	<i>2004</i>	<i>2005</i>	<i>2006</i>
	<i>(£'000)</i>	<i>(£'000)</i>	<i>(£'000)</i>
Turnover	14,087	21,218	10,883
EBIT (before goodwill amortisation)	725	1,411	908
Profit on ordinary activities before taxation	679	1,038	718
Profit on ordinary activities after taxation	451	656	456

As at 31 March 2006, Humdinger had total borrowings, including invoice discounting, of £1.3 million and net assets of £1.9 million.

### **Background to and reasons for the Acquisition**

Following the acquisition of Kinnerton, which established the Group's confectionary division, the Directors sought to establish a second, complementary division to take advantage of the growth in

consumption in 'healthier' and premium snacks. The Group's natural and premium snacking division was established through the acquisition of Readifoods, a UK company specialising in the sourcing, preparation and supply of premium quality dried nut and fruit blends in March 2006. Healthy eating and fighting obesity were (and remain) key topics on the national agenda and the intention of the Directors was to add additional businesses to this new division in order for it to gain critical mass.

The Directors believe that the acquisition of Humdinger, with its focus on dried fruits and nuts, is an excellent fit for the Group's natural and premium snacking division and that it:

- complements the Readifoods predominantly nut based product range;
- provides an entry into the fast growing fruit based snacks market;
- increases opportunities to cross sell the Enlarged Group's products and optimise raw material purchasing; and
- further balances the Group's existing customer portfolio.

The Directors expect the Acquisition to be earnings enhancing in its first year of ownership.

### **Principal terms of the Acquisition**

The Company has agreed to acquire Humdinger conditional on, *inter alia*, the Placing Agreement becoming unconditional and not being terminated in accordance with its terms, the passing of the Resolution and Admission.

On Completion, the Sellers will receive £10.0 million in a mixture of cash, the Loan Notes and the Initial Consideration Shares. The Sellers will also be entitled to receive up to a further £2.975 million if certain profit targets are met by Humdinger in the years ending 30 September 2007 and 2008.

Each of the Sellers has agreed that, subject to certain exceptions, they will not for a period of at least four years compete with Humdinger's business or deal with its employees, customers or suppliers. The Acquisition Agreement also contains various warranties about Humdinger and a tax covenant given by or on behalf of each of the Sellers to the Company.

Further details of the Acquisition Agreement are set out in Section A of Part 2 of this document.

### **The Enlarged Group's strategy**

The Board continues to believe that significant opportunities exist to create substantial Shareholder value by the acquisition and integration of businesses in the large but fragmented European confectionery, snack foods and related markets.

Following Completion, the Board intends to make additional acquisitions for the Group's natural and premium snacking division. A number of potential targets in this regard have already been identified.

It is also the intention of the Directors to explore opportunities for new product development based on a combination of the products and expertise within the Enlarged Group.

### **Current trading and prospects for the Enlarged Group**

On 9 May 2006, the Company announced a trading update for the year ended 30 April 2006, from which the following has been extracted without material adjustment:

"Zetar is pleased to report that its principal subsidiary Kinnerton experienced a strong Easter trading period with good sales of both Kinnerton branded, private label and third party products.

Zetar expects to report sales for the year ended 30 April 2006 (including sales from its recent acquisition, Readifoods, for the month of April 2006 only), ahead of current market expectations, at approximately £57.5 million. Accordingly, the Board believes that Zetar's profit before non-recurring costs, amortisation and tax will also exceed current market expectations.

As a result of this performance, it is anticipated that the vendors of Kinnerton will be paid the maximum deferred consideration (£1.7 million) in respect of the year ended 30 April 2006. This sum was fully provided by Zetar at the time of the acquisition of Kinnerton."

The preliminary results for the Group for the sixteen months ended 30 April 2006 will be announced on 27 July 2006.

Trading in the current financial year, which commenced on 1 May 2006, is in line with the Board's expectations. Looking forward, the Directors are confident about the prospects for the Enlarged Group.

### **The Placing and use of proceeds**

The Company is proposing to raise £11.2 million (approximately £10.4 million net of expenses) by issuing 2,800,000 Placing Shares, representing approximately 26.3 per cent. of the Enlarged Issued Share Capital, at a price of 400p per share.

In order for the Directors to issue the New Ordinary Shares they require authorisation by Shareholders under section 80 of the Act. As it is proposed that the Placing Shares be allotted for cash other than on a pre-emptive basis, authority from Shareholders is also needed to satisfy the statutory provisions of section 89 of the Act. The Placing and the issue of the Consideration Shares are therefore conditional, *inter alia*, on the Resolution being passed without amendment.

The Placing Shares have been conditionally placed by Altium, as agent for the Company, with institutional investors in accordance with the terms of the Placing Agreement. The Placing, which is being fully underwritten by Altium, is conditional, *inter alia*, on Admission and on the Placing Agreement becoming unconditional in all respects by 18 July 2006 or such later date (being no later than 31 July 2006) as the Company and Altium may agree.

Further details of the Placing Agreement are set out in Section B of Part 2 of this document.

The proceeds of the Placing will be used by the Company to meet the initial cash consideration payable pursuant to the Acquisition Agreement, to redeem Humdinger's bank loans and invoice discounting facilities and to meet costs and expenses relating to the Proposals.

### **Dealing arrangements**

Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 18 July 2006.

The New Ordinary Shares will be issued credited as fully paid and will, on issue, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the issued Ordinary Shares after Admission. No temporary documents of title will be issued. Pending the despatch of definitive share certificates (if applicable), instruments of transfer will be certified against the register. All documents or remittances sent by or to a Shareholder or a placee will be sent through the post at their own risk.

### **Extraordinary General Meeting**

In order to enable the Company to issue the New Ordinary Shares, the approval of Shareholders in a general meeting is required. This approval will be sought at the Extraordinary General Meeting to be held at 10.00 a.m. on 17 July 2006 at the offices of DLA Piper Rudnick Gray Cary UK LLP, 3 Noble Street, London EC2V 7EE. The notice convening the EGM is set out at the end of this document.

At the EGM, the following Resolution will be proposed as a special resolution:

- 1.1 to increase the Company's authorised share capital from £1,600,000 to £2,000,000 by the creation of an additional 4,000,000 Ordinary Shares;
- 1.2 to grant the Directors authority to allot Ordinary Shares pursuant to section 80 of the Act up to an aggregate nominal value of £739,485.10;
- 1.3 to empower the Directors, pursuant to section 95 of the Act, to allot equity securities for cash on a non-pre-emptive basis in respect of the Placing and otherwise up to an aggregate nominal value of £53,181, representing five per cent. of the Enlarged Issued Share Capital.

The authorities referred to in the Resolution will be in substitution for any existing authorities subsisting at the date of the EGM.

The purpose of seeking the approval of Shareholders to the taking of authority under section 80 of the Act and the disapplication of section 89 of the Act, in addition to that required for the Placing and the allotment and issue of the Consideration Shares, is to make available to the Directors a reasonable margin of authorised but unissued share capital for allotment following the Placing and the Acquisition.

Whilst the Directors have no current intention of allotting the Ordinary Shares over which they will have been given authority (save pursuant to the Acquisition and the Placing, it is a stated intent of the Company to make further acquisitions and the Resolution will potentially provide the Company with the flexibility to pursue its acquisition strategy quickly and efficiently (depending on the size of

any future acquisition and the nature of any consideration payable) without being required to seek additional approval of Shareholders at the time. The Directors therefore believe that it is in the best interests of the Company and Shareholders to preserve their flexibility in order to take advantage of other opportunities as they arise.

**Action to be taken**

Shareholders will find enclosed with this document a form of proxy for use at the EGM. Whether or not you intend to be present at the EGM (and any adjournment thereof) you are requested to complete, sign and return the form of proxy in accordance with the instructions printed on it so as to be received by the Company's registrars, Capita Registrars, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible but in any event by not later than 10.00 a.m. on 15 July 2006. The completion and return of the form of proxy will not preclude you from attending and voting at the meeting, should you so wish.

**Recommendation**

**The Directors believe that the Proposals are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolution which they intend to do in respect of, in aggregate, the 1,404,443 Existing Ordinary Shares (representing approximately 18.7 per cent. of the Existing Ordinary Shares) in which they are interested.**

Yours faithfully,

David Williams  
Non-Executive Chairman

## PART 2

### Principal terms of the Acquisition and the Placing

#### A. The Acquisition Agreement

- 1 The Company entered into a sale and purchase agreement on 22 June 2006 with the Sellers relating to the conditional acquisition from the Sellers of the whole of the issued share capital of Humdinger.

The total consideration for Humdinger is up to £12,975,000 and is payable as follows:

- 1.1 on Completion, £8,482,203 in cash, £289,784 nominal value of Loan Notes and the allotment and issue of such number of Consideration Shares as shall have an aggregate value equal to the average of the middle market quotations for an ordinary share for each of the last 30 days preceding the date of the agreement, of £1,228,013; and
  - 1.2 after the end of the period from 1 October 2006 to 30 September 2007 (“**2007 Period**”) the lesser of:
    - 1.2.1 £1,400,000; and
    - 1.2.2 £3.50 for every £1 of Eligible Profit achieved by Humdinger between £2,200,000 and £2,600,000 during the 2007 Period; and
  - 1.3 after the end of the period from 1 October 2007 to 30 September 2008 (“**2008 Period**”) the lesser of:
    - 1.3.1 £1,575,000; and
    - 1.3.2 £1.75 for every £1 of Eligible Profit achieved by Humdinger between £2,600,000 and £3,500,000 during the 2008 Period.
- 2 Any consideration payable pursuant to paragraph 1.2 or 1.3 above (together “**Earn Out**”) shall be payable in loan notes or, at the Company’s option, (a) in Ordinary Shares or (b) in a combination of loan notes and/or Ordinary Shares. Any such loan notes will be in the same form as the Loan Notes and subject to terms and conditions the same as those in the instrument for the Loan Notes.
  - 3 The Sellers, other than Community Foods Limited (“**CFL**”), (“**the Warrantors**”), have given various general warranties on the business of Humdinger and tax warranties (“**Tax Warranties**”) (together “**Warranties**”) under the agreement. In addition, the Warrantors have given an indemnity to the Company in respect of tax up to Completion. The Warrantors’ liability under the Warranties and the tax indemnity is limited and regulated by the agreement, which *inter alia*, provides that (i) the Warrantors are not liable in respect of any breach of the Warranties unless the aggregate liability which the Warrantors would have but for this paragraph exceeds £150,000, in which case the Warrantors are liable for the whole of such claim and not merely the excess above this sum; (ii) breaches of Warranty where the liability for each such breach is less than £10,000 are to be disregarded and the Warrantors shall be under no liability in respect of any such Warranty claim; (iii) the total liability of the Warrantors in respect of all claims under the Warranties and the tax indemnity cannot exceed the amount of the consideration finally paid (whether in cash or by the issue of Ordinary Shares) by the Company to all of the Sellers; (iv) the total liability of each Warrantor, in respect of all claims under the Warranties or the tax indemnity, cannot exceed an amount equal to so much of the consideration as is ultimately paid to such Warrantor under the agreement, other than William Henry and Peter Woodhams, certain of the Sellers, whose total liability shall be an amount equal to the aggregate amount of consideration ultimately paid to them and to Community Foods Limited under the agreement; (v) no claim can be made against the Warrantors under the tax indemnity or in respect of the Warranties unless notice in writing of the claim has been given to the Warrantors on or before (a), in the case the Tax Warranties and the tax indemnity, the seventh anniversary of the date of Completion and (b), in the case of any other of the Warranties, before 31 July 2008; and unless proceedings have been commenced against the Warrantors in respect of such claim within 9 months after such notification but only to the extent that a claim which is contingent has given rise to an actual liability at the relevant date. Certain of the shareholders of Community Foods (Holdings) Limited, the parent company of CFL (“**CFHL Shareholders**”) have entered into a deed of contribution with each other pursuant to which, in the event of a claim being made against William Henry and Peter Woodhams under the

Warranties or the tax indemnity, the CFHL Shareholders will put Messrs Henry and Woodhams in funds to meet the element of the claim which would have been payable by CFL had it been giving the Warranties and the tax indemnity in the same way as the other Sellers.

- 4 The agreement is conditional upon, *inter alia*, the passing of the Resolution, the Placing Agreement becoming unconditional in all respects (save only in respect of any conditions relating to Admission or the Acquisition Agreement becoming unconditional) and not having been terminated and Admission.
- 5 The Sellers have agreed to certain restrictions in relation to their dealings in Ordinary Shares, subject to certain exceptions and have agreed (subject to certain exceptions) not to dispose of any such shares before the date 18 months after Completion in the case of any Consideration Shares allotted to the Sellers on Completion and 24 months from Completion in the case of any shares so allotted as part of the Earn Out and, thereafter, to do so only through the Company's brokers from time to time.
- 6 The Sellers have agreed that, subject to certain exceptions, they will not for a period of 4 years after Completion (or, in the case of CFL, 3 years after Completion), *inter alia*, carry on or be engaged, concerned or interested in any business which competes with Humdinger's business or deal with Humdinger's customers, suppliers or employees.

#### **B. The Placing Agreement**

Pursuant to the Placing Agreement, Altium has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares or, if subscribers are not found for all the Placing Shares, to subscribe itself as principal for the Placing Shares not taken up.

The Placing Agreement is conditional, *inter alia*, on Admission occurring no later than 18 July 2006 or such later date as the Company and Altium shall agree, being no later than 31 July 2006. If the Acquisition Agreement has not become unconditional in all respects (save only for the conditions relating to Admission and the Acquisition Agreement becoming unconditional and not being terminated) by such date the Placing Agreement shall be terminated.

The Placing Agreement provides for the payment to Altium of a commission of 2.5 per cent. of the aggregate value at the Placing Price of the Placing Shares issued. In addition, the Company will pay to Altium a corporate finance fee of £75,000 and all other costs, charges and expenses, accounting fees and expenses and legal fees and disbursements (including Altium's legal fees and expenses).

The Placing Agreement contains warranties and indemnities given by the Company in favour of Altium in relation to, *inter alia* the Placing. Altium may terminate the Placing Agreement prior to Admission in certain circumstances including in the event of *force majeure*, or a material breach by the Company of the warranties or certain other of its obligations under the Placing Agreement.

## Zetar Plc

(registered in England and Wales no. 5308258)

### Notice of Extraordinary General Meeting

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the above name Company will be held at 10.00 a.m. on 17 July 2006 at the offices of DLA Piper Rudnick Gray Cary UK LLP, 3 Noble Street, London EC2V 7EE for the purpose of considering and, if thought fit, passing the following special resolution:

#### Resolution

THAT subject to and conditionally upon the placing agreement dated 22 June 2006 between the Company (1) and Altium Capital Limited (2) becoming unconditional (save for any condition relating to Admission (as such term is defined in the circular to shareholders issued by the Company dated 22 June 2006 (“**Circular**”))) and not having been terminated in accordance with its terms prior to Admission:

- 1.1 the Company’s authorised share capital be increased from £1,600,000 to £2,000,000 by the creation of an additional 4,000,000 new ordinary shares of 10p each;
- 1.2 the directors of the Company (“**Directors**”) be and are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (“**Act**”) to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal value of:
  - 1.2.1 up to £104,945.10 in satisfaction of the consideration payable under the Acquisition Agreement (as such term is defined in the Circular); and
  - 1.2.2 £280,000 in connection with the Placing (as such term is defined in the Circular); and
  - 1.2.3 £354,540 generally.

Such authority shall be in substitution for all existing such authorities and, unless and to the extent previously revoked, varied or renewed by the Company in general meeting, expire at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or, if earlier, on the date being 15 months following the passing of this resolution, provided that such authority shall allow the Company to make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired; and

- 1.3 in substitution for all existing such authorities, the Directors be given power pursuant to section 95 of the Act to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority referred to in 1.2 above as if section 89(1) of the Act did not apply to any such allotment, such power to expire at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or, if earlier, on the date being 15 months following the passing of this resolution. The power conferred by this resolution is limited to:
  - 1.3.1 the allotment of the Placing Shares (as such term is defined in the Circular);
  - 1.3.2 the allotment of equity securities for cash in connection with rights issues to holders of ordinary shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical issues arising under the laws of, or the requirements of any regulatory body or any recognised stock exchange in, any territory; and
  - 1.3.3 the allotment (other than pursuant to paragraphs 1.3.1 and 1.3.2 above) of equity securities of up to a maximum aggregate nominal value of £53,181 (being equal to 5 per cent. of the issued ordinary share capital of the Company immediately following completion of the Proposals (as such term is defined in the Circular))

provided that the Company may, before the expiry of this power, make an offer or agreement which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

Dated: 22 June 2006

By Order of the Board

Robert Hillhouse  
Company Secretary

Registered Office:  
10th Floor  
Bucklersbury House  
3 Queen Victoria Street  
London EC4N 8EL

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy is enclosed for the holders of ordinary shares of 10p each in the Company.
3. To be valid, the instrument appointing a proxy must be completed and lodged (together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such authority) with the Company's registrars, Capita Registrars, not less than 48 hours before the holding of the meeting.
4. The completion and return of a form of proxy will not preclude a member from attending and voting at the meeting if he wishes to do so.
5. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members entered on the register of members of the Company as at 6.00 p.m. on 15 July 2006 shall be entitled to attend or vote at the EGM in respect of the number of shares registered in their name at that time. Changes to entries on the register after 6.00 p.m. on 15 July 2006 shall be disregarded in determining the rights of any persons to attend or vote at the EGM.

