

19th January 2010

Zetar Plc

(“Zetar”, “the Company” or the “Group”)

Interim Results for the six months ended 31 October 2009

Zetar Plc, the AIM listed confectionery and snack foods group, announces its interim results for the six months ended 31 October 2009.

Financial Highlights

- Turnover up 7% to £57.1m (2008:£53.6m)
- EBITDA* up 18% to £3.9m (2008: £3.3m)
- Adjusted operating profit ** up 29% to £2.7m (2008: £2.1m)
- Adjusted diluted earnings per share up 37% to 12.7p (2008: 9.3p)
- Reduced net borrowings at 31 October 2009 of £27.0m (31 October 2008: £30.5m)
- Turnover for eight months to 31 December 2009 up 10% to £80m (2008: £73m)

* EBITDA is stated before share based payment costs.

** Adjusted operating profit is stated before amortisation of intangible assets, share based payment costs and the change in market value of derivatives.

Operational Highlights

- Stronger balance sheet and continued progress in reducing borrowings
- Business recovery remains on track
- Turnover growth fuelled by continued innovation and manufacturing flexibility:
 - Economy products in both divisions
 - Launch of “all year round” impulse confectionery range
 - Healthier fruit snacks and brand flavoured nuts
- Board strengthened by appointments of Group Finance Director and additional Non-executive Director
- Proportionately more Christmas sales have been realised post the period end
- Confident of delivering strong growth for the full year in line with market expectations

Ian Blackburn, Chief Executive of Zetar Plc said:

“Following last year’s challenges, the business is back on track and we were pleased to grow revenues by 10% in the first eight months of the year.

“We have achieved this through the combined effort of all our staff and by working closely with customers to develop innovative cost efficient products. At the same time we have kept overheads under strict control and focussed on cash management to reduce borrowings to below target levels.

“Despite adverse macro market conditions we continue to trade well and following a good Christmas, anticipate that a successful Easter will underpin our confidence in a successful full year.”

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ZETAR Plc

Operational review

Overview

The interim results of Zetar Plc ("Zetar" or the "Group") are for the six months ended 31 October 2009.

The Group has delivered strong organic growth in the first half of the year with revenues and adjusted operating profits up 7% and 29% respectively, despite some Christmas deliveries being deferred into the second half of the year.

The Confectionery division's results were adversely affected by margin pressures at Lir (our Irish subsidiary) due to the weakness of sterling and some start up costs at the York factory related to a significant uplift in production volumes. These costs were partially offset by a £0.6 million reduction in administration overheads in the period resulting from a reorganisation of Zetar's head office and of the Confectionery division at the end of last year following the sale of the Baked Snacks operation and the closure of Woolworth's.

Actions taken last year have strengthened the Group's financial position and provided an ability to exploit identified market opportunities. In February 2009 we raised £2.0 million from shareholders at 120 pence per share to allow us to target additional turnover in the current year. We are on track to exceed the £3 million of additional turnover we originally identified. The Group's continued focus on product innovation and its flexible manufacturing processes have combined to deliver positive results in a challenging marketplace characterised by high promotional activity and commodity price instability.

The Group has adapted well to the current economic climate by introducing value for money products, which appeal to customers and consumers alike in these promotionally driven markets. Nonetheless, innovation continues to be of paramount importance and the Group has significantly extended its confectionery range of "all year round" impulse products. The Natural & Premium Snacks division has made further progress in its aim of increasing the proportion of value added products, with the introduction of the first brand flavoured nuts and has also diversified its fruit snacking range.

The Group's financial position is also much stronger. Despite funding the working capital required to support a larger business, total borrowings were £3.5 million lower than at the comparable date last year and amounts due to trade creditors were £3.0 million lower.

Group financial results

Group sales from continuing operations in the six months to 31 October 2009 were £57.1 million (2008: £53.6 million), an increase of 7 per cent. Group adjusted operating profit from continuing operations (stated before amortisation of intangible assets and share based payment charges) for the period was £2.7 million (2008: £2.1 million), an increase of 29 per cent.

Total finance costs in the period amounted to £0.3 million (2008: £1.2 million). Included in this total are movements on foreign exchange and interest rate financial instruments which, in the period under review, resulted in a credit of £0.2 million (2008: charge of £0.3 million). Underlying net interest payable reduced to £0.5 million (2008: £0.8 million) as a result of lower borrowings and interest rates.

The tax charge for the period is based on the estimated effective tax rate on profits for the full year of 25% (2008: 27%), reflecting a weighted average tax rate of 27% on the profits of UK companies and 12.5% on the profits of Irish companies.

Adjusted diluted earnings per share for continuing operations for the period were 12.7p (2008: 9.3p), an increase of 37%.

The Group's working capital requirement peaked, as usual, just before the period end, but was £3.5 million lower than last year at £27.0 million (2008: £30.5 million), despite a 7 per cent increase in sales in the period and a reduction in amounts owed to trade creditors at 31 October 2009 of £3.0 million. As in every year, this seasonal working capital movement is anticipated to reverse before the April 2010 year end. Capital expenditure in the period amounted to £1.3 million (2008: £2.5 million) and is estimated to be approximately £2 million for the full year compared to £3.8 million for the previous year.

The Group's revolving credit facilities, which fluctuate on a monthly basis in accordance with the seasonal working capital requirements of the Group, mature in December 2010. The Company's initial discussions with its bankers have been positive and the Company expects to have new facilities in place by the time its full year results are announced.

Business review

Results by division were as follows:

Confectionery division

Six months ended 31 October

	2009	2008	
	£'000	£'000	
Sales	33,091	31,092	+6%
Adjusted operating profit	1,366	1,419	-4%
Margin	4.1%	4.6%	

In the six months ended 31 October 2009, sales increased by 6%, despite a deferral of certain added value seasonal sales from the first to the second half of the year as retailers took delivery of some Christmas product later than in previous years. However, adjusted operating profit was 4% lower, impacted by larger than anticipated start up costs for our new line at York and the continued weakness of sterling against the Euro, which affected the profitability of our Irish operation.

The new production line installed to manufacture sugar coated chocolate products at our York factory had to accommodate tripled production volumes in a very short time frame as new contracts were considerably larger than originally indicated. This adversely affected its operational performance resulting in additional start up costs of approximately £0.2 million. The management infrastructure at York has been reinforced to deal with new factory pressures resulting from this significant increase in turnover and the factory is expected to deliver an improved result in the second half.

Whilst Lir achieved strong volume sales growth to UK customers of both Bailey's and private label chocolates, including fair trade ranges, the continued weakness of sterling against the Euro reduced the value of Lir's UK sales and operating profits by approximately £0.25 million against the comparable period.

Excluding the influence of these two factors, the operating margin of the division would have improved, despite the promotional pricing pressure exerted by the market, due to a reduction in the division's indirect overheads.

The product development undertaken during the 2009 financial year enabled the division to successfully launch a wide range of retailer brand economy chocolates and all year round impulse products including indulgence bars, twist wrap truffles and both sugar and chocolate coated chocolate products during the period. Christmas deliveries of advent calendars and other novelty chocolate gift sets have also increased from last year, assisted by new sales opportunities from erstwhile European suppliers that were identified at the time of last year's placing. Our range has been enhanced by the acquisition of good character licences which included Hello Kitty, High School Musical and Ben 10 alongside the ever popular Simpsons and Barbie. We also introduced a range of Top Gear products, including the chocolate coin "Stiggy Bank".

The division gained some significant new retail and third party business for chocolate, sugar coated chocolate, chocolate coated fruit and nuts for all year round and seasonal products manufactured at its York factory. Following last year's major investment in Lir (Irish factory) and subsequent renewed focus on product development, the luxury product range has been considerably extended resulting in strong volume sales growth to several UK supermarkets of both Bailey's and private label chocolates.

Natural & Premium Snacks division

Six months ended 31 October

	2009	2008	
	£'000	£'000	
Sales	23,999	22,551	+6%
Adjusted operating profit	1,351	684	+98%
Margin	5.6%	3.0%	

The division delivered a promising performance for the six months ended 31 October 2009 as sales and operating profits increased by 6% and 98% respectively. The impact of price increases earlier in the year, following 2008's significant increase in raw material costs (exaggerated by the depreciation of sterling) helped margins to recover from 3% to 5.6%.

Reduced consumer spending contributed to a decline in sales of our organic lines, particularly dried fruit, although the launch of a number of discount lines more than compensated for this. The Fruit Factory brand continues to establish itself with retail customers and consumers and the fruit snacking range was further extended with the addition of fruit hearts and stars to complement our fruit bars, fruit flakes and fruit strings. We were also pleased by the sales performance of Unilever's flavoured nut range, Marmite Cashews, which was launched at the start of the year.

The division has increased its investment in product development in line with its commitment to expand the added value snacking proportion of its business and we are looking forward to introducing a number of market "firsts" in the second half of the year.

We believe that this division is well placed to benefit from the shift towards healthier snacking and particularly a return to home-baking as families adapt to tightening financial circumstances.

Board changes

We recently announced the appointment of Mark Stott as Group Finance Director, with effect from 1 March 2010. Mark is a qualified chartered accountant with considerable experience in the Food and Beverage industry having previously worked as Group Finance Director of Noble Foods Limited (Europe's largest egg company) and in various senior finance roles with Dairy Crest PLC (a leading UK chilled dairy foods company).

In October 2009 we announced the appointment of Roger Matthews as an additional non executive director. Roger has extensive food and general industry experience having previously held the posts of Group Finance Director of J. Sainsbury's PLC and Managing Director and Finance Director of Compass Group plc.

These appointments strengthen the Board and enable Ian Blackburn, the Chief Executive, to relinquish the duties of interim Finance Director and to focus on delivering the Group's organic growth and strategic development.

Outlook

The second half of the year has started well as the Christmas orders deferred into the second half (referred to above) were delivered. Sales for the eight months to 31 December 2009 increased by 10% to £80 million (2008: £73 million).

The Christmas sell through of our products by retailers to consumers appears to have been robust, which in turn suggests a positive outlook on the part of our retail customers for Easter. Given this outlook, the Board remains confident of delivering strong growth for the full year in line with market expectations.

Ian Blackburn
Chief Executive

**Consolidated income statement
for the 6 months ended 31 October 2009**

	Note	Unaudited six months ended 31 October 2009			Unaudited(Re-presented**) six months ended 31 October 2008			Audited year ended 30 April 2009		
		Adjusted results*	Adjusting items	Total	Adjusted results*	Adjusting items	Total	Adjusted results*	Adjusting items	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations										
Revenue	4	57,090	-	57,090	53,643	-	53,643	118,602	-	118,602
Cost of sales		(46,044)	-	(46,044)	(42,864)	-	(42,864)	(93,857)	-	(93,857)
Gross profit		11,046	-	11,046	10,779	-	10,779	24,745	-	24,745
Distribution costs		(2,232)	-	(2,232)	(1,991)	-	(1,991)	(4,777)	-	(4,777)
Administrative expenses		-	-	-	-	-	-	-	-	-
– Other administrative expenses		(6,097)	-	(6,097)	(6,685)	-	(6,685)	(13,917)	-	(13,917)
– One-off items		-	-	-	-	(968)	(968)	-	(1,508)	(1,508)
– Amortisation of intangible assets		-	(169)	(169)	-	(264)	(264)	-	(456)	(456)
– Share-based payment charges		-	(159)	(159)	-	(41)	(41)	-	116	116
Operating profit		2,717	(328)	2,389	2,103	(1,273)	830	6,051	(1,848)	4,203
Interest income	5	-	172	172	-	-	-	47	-	47
Finance costs	5	(506)	-	(506)	(846)	(315)	(1,161)	(1,556)	(680)	(2,236)
Profit/(loss) from continuing operations before taxation		2,211	(156)	2,055	1,257	(1,588)	(331)	4,542	(2,528)	2,014
Tax on profit/(loss) from continuing operations	6	(544)	(20)	(564)	(123)	(116)	(239)	(1,241)	-	(1,241)
Net result from continuing operations		1,667	(176)	1,491	1,134	(1,704)	(570)	3,301	(2,528)	773
Net result from discontinued operations		-	-	-	-	(3,880)	(3,880)	-	(5,836)	(5,836)
Net result for the period		1,667	(176)	1,491	1,134	(5,584)	(4,450)	3,301	(8,364)	(5,063)
Basic earnings per share (p)	8			11.3			(39.0)			(42.9)
Diluted earnings per share (p)	8			11.3			(39.0)			(42.6)
Adjusted basic earnings per share (p)	8	12.7			9.9			28.0		
Adjusted diluted earnings per share (p)	8	12.7			9.3			27.8		

*Adjusted results are stated before: (i) the charges separately identified above as “adjusting items”; (ii) the elements of total finance costs set out in note 5 in respect of discount charges on contingent consideration provisions and changes in market value of derivatives.

** The results for the 6 months ended 31 October 2008 have been re-presented to be consistent with the presentation of the results of discontinued operations for the financial year ended 30 April 2009.

**Consolidated statement of comprehensive income
for the 6 months ended 31 October 2009**

	Unaudited Six months ended 31 October 2009 Total £'000	Unaudited Six months ended 31 October 2008 Total £'000	Audited Year ended 30 April 2009 Total £'000
Profit for the year	1,491	(4,450)	(5,063)
Other comprehensive income:			
Currency translation differences	(394)	(58)	1,404
Other comprehensive income net of tax	(394)	(58)	1,404
Total comprehensive income for the year	1,097	(4,508)	(3,659)
Attributable to:			
- Owners of the parent	<u>1,097</u>	<u>(4,508)</u>	<u>(3,659)</u>

**Consolidated balance sheet
as at 31 October 2009**

	Unaudited 31 October 2009 £'000	Unaudited 31 October 2008 £'000	Audited 30 April 2009 £'000
Notes			
Non-current assets			
Goodwill	30,828	31,245	30,821
Other intangible assets	451	724	623
Property, plant and equipment	15,471	16,640	15,283
Deferred tax asset	150	182	198
	46,900	48,791	46,925
Current assets			
Inventories	21,433	19,946	14,319
Trade and other receivables	26,511	29,497	19,190
Current tax assets	-	125	-
Cash at bank	3,178	501	5,405
	51,122	50,069	38,914
Total assets	98,022	98,860	85,839
Current liabilities			
Trade and other payables	(25,459)	(28,441)	(23,763)
Performance related contingent consideration	-	(1,065)	(220)
Current tax liabilities	(452)	-	(252)
Obligations under finance leases	11 (110)	(350)	(214)
Derivative financial instruments	(435)	(201)	(607)
Borrowings and overdrafts	11 (27,160)	(24,220)	(15,712)
	(53,616)	(54,277)	(40,768)
Net current liabilities	(2,494)	(4,208)	(1,854)
Non-current liabilities			
Obligations under finance leases	11 (120)	(247)	(167)
Borrowings	11 (2,829)	(6,218)	(4,676)
Deferred tax liabilities	(1,548)	(1,915)	(1,575)
Performance related contingent consideration	(300)	(522)	(300)
	(4,797)	(8,902)	(6,718)
Total liabilities	(58,413)	(63,179)	(47,486)
Net assets	39,609	35,681	38,353
Equity			
Share capital	1,324	1,151	1,324
Share premium account	28,252	26,449	28,252
Merger reserve	3,411	3,411	3,411
Equity reserve	2,484	1,411	2,719
Retained earnings	4,138	3,259	2,647
Total shareholders' equity	39,609	35,681	38,353

**Consolidated statement of changes in equity
for the six months ended 31 October 2009**

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Equity reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 May 2008	1,151	26,449	3,411	1,431	7,859	40,301
Comprehensive income						
(Loss)	-	-	-	-	(4,450)	(4,450)
Other comprehensive income						
- Foreign exchange (loss) on translation of foreign operations.	-	-	-	(58)	-	(58)
Total other comprehensive income				(58)	-	(58)
Total comprehensive income	-	-	-	(58)	(4,450)	(4,508)
Transactions with owners						
- Share based payment charge	-	-	-	41	-	41
- Deferred tax on share-based payment charge	-	-	-	(3)	-	(3)
- Purchase of treasury shares	-	-	-	-	(150)	(150)
Total transactions with owners	-	-	-	38	(150)	(112)
Balance at 31 October 2008	1,151	26,449	3,411	1,411	3,259	35,681
Balance at 1 May 2008	1,151	26,449	3,411	1,431	7,859	40,301
Comprehensive income						
(Loss)					(5,063)	(5,063)
Other comprehensive income						
- Foreign exchange gain on translation of foreign operations.				1,404		1,404
Total other comprehensive income	-	-	-	1,404	-	1,404
Total comprehensive income	-	-	-	1,404	(5,063)	3,659
Transactions with owners						
- Share based payment (credit)	-	-	-	(116)	-	(116)
- Purchase of treasury shares	-	-	-	-	(149)	(149)
- Proceeds from shares issued	173	1,803	-	-	-	1,976
Total transactions with owners	173	1,803	-	(116)	(149)	1,711
Balance at 30 April 2009	1,324	28,252	3,411	2,719	2,647	38,353
Balance at 1 May 2009	1,324	28,252	3,411	2,719	2,647	38,353
Comprehensive income						
Profit					1,491	1,491
Other comprehensive income						
- Foreign exchange (loss) on translation of foreign operations.				(394)		(394)
Total other comprehensive income	-	-	-	(394)	-	(394)
Total comprehensive income	-	-	-	(394)	1,491	1,097
Transactions with owners						
- Share based payment charge	-	-	-	159	-	159
Total transactions with owners	-	-	-	159	-	159
Balance at 31 October 2009	1,324	28,252	3,411	2,484	4,138	39,609

**Consolidated cash flow statement
for the six months ended 31 October 2009**

	Notes	Unaudited six months ended 31-Oct 2009 £'000	Unaudited (Re-presented*) six months ended 31-Oct 2008 £'000	Audited year ended 30-Apr 2009 £'000
Cash flow from operating activities				
Profit/(Loss) on ordinary activities before taxation		2,055	(331)	2,014
Finance costs		506	1,161	2,236
Interest income		(172)	-	(47)
Share-based payment charge		159	41	(116)
Depreciation (including trademark amortisation)		1,157	1,196	2,346
Loss on sale of property, plant and equipment		-	4	22
Amortisation of intangible assets		169	264	457
One-off items		-	968	1,388
Net movement in working capital		(12,741)	(13,276)	(2,469)
(Increase) in inventories		(7,115)	(6,171)	(1,299)
(Increase) in receivables		(7,321)	(15,133)	(4,504)
(Increase) in payables		1,695	8,028	3,334
Cash flow from continuing operations		(8,867)	(9,973)	5,831
Cash flow from discontinued operations		-	(1,017)	(1,002)
Total cash flow from operations		(8,867)	(10,990)	4,829
Net interest paid		(506)	(846)	(1,510)
Tax paid		(268)	(602)	(782)
Cash generated from activities in continuing operations		(9,641)	(11,421)	3,539
Cash flow generated from operating activities in discontinued operations		-	(1,017)	(1,002)
Total cash flow from operating activities		(9,641)	(12,438)	2,537
Cash flow from investing activities				
Purchase of property, plant and equipment		(1,338)	(2,438)	(3,847)
Proceeds from sale of plant and equipment		-	-	42
Disposal of subsidiary		-	-	(220)
Total cash impact of acquisitions		(220)	(888)	(879)
Acquisitions of businesses(including contingent consideration)		(220)	(888)	(879)
Net borrowings assumed on acquisition		-	-	-
Net cash outflow from continuing investing activities		(1,558)	(3,326)	(4,904)
Net cash outflow from discontinued investing activities		-	(44)	-
Net cash flow from investing activities		(1,558)	(3,370)	(4,904)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		-	-	1,976
Purchase of own shares		-	(150)	(149)
Proceeds from new borrowings		-	-	-
Repayment of borrowings		(1,306)	(1,140)	(3,536)
Finance lease repayments		(152)	(242)	(457)
Net cash flow from financing activities		(1,458)	(1,532)	(2,166)
Net decrease in cash and cash equivalents	10	(12,657)	(17,340)	(4,533)
Cash and cash equivalents at the beginning of the period		(8,127)	(3,331)	(3,331)
Effect of foreign exchange rate movements		(478)	(16)	(263)
Cash and cash equivalents at the end of the period	11	(21,262)	(20,687)	(8,127)
Cash and cash equivalents consist of:				
Cash at bank		3,178	501	5,405
Bank overdrafts		(24,440)	(21,188)	(13,532)
	11	(21,262)	(20,687)	(8,127)

* The results for the 6 months ended 31 October 2008 have been re-presented to be consistent with the presentation of the results of discontinued operations for the financial year ended 30 April 2009.

Notes to the interim financial information for the six months ended 31 October 2009

1. General information

Zetar Plc was incorporated on 8 December 2004 and was admitted to trading on the AIM on 6 January 2005. The Company was established for the purpose of acquiring or making investments in companies or businesses engaged primarily in the confectionery and snack foods or related markets. The condensed consolidated interim financial information, which has been subject to independent review, but not audited, was approved for issue on 19 January 2010.

2. Basis of preparation

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 April 2009, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The interim financial information for each of the six month periods ended 31 October 2009 and 31 October 2008 has not been audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 2006. The information for the year ended 30 April 2009 does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 2006, but is based on the statutory accounts for that year, on which the Group's auditors gave an unqualified report and which have been filed with the Registrar of Companies.

3. Accounting policies

The accounting policies applied are those which will be adopted in the annual financial statements for the year ending 30 April 2010. These are consistent with the accounting policies used in the financial statements for the year ended 30 April 2009 and which are set out in those annual financial statements.

The Group has adopted the following amended IFRS's as of 1 May 2009:

* IAS 1 (revised) 'Presentation of financial statements' – effective 1 January 2009. The revised standard requires the separate presentation of changes in equity not related to transactions with owners in a statement of comprehensive income. As a result the Group has presented all owner changes in equity in the consolidated statement of changes in equity and all non-owner changes in equity in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it is in conformity with the revised standard and has not impacted the Group's earnings per share.

* IFRS 8 'Operating segments' – effective 1 January 2009. The revised standard requires the group to present its operating segments on the same basis as that provided to the chief operating decision maker; such chief operating decision maker being the chief executive director. The presentation of segmental results has not had to be restated as a result of the adoption of the amended standard as the basis of presentation in prior periods is consistent with that required in the standard.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

4. Segment information

	Unaudited six months ended 31 October 2009 £'000	Unaudited six months ended 31 October 2008 £'000	Audited year ended 30 April 2009 £'000
Business segments			
Revenue			
Confectionery	33,091	31,092	75,093
Natural & Premium Snacks	23,999	22,551	43,509
Total	57,090	53,643	118,602
Operating profit			
Confectionery	1,218	377	2,695
Natural & Premium Snacks	1,094	453	1,508
Total	2,312	830	4,203
Adjusted operating profit			
Confectionery	1,366	1,419	4,378
Natural & Premium Snacks	1,351	684	1,673
Total	2,717	2,103	6,051
Revenue by destination			
UK	52,202	47,912	107,790
Europe	1,898	2,583	5,089
Australasia	1,801	702	1,698
Rest of the world	1,189	2,446	4,025
	57,090	53,643	118,602

- Operating segments are identified on the same basis as the Group allocates its resources such as management, tangible assets and working capital.
- The two reportable operating segments derive their revenue primarily from the manufacture and sale of chocolate and natural and premium snacks.
- The performance of reportable segments is assessed on a measure of adjusted operating profit, excluding non-recurring items such as restructuring costs; share based payment (charges)/credits; amortisation of intangible assets and unrealised gains/(losses) on financial instruments.

5. Finance costs

	Unaudited six months ended 31 October 2009 £'000	Unaudited six months ended 31 October 2008 £'000	Audited year ended 30 April 2009 £'000
Net bank interest payable and similar charges	506	846	1,509
Discount charge on contingent consideration provisions	-	42	-
Change in market value of derivatives	(172)	273	680
	334	1,161	2,189

6. Taxation

The income tax expense for the six months ended 31 October 2009 has been calculated on the basis of the estimated effective tax rate on profits for the full year.

7. Dividends

The directors do not propose to pay a dividend for the period (2008: £Nil).

8. Earnings per share

	Unaudited six months ended 31 October 2009			Unaudited six months ended 31 October 2008			Audited year ended 30 April 2009		
	Earnings £'000	Weighted average no. of shares 000s	Per share amount Pence	Earnings £'000	Weighted average no. of shares 000s	Per share amount Pence	Earnings £'000	Weighted average no. of shares 000s	Per share amount Pence
Basic earnings per share	1,491	13,142	11.3	(4,450)	11,418	(39.0p)	(5,063)	11,796	(42.9)
Diluted earnings per share	1,491	13,142	11.3	(4,450)	11,418	(39.0p)	(5,063)	11,887	(42.6)
Adjusted basic earnings per share	1,667	13,142	12.7	1,134	11,418	9.9p	3,301	11,796	28.0
Adjusted diluted earnings per share	1,667	13,142	12.7	1,134	12,151	9.3p	3,301	11,887	27.8
Basic loss per share on discontinued operations	-	-	-	(3,880)	11,418	(33.9)	(5,836)	11,796	(49.5)
Basic loss per share on discontinued operations	-	-	-	(3,880)	12,151	(31.9)	(5,836)	11,887	(49.1)

The calculation of basic earnings per share is based on the profit after tax and the weighted average number of shares during each period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares arise from share options and warrants.

Adjusted basic earnings per share and adjusted diluted earnings per share have also been calculated as in the opinion of the Directors this allows shareholders to gain a clearer understanding of the sustainable trading performance of the Group.

9. Business combinations

Performance related deferred consideration, in relation to the acquisition of Lir Chocolates is payable within the next two years, dependent on the results of the business. The final performance related deferred consideration totalling £220,000 was paid during the six months ended 31 October 2009 in respect of the Horsley, Hick & Flower acquisition.

10. Reconciliation of net cash flow to movement in net debt

	Unaudited six months ended 31 October 2009 £'000	Unaudited six months ended 31 October 2008 £'000	Audited year ended 30 April 2009 £'000
Decrease in cash and cash equivalents	(12,657)	(17,340)	(4,533)
Cash outflow/(inflow) from movement in debt financing	1,306	1,140	3,536
Cash outflow from movement in lease financing	152	242	457
Movement in net debt arising from cash flows	(11,199)	(15,958)	(540)
Other non-cash changes	(478)	(14)	(262)
Debt acquired with subsidiary	-	-	-
Net debt brought forward	(15,364)	(14,562)	(14,562)
Net debt carried forward	(27,041)	(30,534)	(15,364)

Other non-cash changes in the current period relate solely to the effect of foreign exchange rate movements.

11. Analysis of net debt

	Unaudited 31 October 2009 £'000	Unaudited 31 October 2008 £'000	Audited 30 April 2009 £'000
Cash at bank	3,178	501	5,405
Bank overdrafts	(24,440)	(21,188)	(13,532)
Cash and cash equivalents	(21,262)	(20,687)	(8,127)
Debt due within one year	(2,720)	(3,032)	(2,180)
Debt due after more than one year	(2,829)	(6,218)	(4,676)
Finance leases	(230)	(597)	(381)
Net debt	(27,041)	(30,534)	(15,364)