

22nd July 2009

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

Preliminary Results for the year ended 30 April 2009

Zetar Plc, the AIM listed confectionery and snack foods group, announces its audited results for the year ended 30 April 2009.

Financial Highlights

- Revenue from continuing activities up 8.6% to £118.6m (2008: £109.2m), against background of global economic turmoil
- Adjusted operating profit* from continuing activities of £6.1m (2008: £8.7m)
- EBITDA** from continuing activities of £8.4m (2008: £10.7m)
- Adjusted basic earnings per share* from continuing activities of 28.0p (2008: 46.2p)
- Reported loss for the year of £5.1m after loss from discontinued operations of £5.8m
- Strict cash management resulted in total net debt lower than market expected at 30 April 2009 of £15.4m (30 April 2008: £14.6m)
- Successful placing in February 2009, at a premium to the then market price to raise approximately £2m (net of expenses)
- Sales in the first eleven weeks of current year up 10% at £14.6m (2008: £13.3m)

*Adjusted operating profit and adjusted earnings per share are from continuing activities before one-off items, amortisation of intangible assets and share-based payments.

**EBITDA is as * above before depreciation.

Operational Highlights

- Group structure simplified to focus on profitable and growing core divisions
- Significant investment in factories in recent years supports flexible product strategy
- Board confident of recovery in earnings on basis of:
 - Further product launches and business wins in both divisions;
 - Margin improvement and overhead reduction; and
 - Good start to the current year

Ian Blackburn, Chief Executive of Zetar said:

“We are pleased that despite the challenges that the Group faced during the year, our focus on innovation and more value driven products resulted in turnover growing by more than 8%.

“The sale of Baked Snacks at the year end has enabled us to focus on the many new business opportunities that are presenting themselves.

“Our priority in the year ahead is to secure a recovery in earnings. Despite the markets remaining challenging, we have had a good start to the year and are confident of growth as a result of the action that has been taken.”

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Chairman's Statement

The trading environment and financial markets in general during the year ended 30 April 2009 proved more challenging than originally anticipated. Furthermore, results were impacted by a number of Group specific issues, most notably the continuing losses of Baked Snacks, the loss through closure of a major Confectionery division customer, Woolworths, and the rapid increase in commodity costs exacerbated by the significant fall in the value of sterling against other currencies.

However, I am pleased to report that these issues have been addressed or are in the past. The Confectionery division began to offset the lost Woolworths sales in the second half of the year, due to a better than expected Easter, and margins of the Natural and Premium Snacks division started to recover prior to the year end.

In addition, we disposed of the loss making Baked Snacks business at the year end. We are reporting a loss of £5.8 million from discontinued operations for the year ended 30 April 2009 and drawing a line under this investment. This loss may be reduced if we receive the outstanding deferred consideration of up to £2.1 million due pursuant to the disposal arrangements. The burden of Baked Snacks on the Group's funding resources has been removed and, importantly, management is now able to focus its full attention on the Group's two core profitable divisions, Confectionery and Natural & Premium Snacks.

Sales and adjusted operating profit of the Group's continuing activities for the year ended 30 April 2009 were £118.6 million (2008: £109.2 million) and £6.1 million (2008: £8.7 million) respectively. EBITDA from continuing operations amounted to £8.4 million (2008: £10.7 million). However, as a consequence of the loss from discontinued activities and other non-recurring one-off costs, the Group is reporting an overall loss of £5.1 million for the year (2008: profit of £3.2 million).

The Group is renowned in the industry for its high levels of innovation and creativity to deliver solutions for end customer needs. The Group's ability to be adaptable and flexible to shifting customer demand has been proven during this tough economic climate. In response to consumers' increasing desire for enhanced value for money products, we successfully redirected our product development more towards economy ranges and have been prepared to support customers' promotional programmes. A number of these initiatives have commenced since Christmas, contributing to the healthy 8.6% increase in sales we are reporting, and more are due to launch in the current year. We have also continued to serve those consumers looking for something different and during the year launched many new innovative products including "Marmite Nuts", our first licensed snack for another manufacturer.

During the year we fully integrated two subsidiaries in order to increase efficiencies and reduce the Group's cost base. We also undertook two major capital projects in the Confectionery division which have significantly increased the production capacity of the York and Navan (Ireland) factories. These investments have enabled us to both enter the "sugar coated" chocolate sector and widen our range of chocolate truffles.

Total capital expenditure in the year was £3.8 million (2008: £4.6 million). In the current year the capital budget is significantly lower as there are no scheduled major factory expansions or upgrades.

A share placing with existing shareholders raised approximately £2 million to help fund this year's planned increase in sales. Together with the proceeds from the disposal of Baked Snacks and tight cash management, which enabled almost £5 million cash to be generated from operations, total net debt at the year end was restricted to lower than the market expected at £15.4 million (30 April 2008: £14.6 million). Another relatively late Easter in the current financial year, together with a reduction in the Group's potential outstanding deferred consideration for acquisitions made to date, is expected to further lower borrowings.

Dale Mullins, the Group Finance Director, left by mutual consent in March 2009 and I thank him for his support during his two years with the Group. Ian Blackburn, who combined the roles of Chief Executive and Finance Director for Zetar's initial two years, has assumed the duties of Finance Director as well as those of Chief Executive whilst we conclude our current search for a permanent replacement. We will update the market on this appointment as soon as is practicable.

It has been a challenging year for all our employees. Their commitment and hard work has helped see the Group through this period. I would like to thank every member of staff within the Group for their continued efforts and shareholders for their continued support.

Despite market conditions remaining difficult and volatile, the decline in sterling is expected to assist our export business and more immediately it makes European suppliers into the UK market less price competitive. As a result both of our core divisions have won new all year round business which is due to commence this summer. This combined with strong Christmas order indications means that we are currently on course to attain our internal sales growth targets for this year.

The decisive actions taken by management in the second half of the year have significantly strengthened the Group's financial position and its ability to gain further market share. We are confident that with continued focus on innovation, flexibility and tight cash control, the Group is well positioned to continue to build on this success in the year ahead.

David Williams
Non-executive Chairman

Operational Review

Continuing activities

£m's	Year ended 30 April	
	2009	2008
Sales	118.6	109.2
Adjusted operating profit	6.1	8.7

Overview

There is no doubt that 2008/9 was the Group's most challenging year. Nevertheless, turnover from continuing operations increased 8.6% to £118.6 million (2008: £109.2 million). This robust performance reflects the Group's continued focus on innovation and our ability to adapt quickly to changes in consumer demand, notably the increase in value for money offering for customers. Once again, the success of new product launches in the year was key to our increase in sales.

We made a good start to the year, trading close to budgeted profit throughout the summer. Thereafter, trading conditions became increasingly difficult with the weakening of sterling impacting on already high input costs, and the deterioration in the financial markets and the economy having a resultant change in both customer attitudes and consumer buying habits. It became clear that our turnaround plans for Baked Snacks would not be achievable in the medium term and we also had to contend with the closure of Woolworths, an important customer for the Confectionery division.

By the year end external market conditions had stabilised, including consumer and customer behaviour, and a partial recovery of sterling benefited raw material costs. Baked Snacks was sold by the year end, which removed its losses from the Group and freed up management and other resources to focus on our core Confectionery and Natural & Premium Snacks divisions.

The Group's current bank facilities were revised in September 2008 to support the Group's growth. In February 2009 shareholders supported a £2 million placing of new shares, at a 25% premium to the then share price, to help fund the working capital of new business opportunities for the current year.

Financial performance

Sales and adjusted operating profit from continuing activities increased to £118.6 million (2008: £109.2 million) and declined to £6.1 million (2008: £8.7 million) respectively, due to a reduction in margins as explained in more detail in the divisional reviews.

The Group's overall reported loss for the year is as a result of the discontinued operations and certain one-off items.

The Baked Snacks business would have required material additional investment to realise its potential and the Board took the decision to dispose of the business to enable management to focus on its profitable core divisions. Following a managed sale process the business was sold to its management for an initial cash consideration of £0.6 million (comprising initial consideration and the repayment of inter company loan) and £2.1 million of additional consideration, which was deferred to provide the acquirer more time to raise funds. The £5.8 million loss on discontinued activities is stated after incorporating this potential deferred consideration at nil fair value and compares with the £3.7 million included in the interim report.

One-off items include exceptional bad debts of £1.1 million primarily in respect of the closure of Woolworths and £0.4 million costs incurred from implementing a reorganisation at head office and

the Confectionery division before the year end to reduce headcount and improve future performance.

We are pleased that, despite a later Easter which contributed to a £4.5 million increase in receivables due from customers compared to the previous year end and a further investment of £3.8 million in facilities and equipment in the year, tight control and cash management resulted in lower than expected total net borrowings of £15.4 million at 30 April 2009.

Current year objectives

Our immediate objective is to secure a recovery in Group earnings. We are confident that this can be achieved through a combination of new products, a strengthened cost-efficient structure and more focused customer relationships. We will continue to focus on further increasing scale and efficiency as well as seeking to develop cross border trading opportunities.

In the current year we will concentrate on optimising the financial performance by focusing on the following priorities:

- successfully launching the new business already won and funded from the proceeds of the placing;
- driving the sales growth in our healthier fruit snacks by at least 25%;
- becoming more proactive in marketing our brands and adding further snack licences; and
- increasing cash generated from operations.

Current trading and outlook

Group sales for the eleven weeks ended 18 July 2009 increased by 10% to £14.6 million (2008: £13.3 million).

The Board's immediate focus is on delivering organic sales and profit growth and a stronger balance sheet to our shareholders. We are confident that, despite the challenging trading environment, the Group will make good progress in the current year.

Confectionery division

£m's	Year ended 30 April	
	2009	2008
Sales	75.1	68.5
Adjusted operating profit	4.4	5.6

In the year ended 30 April 2009, the Confectionery division contributed sales of £75.1 million (2008: £68.5 million) and adjusted operating profit of £4.4 million (2008: £5.6 million).

Lir contributed sales of £10.1 million in its first full year compared to £3.2 million in the previous year. Divisional like for like sales grew by 5%, despite the absence of Woolworths Easter sales, which resulted in lost sales of between £1.5 million and £2.0 million.

The division remains committed to generating revenue from a balance of branded, private label and third party contract sales to reduce the risk of underperformance in a specific sub-sector of the chocolate market in any one year. Two thirds of the division's sales are seasonal but we continue to make progress in driving our all year round business. A substantial part of this year's investment will contribute towards this strategic goal.

Whilst consumers continue to purchase indulgent products in recessionary times, value for money proposals increasingly become their top priority. The division responded quickly to this shift in

consumer demand by engaging in more promotional activity and developing high volume lower margin products, whilst still maintaining a balance with our more indulgent products.

Generally the division has experienced some weakness in margins due to the high cost of raw materials, primarily chocolate, packaging and other hardware imported from China which is particularly influenced by the current weakness of sterling. However, we have also carried a high level of start up costs relating to overheads and factory commissioning costs. These are in association firstly with the new HHF factory where production output has been increased from 1,200 tons last year to a budgeted 3,500 tons in the current year, and secondly at Lir, which has also undergone a major production capacity expansion. Lir has inevitably suffered a reduction in its profit margin as a result of the weakness of sterling given that 70% of its sales are into the UK, whilst most of its input costs are in Euros. The sterling/euro exchange rate has moved from 1.34 at the date of acquisition to 1.12 at the year end.

The Kinnerton brand licensed character range performed particularly well at Christmas and Easter. This year we became the UK's market leader in advent calendars and the fourth largest Easter Egg supplier. Notably, this Easter we were one of only four manufacturers to record growth, achieving 20% year on year growth, in a market that declined overall by 1.2%, as a result of heavy promotional activity. This year, in addition to the ongoing strong performance of established licences such as the Simpsons, High School Musical and Thomas the Tank Engine, the introduction of BEN 10 and Top Gear added to the range and grew sales. A weak character licence portfolio in Australia saw sales fall by a third in this market but we expect this to recover in the current year on the back of recently signing elements of the Disney licence for this market. The Kinnerton "nut promise" remains an important and socially responsible factor for the division for those children with a nut allergy.

Retailers adopted a cautious approach in ordering private label seasonal products at both Christmas and Easter due to the downturn in the market last Autumn and the heavily discounted and supported programmes by the major branded confectionery players. However, whilst this was reflected in a reduction of some lines compared to last year, we gained significant new business with UK supermarkets for box chocolates from our Lir factory. We won several contracts to supply high volume but lower margin chocolate coated peanuts and raisins alongside our existing more premium products, such as white chocolate covered strawberries and Belgian chocolate covered caramelised nuts. The new "sugar panning" department at Horsley, Hick & Flower ("HHF") was opened in time to supply a line at Christmas followed by a larger volume item at Easter. It is now almost fully commissioned and working to our anticipated volume expectations.

The extended Baileys product range performed well, particularly the seasonal products where Baileys Easter eggs sales increased by over 30% to represent 7.5% of the total premium egg category. Baileys chocolates are now sold in Russia and other European countries.

Significant growth from two third party customers provides a wider and better balanced customer base for this part of our business. The largest chocolate companies are seeking strategic partnerships to supplement their own production where volumes are small or seasonal. Our more flexible production/packaging facilities and capability to meet demanding production standards often enable us to offer a cost competitive solution.

The operations of the division continue to be streamlined wherever possible whilst at the same time retaining the identity and entrepreneurial spirit behind the original businesses. To facilitate this process Kinnerton has upgraded its IT infrastructure to enable the introduction of common financial, production and operating information systems. Following the end of its earn out, HHF was fully integrated on 30 April 2009 with its assets and business transferred to Kinnerton, but it is intended that HHF will continue to retain both its identity within Kinnerton and its founders (Joe Horsley and Mike Flower). It is anticipated that HHF will build upon its heritage for high quality premium products, as well as recently developed economy products and sugar panning.

In Ireland, the Lir board initiated a number of cost reduction initiatives to mitigate the impact on their margins from the weakness of sterling. Going forward raw materials, particularly chocolate purchases which are coordinated by Kinnerton, as well as a number of services have been transferred to suppliers who can invoice in sterling, in order to provide a partial currency hedge between receipts and payments.

A business reorganisation towards the year end has reduced the division's headcount by more than 20 people. This reorganisation generated a non-recurring cost of approximately £311,000 but is expected to deliver an equal amount of annual savings.

During the year major projects were undertaken to expand the HHF factory, near York, and the Lir factory, north of Dublin, at a combined cost of £2.5 million. HHF has significantly increased its capacity with the installation of an automated chocolate centre making line, in house bagging and the addition of a "sugar panning" department. In Lir we have extended the production space, added a 500 pallet warehouse and installed a major new moulding line which increases capacity and efficiency of both existing truffle production and new products. Packaging options have been increased with the installation of flexible bar wrapping and twist wrap machines as well as other ancillary equipment.

Natural & Premium Snacks division

£m's	Year ended 30 April	
	2009	2008
Sales	43.5	40.7
Adjusted operating profit	1.7	3.1

In the year ended 30 April 2009, the Natural & Premium Snacks division contributed sales of £43.5 million (2008:£40.7 million) and adjusted operating profit of £1.7 million (2008:£3.1 million). The division's overall operating profit margin was 3.9% (2008: 7.6%) the margin in the first half fell to as low as 3% before recovering to 4.8% in the second half.

The integration process was completed during the year and on 30 April 2009 the assets and business of Readifoods were transferred into Humdinger so that the division is now one legal entity, with a single management and sales account team representing three production units. Product is being transferred between the facilities in order to create a dedicated nut free site for the processing of dried fruit and fruit snacks and a peanut free nut packing unit.

Fruit and nut snacking has become a key constituent of many snack companies strategic focus in recent years, driving the demand for and cost of raw material to unprecedented levels. In the UK, this was further exacerbated during the summer by the weakness of sterling, particularly against the US dollar. A fundamental shift in consumer purchasing patterns and the usual customer resistance to price increases resulted in very difficult trading conditions and, as a consequence the division suffered as evidenced by the fall in margins.

We responded with a vigorous focus on value and a review of existing products, both private label and our own brands, to re-engineering them where possible to take out cost. Where the margin could not be recovered to an acceptable level we negotiated appropriate price increases or discontinued supply. The focus on value and margin recovery contributed to improving results in the last quarter of the year and will also have an increasing impact in the current year.

Good sales progress was made in the division's three largest retail customers in terms of both value and volume. We have started new business in the produce departments of the retailers and are also making progress with export sales of organic product into Scandinavia and fruit snacks into the United States.

Whilst adapting our strategy to gain volume from supplying more value for money ranges, we are also continuing to look to add further value and differentiate our core nut and fruit ranges. We have developed a wide range of air-roasted and flavoured nuts and in February 2009, launched the first of these, “Marmite cashew nuts” for a third party customer. We are currently working to differentiate more of our products to give us a marketing edge.

Fruit snacking remains a key driver and the division’s range is sold as either private label or under the Humzinger and Fruit Factory brands. In addition to introducing a “smoothie” version of our Humzinger fruit bars we have diversified the range with the addition of fruit flakes and fruit strings, which have been particularly successful. The Fruit Factory brand will be extended this summer with the addition of new products.

Ian Blackburn
Chief Executive

Clive Beecham
Managing Director

Financial Review

On 30 April 2009 The Baked Snacks Company (“Baked Snacks”) was sold and its results are classified as discontinued operations. Unless specifically referred to otherwise, all figures and references below relate to continuing operations. In order to provide a clear overview of the underlying results of the Group’s ongoing activities we therefore review the performance of those activities before analysing the results of discontinued operations and non-recurring one-off items in the year.

Continuing activities

Total turnover increased to £118.6 million (2008: £109.2 million); adjusted operating profit and profit before tax was £6.1 million (2008: £8.7 million) and £4.6 million (2008: £7.1 million) respectively. Adjusted operating profit, profit before tax and diluted earnings per share (below) exclude intangible asset amortisation, share based payment charges and one-off items.

Net finance costs in the year amounted to £1.5 million (2008: £1.6 million) despite a significant reduction in interest rates, as a result of a three year fixed interest rate swap entered into in February 2008. The swap effectively locked an average of £10.4 million of the Group’s LIBOR borrowings to a rate of 5.02% and an average of £2.4 million of the Group’s base rate borrowings to a rate of 4.75%. The swap effectively increased finance costs by £0.3 million in the year. At the year end the fair value of the swap was a liability of £0.6 million. Net interest was covered 4 times by adjusted operating profits (2008: 5.4 times) and 5.6 times by EBITDA (2008: 6.6 times).

Adjusting items in respect of one-off items comprised bad debts of £1.1 million and restructuring charges of £0.4 million. Amortisation of intangible assets and share based payments amounted to £0.3 million (2008: £1.1 million). The bad debts primarily arose from the failure of Woolworths and the restructuring costs were in connection with redundancies aimed at improving future financial performance. IFRS adjustments in respect of market value assessment of financial instruments amounted to a charge of £0.68 million (2008: £0.14 million).

Discontinued activities

Discontinued operations contributed a loss of £5.8 million, including operating losses in the year and the loss on sale of the business. The loss assumes that none of the deferred consideration of up to £2.1 million will be received given its uncertainty of receipt. In the interim accounts at 31 October 2008 we recognised losses on discontinued operations of £3.7 million.

Earnings per share

The Group’s adjusted basic and diluted earnings per share were 28.0p (2008: 46.2p) and 27.8p (2008: 40.5p) respectively. Basic loss/earnings per share, reflecting the losses of discontinued operations and one-off items, were (42.9p) (2008: 29.5p).

Taxation

The tax charge for the year was £1.2 million at an effective tax rate of 27.1% (2008: 28.7%) on profit before tax. Tax credits in respect of adjusting items were off-set primarily, as reported in the interim accounts, by a £0.52 million exceptional deferred tax charge in connection with the phased abolition of Industrial Buildings Allowance. The net deferred taxation liability at 30 April 2009 was £1.4 million (2008: £1.3 million).

Contingent consideration

During the year deferred consideration of £879,000 was paid and on 1 June 2009 a final payment of £220,000 was paid to the vendors of HHF. Whilst Lir’s profits are significantly higher than last year, they are not sufficient to earn the deferred consideration in respect of the year ended 30 April 2009. The fall in sterling/euro exchange rates was a contributory factor to this and will continue to play a part in determining whether future deferred consideration will be paid to the vendors of Lir. For future tranches of deferred consideration to become payable, profitability at Lir will need to materially exceed those reported in the year under review. The Lir accrual has been reduced to £300,000, reflecting the best current estimate of future payments.

Equity funding

In February 2009, 1,725,800 new shares were issued and placed with directors and other shareholders at £1.20 per share, a premium over the share price at that date of 95p, to raise £2.07 million (£1.98 million net of expenses) to fund the working capital requirements for identified new sales opportunities in the current year. At 30 April 2009 there were 13,231,193 ordinary shares in issue.

Cash flow

Despite a challenging year, the Group generated £4.8 million (2008: £8.4 million) cash from operations. Despite a £4.5 million increase in trade receivables, the net working capital increase was restricted to £2.5 million for the year.

Net interest and similar charges paid in the year amounted to £1.5 million (2008: £1.6 million).

Payments of corporation tax during the year of £0.8 million (2008: £1.7 million) are lower than last year, reflecting the lower levels of profit and Group relief available from Baked Snacks loss making operations.

Capital expenditure during the year amounted to £3.8 million (2008: £3.7 million) including major extensions and new equipment at the Group's confectionery factories near York and Dublin. Further details are provided in the Operational Review.

Borrowings and facilities

The Group's total net debt at 30 April 2009 amounted to £15.4 million (2008: £14.6 million), comprising net bank and other asset finance indebtedness. It should be noted that the structure of the revised bank facilities means that approximately £10 million debt classified as short term borrowings are part of the rolling asset based lending facility which matures in September 2012.

The Board reviews the Group's forward cash flow projections on a regular basis and with a view to ensuring that it has adequate bank facilities to cover its borrowing requirements for the foreseeable future. The cash flow projections take account of the Group's seasonal working capital peak, investment plans, and potential contingent consideration payments. Prudent assumptions are used in the preparation of the projections and the Board seeks to ensure that the bank facilities provide an appropriate level of headroom to allow for unforeseen circumstances.

In September 2008 the Group revised its bank facilities with its principal lender in order to provide funding for the increase in its activities in recent years. The new facilities have been structured to take account of the seasonal nature of the Group's confectionery division. At 30 April 2009 the Group's total facilities and utilisation comprised:

Facility	Borrowed/available £m's	Maturity/repayment Date	Drawn/outstanding 30 April 2009 £m's
Asset based lending	19.0	September 2012	10.3
Revolving credit*	0 – 11.0	December 2010	3.2
Amortising term loans	4.6	May 2010 to August 2012	6.9
Asset finance loans/HP	2.4	April 2012	0.4

*The Revolving Credit Facilities fluctuate on a monthly basis in accordance with the seasonal working capital requirements of the Group from nil in April to £11 million between July and October of each year.

The principal facilities have been provided by Barclays Bank PLC at rates between 1.15% and 2.00% above Base Rate or LIBOR. As yet unamortised costs at 30 April 2009 amounting to

£163,000 (2008: £167,000), associated with raising these facilities, are being written off over their remaining life.

In February 2008 the Group fixed an average of £10.4 million of its LIBOR borrowings at 5.01% and an average of £2.4 million of its Base Rate borrowings at 4.76% until February 2011. At 30 April 2009 this interest swap had a mark to market valuation adjustment of £576,000.

Review of assets and goodwill

The board has reviewed the value of its assets and goodwill at 30 April 2009, in accordance with the assumptions and procedures set out in the financial statements. They have concluded that there is no impairment of goodwill at that date.

The deferred consideration asset of £2.1 million arising from the sale of Baked Snacks has been included at nil fair value in view of the uncertainty of its receipt.

Ian Blackburn
Chief Executive

CONSOLIDATED INCOME STATEMENT
For the year ended 30 April 2009

£'000	Note	2009 Adjusted results	2009 Adjusting items	2009 Total	2008 Adjusted results	2008 Adjusting items	2008 Total
Continuing operations							
Revenue	2	118,602	-	118,602	109,216	-	109,216
Cost of sales		(93,857)	-	(93,857)	(83,938)	-	(83,938)
Gross profit		24,745	-	24,745	25,278	-	25,278
Distribution costs		(4,777)	-	(4,777)	(5,013)	-	(5,013)
Administrative expenses							
- Other administrative expenses		(13,917)	-	(13,917)	(11,541)	-	(11,541)
- One-off items		-	(1,508)	(1,508)	-	-	-
- Amortisation of intangible assets		-	(456)	(456)	-	(675)	(675)
- Share based payments		-	116	116	-	(377)	(377)
Operating profit		6,051	(1,848)	4,203	8,724	(1,052)	7,672
Interest income	3	47	-	47	116	-	116
Finance costs	3	(1,556)	(680)	(2,236)	(1,733)	(144)	(1,877)
Profit from continuing operations before taxation		4,542	(2,528)	2,014	7,107	(1,196)	5,911
Tax on profit from continuing activities	4	(1,241)	-	(1,241)	(2,034)	179	(1,855)
Net result from continuing operations		3,301	(2,528)	773	5,073	(1,017)	4,056
Net result from discontinued operations			(5,836)	(5,836)		(811)	(811)
Net result for the period		3,301	(8,364)	(5,063)	5,073	(1,828)	3,245
Basic (losses) / earnings per share	5			(42.9)			29.5
Diluted (losses) / earnings per share	5			(42.6)			25.9
Adjusted* basic earnings per share	5	28.0			46.2		
Adjusted* diluted earnings per share	5	27.8			40.5		

CONSOLIDATED BALANCE SHEET
As at 30 April 2009

£'000	Note	2009	2008
Non-current assets			
Goodwill	6	30,821	32,363
Other intangible assets		623	1,002
Property, plant and equipment		15,283	18,545
Deferred tax asset		198	167
		46,925	52,077
Current assets			
Inventories		14,319	13,364
Trade and other receivables		19,190	15,253
Derivative financial asset		-	72
Cash at bank		5,405	3,175
		38,914	31,864
Total assets		85,839	83,941
Current liabilities			
Trade and other payables		(23,763)	(20,337)
Performance related contingent consideration		(220)	(876)
Current tax liabilities		(252)	(687)
Obligations under finance leases	7	(214)	(470)
Derivative financial instruments		(607)	-
Borrowings and overdrafts	8	(15,712)	(9,289)
		(40,768)	(31,659)
Net current (liabilities)/assets		(1,854)	205
Non-current liabilities			
Performance related contingent consideration		(300)	(2,555)
Deferred tax liabilities		(1,575)	(1,448)
Obligations under finance leases	7	(167)	(369)
Borrowings and overdrafts	8	(4,676)	(7,609)
		(6,718)	(11,981)
Total liabilities		(47,486)	(43,640)
Net assets		38,353	40,301
Equity			
Share capital	9	1,324	1,151
Share premium account	10	28,252	26,449
Merger reserve		3,411	3,411
Equity reserve	11	2,719	1,431
Retained earnings	11	2,647	7,859
Total equity attributable to equity holders of the parent		38,353	40,301

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 April 2009

£'000	Note	£'000 2009	£'000 2008
Cash flow from operating activities			
Profit on ordinary activities before taxation		2,014	5,911
Finance costs		2,236	1,877
Interest income		(47)	(116)
Share based payments		(116)	377
Depreciation (including trademark amortisation)		2,346	1,989
Loss on sale of plant and equipment		22	6
Amortisation of intangible assets		457	675
One-off items		1,388	-
Net movement in working capital		(2,469)	(1,011)
(Increase) in inventories		(1,299)	(2,646)
(Increase)/ decrease in receivables		(4,504)	4,075
Decrease/ (increase) in payables		3,334	(2,440)
Cashflow from continuing operations		5,831	9,708
Cashflow from discontinued operations		(1,002)	(1,260)
Total cashflow from operations		4,829	8,448
Net interest paid	3	(1,510)	(1,646)
Tax paid		(782)	(1,682)
Cash generated from activities in continuing operations		3,539	6,380
Cashflow from operating activities in discontinued operations		(1,002)	(1,260)
Total cashflow from operating activities		2,537	5,120
Cash flow from investing activities			
Purchase of property, plant and equipment		(3,847)	(3,722)
Proceeds from sale of plant and equipment		42	26
Disposal of subsidiary		(220)	-
Settlement of deferred consideration obligation		(879)	-
Total cash impact of acquisitions		-	(3,733)
Acquisitions of businesses		-	(2,814)
Net borrowings assumed on acquisition		-	(919)
Net cash outflow from continuing investing activities		(4,904)	(7,429)
Net cash outflow from discontinued investing activities		-	(5,244)
Net cash outflow from investing activities		(4,904)	(12,673)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		1,976	3,851
Purchase of own shares		(149)	(300)
Proceeds from new borrowings		-	5,000
Repayment of borrowings		(3,536)	(4,819)
Finance lease repayments		(457)	(472)
Minority interest dividends paid		-	-
Net cash flow from financing activities		(2,166)	3,260
Net (decrease) in cash and cash equivalents		(4,533)	(4,293)
Cash and cash equivalents at beginning of the year		(3,331)	917
Effect of foreign exchange rate movements		(263)	45
Cash and cash equivalents at end of the year		(8,127)	(3,331)
Cash and cash equivalents comprise:			
Cash at bank	13	5,405	3,175
Bank overdraft	13	(13,532)	(6,506)
		(8,127)	(3,331)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 April 2009

£'000	Attributable to equity holders of the parent					Total
	Share capital	Share premium account	Merger reserve	Equity reserve	Retained earnings	
Balance at 1 May 2007	1,073	22,673	3,229	621	4,914	32,510
Profit for the year	-	-	-	-	3,245	3,245
Exchange gain on translation of foreign operation	-	-	-	557	-	557
Issue of new ordinary shares	78	3,776	182	-	-	4,036
Purchase of own shares	-	-	-	-	(300)	(300)
Share-based payment charge	-	-	-	377	-	377
Deferred tax on share-based payments	-	-	-	(124)	-	(124)
Balance at 30 April 2008	1,151	26,449	3,411	1,431	7,859	40,301
Profit for the year	-	-	-	-	(5,063)	(5,063)
Exchange gain on translation of foreign operations	-	-	-	1,404	-	1,404
Issue of new ordinary shares	173	1,803	-	-	-	1,976
Purchase of own shares	-	-	-	-	(149)	(149)
Prior year share-based payment reversal	-	-	-	(116)	-	(116)
Balance at 30 April 2009	1,324	28,252	3,411	2,719	2,647	38,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2009

1. PREPARATION OF FINANCIAL STATEMENTS

The financial information in this announcement does not constitute the Group's statutory accounts for the years ended 30 April 2009 or 2008. The preliminary results for the year ended 30 April 2009 have been extracted from audited consolidated financial statements which have not yet been delivered to the Registrar of Companies. The auditors have reported on the Group's statutory accounts for the year ended 30 April 2009. The report was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

A key assumption used in the preparation of this year's financial statements relates to the assessment that the fair value of the deferred consideration arising on the sale of discontinued activities is negligible on the basis of uncertainty regarding its receipt. Should any of the deferred consideration be received it means that the carrying value of this asset has been understated in the balance sheet and the net loss from discontinued activities overstated in the year.

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

The Group financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 30 April 2009. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group obtains and exercises control through voting rights. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given up, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired company, plus any costs directly attributable to the business combination. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

The results of discontinued operations that have been sold in the year have been consolidated until the effective date of disposal, but shown separately together with the gain or loss on sale. The revenue, costs, gross profit and net profit or loss of continuing operations comprises the results of those subsidiary undertakings owned by the group at the end of the current year.

2. SEGMENTAL INFORMATION

For management purposes, the Group is organised into two divisions: Confectionery; and Natural & Premium Snacks. These divisions are continuing activities and include the following principal subsidiaries:

Confectionery

Kinnerton (Confectionery) Company Limited
Horsley, Hick & Flower Limited (dormant 1 May 2009)
Lir Chocolates Limited

Natural & Premium Snacks

Humdinger Limited
Readifoods Limited (dormant 1 May 2009)

In addition discontinued operations comprise:

The Baked Snacks Company Limited (sold 30 April 2009) which was previously included within the Natural & Premium Snacks division.

Segment revenue and results

An analysis of the Group's continuing operations is as follows:

	Revenue		Adjusted operating profit		Total result	
	2009	2008	2009	2008	2009	2008
	£'000	£'000	£'000	£'000	£'000	£'000
Confectionery	75,093	68,481	4,378	5,634	2,695	5,176
Natural & Premium Snacks	43,509	40,735	1,673	3,090	1,508	2,496
	118,602	109,216				
Operating profit			6,051	8,724	4,203	7,672
Finance costs (net of interest income)			(1,509)	(1,617)	(2,189)	(1,761)
Profit before tax			4,542	7,107	2,014	5,911
Tax			(1,241)	(2,034)	(1,241)	(1,964)
Profit for the year			3,301	5,073	773	3,947

Revenue reported represents sale of goods to external customers. Inter-segment sales made at market rates were £0.4 m (2008:£ 0.3 m).

Other segment information	Depreciation and amortisation		Capital additions	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Confectionery	1,920	1,666	3,355	2,607
Natural & Premium Snacks	883	1,280	494	1,950
Consolidated	2,803	2,946	3,849	4,557

Geographical segments

The Group operates in four geographical areas – the United Kingdom, Europe, Australasia and the Rest of the World. The Group's revenue from external customers and its segment assets by geographical location are detailed below. Revenue from external customers is segmented by the geographical destination of sales and assets are segmented by their location.

	Revenue from external customers		Segment assets		Sale of segment assets*		Acquisition of segment assets*	
	2009	2008	2009	2008	2009	2008	2009	2008
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom	107,790	98,685	78,303	73,915	5,726	-	-	4,777
Europe	5,089	3,265	6,359	9,025	-	-	-	4,808
Australia	1,698	3,426	907	984	-	-	-	-
Rest of the World	4,025	3,840	7	17	-	-	-	-
	118,602	109,216	85,576	83,941	-	-	-	9,585

* Acquisition and disposal of segment assets comprises the fair value of net assets acquired, including the value of goodwill and intangible assets, arising on acquisitions and disposals during the year.

3. FINANCE COSTS AND INCOME

	2009	2008
	£'000	£'000
<i>Finance costs</i>		
Interest payable on bank borrowings (including amortisation of issue costs)	1,515	1,666
Interest payable on obligations under finance leases	41	67
Total interest payable	1,556	1,733
Unwinding of discount on provision for contingent consideration	-	166
Change in fair value of financial assets/liabilities designated as at fair value through profit or loss	680	(22)
Net finance costs for continuing businesses	2,236	1,877
<i>Interest income</i>		
Interest received on bank deposits	(47)	(116)

4. TAX

The tax analysis for continuing operations is as follows:

	Adjusted results 2009 £'000	Adjusting items 2009 £'000	Total 2009 £'000	Adjusted results 2008 £'000	Adjusting items 2008 £'000	Total 2008 £'000
Current tax						
UK corporation tax on profits for the year or on adjustments	1,289	(389)	900	1,804	-	1,804
Adjustments in respect of prior periods	22	-	22	59	-	59
Total current tax	1,311	(389)	922	1,865	-	1,863
Deferred tax						
Origination and reversal of temporary differences	(70)	389	319	171	(179)	(8)
Tax on profit on ordinary activities or adjusting items	1,241	-	1,241	2,036	(179)	1,855
Reconciliation of tax charge						
Profit before tax	4,542	(2,528)	2,014	7,107	(1,196)	5,911
Tax at the UK corporation tax rate of 28% (2008: 29.8%)	1,272	(708)	564	2,117	(356)	1,761
Adjustments in respect of prior periods	22	-	22	59	-	59
Other	(12)	40	28	(170)	57	(113)
Share based payments adjustment	-	108	108	-	120	120
Abolition of industrial buildings allowance	-	527	527	-	-	-
Tax effect of expenses that are not deductible in determining taxable profit	95	33	128	77	-	77
Losses not recognised for deferred tax	(136)	1	(136)	(47)	-	(47)
Tax expense for the period	1,241	-	1,241	2,036	(179)	1,857

The UK government's enactment of the abolition of Industrial Buildings Allowances, in a phased manner between the tax years 2008/9 and 2010/11, has resulted in a one-off charge of £527,000, as reflected in the interim accounts to 31 October 2008.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	2009			2008		
	Earnings £'000s	Weighted average no. of shares 000's	Amount per share p	Earnings £'000s	Weighted average no. of shares 000's	Per share amount p
Basic earnings / (loss) per share	(5,063)	11,796	(42.9)	3,245	10,984	29.5
Diluted earnings / (loss) per share	(5,063)	11,887	(42.6)	3,245	12,515	25.9
Adjusted* basic earnings per share	3,301	11,796	28.0	5,073	10,984	46.2
Adjusted* diluted earnings per share	3,301	11,887	27.8	5,073	12,515	40.5
Basic (loss) per share on discontinued operations	(5,836)	11,796	(49.5)	(811)	10,984	(7.4)
Basic (loss) per share on discontinued operations	(5,836)	11,887	(49.1)	(811)	12,515	(6.5)

* Adjusted earnings per share relate to continuing activities as derived from the Consolidated Income Statement.

Reconciliations between the various weighted average numbers of shares shown above are as follows:

	Year-ended 30 April 2009		Year-ended 30 April 2008	
	Basic earnings per share	Diluted earnings per share	Basic earnings per share	Diluted earnings per share
Weighted average number of shares	11,796,310	11,796,310	10,984,268	10,984,268
Weighted average number of options (vested)	-	55,398	-	1,180,503
Weighted average number of options (non-vested)	-	368	-	310,422
Weighted average number of shares held by the Zetar Plc EBT		35,882		40,130
Weighted average number of shares used for earnings per share	11,796,310	11,887,958	10,984,268	12,515,323

The calculation of basic earnings per share is based on reported profit after tax and the weighted average number of shares during each year. Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially diluted ordinary shares in accordance with IAS 33. Potentially dilutive ordinary shares arise from share options and warrants. Adjusted basic and diluted earnings per share have also been calculated, as in the opinion of the Directors, this provides shareholders with further information regarding trends in the Group's results.

Adjusted earnings used in the calculation of adjusted earnings per share have been calculated on continuing operations after taking into account the items listed below:

	2009	2008
	£'000	£'000
One-off exceptionals	1,508	-
Amortisation of intangibles	456	675
Share based payments	(116)	377
Finance costs	680	144
	<u>2,528</u>	<u>1,196</u>
Tax benefit	-	(179)
	<u>2,528</u>	<u>1,017</u>

The adjusted basic and diluted earnings per shares have been calculated using the net results for the appropriate years adjusted to remove the losses from the discontinued operations; one-off items and exceptional items.

6. GOODWILL

Cost and carrying amount	£'000
At 1 May 2007	28,120
Recognised on acquisition of subsidiaries	4,402
Adjustment to contingent consideration payable	(500)
Exchange gain on translation of goodwill arising on acquisition of Lir Chocolates	341
At 30 April 2008	<u>32,363</u>
Recognised on disposal of subsidiary	(77)
Adjustment to contingent consideration payable	(2,035)
Exchange gain on translation of goodwill arising on acquisition of Lir Chocolates	570
At 30 April 2009	<u><u>30,821</u></u>

Adjustments to contingent consideration payable set out above reflect the re-assessment of the amounts that have been paid or will be paid in respect of performance related contingent consideration for the acquisition of subsidiaries in previous years. Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business acquisition.

The carrying amount of goodwill by CGU is as follows:	2009	2008
Kinnerton	14,795	14,795
Readifoods	3,361	3,361
Humdinger	7,608	7,608
Horsley Hick & Flower	1,626	1,856
Baked Snacks	-	77
Lir	3,431	4,666
	<u>30,821</u>	<u>32,363</u>

In future periods the goodwill relating to Horsley Hick and Flower will be aggregated with Kinnerton and the goodwill relating to Readifoods will be aggregated with Humdinger following the transfer of their respective business, assets and liabilities on 30 April 2009. The impairment review has been carried out on this basis.

The Group tests goodwill annually for impairment, or more frequently if there are indications that the goodwill might be impaired. The recoverable amounts of the cash generating units ("CGU's") to which goodwill has been allocated are determined based on value in use calculations which are the present value of future cash flows expected to be obtained from the CGU's. The key assumptions used in the assessment of value are those regarding the discount rates, long term growth rates and expected changes to the cash flows generated by the CGU during the period. Whilst the Group's weighted average cost of capital is normally below 10%, given the unusual prevailing financial market conditions, we have performed the calculations at 10% and above which

demonstrate that discount rates in excess of 10% would need to apply before impairment would need to be considered. Changes to the cash flows are determined for each CGU and are based on management forecasts, past performance and the expected impact on future performance of recent investment and market strategies.

The Group prepares profit and cash flow forecasts derived from the most recent financial budget and business plan which cover the period to 30 April 2012, approved by the Board of Directors, and extrapolated for a further seven years at relevant industry sector fixed growth rates.

As a result of the review based on these assumptions, management believe that the carrying value of goodwill is reasonably expected to be exceeded by the recoverable cash flows.

7. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Leases expiring:				
Within one year	229	518	214	470
Between one and five years	176	454	167	369
After more than five years	-	-	-	-
	405	972	381	839
Less future finance costs	(24)	(133)		
Present value of lease obligations	381	839		
Amount due for settlement within twelve months	214	470		
Amount due for settlement after twelve months	167	369		

The average lease term is 5 years (2008: 5 years). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in sterling (except for £90,803 (2008: £161,000, denominated in Euros). The carrying amount of the Group's finance lease liabilities approximates to their fair value. The Group's obligations under finance leases are secured by the lessors' charges over the assets concerned. The average effective interest rate on finance leases was 5.4% (2007: 5.4%).

8. BORROWINGS AND OVERDRAFTS

	2009	2008
	£'000	£'000
Bank loans and overdraft	20,388	16,898
The borrowings are repayable as follows :		
On demand or within one year	15,712	9,289
Amounts due for settlement within 12 months	15,712	9,289
Amounts due for settlement after more than 12 months:		
Between one and two years	3,980	2,782
Between two and five years	696	4,827
	4,676	7,609

The bank loans and overdrafts comprise amounts drawn down under bank overdraft / revolving credit and asset based lending facilities of £13,532,000 million (2008: £6,506,000) and amortising bank loans and asset finance of £6,856,000 (2008: £10,392,000). These borrowings are secured on the assets of the Group. The directors consider that the carrying amount of bank loans and

overdrafts and loan notes approximate to their fair value at the year-end. Bank loans and overdrafts and loan notes are denominated in sterling.

9. SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised		
20,000,000 (2007: 20,000,000) ordinary shares of £0.10 each	2,000	2,000
Issued and fully paid		
13,231,193 (2008: 11,505,393) ordinary shares of £0.10 each	1,324	1,151

The movement in issued share capital during the period was as follows:

	Shares 000s	Share capital £'000	Issue price £	Gross issue £'000
At start of the year	11,505	1,151		4,232
Issued during the year	1,726	173	1.20	2,071
At end of the period	13,231	1,324		

During the year the group issued and allotted 1,725,800 ordinary shares to existing shareholders at £1.20 per share.

10.SHARE PREMIUM ACCOUNT

	£'000
At 1 May 2007	22,673
Shares issued	3,972
Costs of issue	(196)
At 1 May 2008	26,449
Shares issued	1,898
Costs of issue	(95)
At 30 April 2009	28,252

11. EQUITY RESERVES

	Equity reserve		Total £'000	Retained earnings £'000
	Foreign currency translation reserve £'000	Share-based payment £'000		
At 1 May 2007	-	621	621	4,914
Shared based payments charged to income	-	377	377	-
Deferred tax asset arising on share options	-	(124)	(124)	-
Exchange gains / (losses) on translation of foreign operations	557	-	557	-
Purchase of own shares	-	-	-	(300)
Profit for the year	-	-	-	3,245
At 30 April 2008	557	874	1,431	7,859
Prior year share based payment reversal	-	(116)	(116)	-
Deferred tax asset arising on share options	-	-	-	-
Exchange gains / (losses) on translation of foreign operations	1,404	-	1,404	-
Purchase of own shares	-	-	-	(149)
Loss for the year	-	-	-	(5,063)
At 30 April 2009	1,961	758	2,719	2,647

The equity reserve comprises: (i) the exchange gain/loss arising on translation of the net assets of overseas operations Kinnerton (Confectionery) Australia Pty Limited and Lir Chocolates Limited into sterling at the balance sheet date(s); and (ii) share based payments charged to the income statement as well as the deferred tax effects arising on the recognition of deferred tax assets in respect of temporary differences related to all share based incentives.

The premium on shares issued to the vendors of Kinnerton (prior to 1 May 2006), of Humdinger (in the year ended 30 April 2007) and of Lir in the year ended 30 April 2008, has been accounted for in the merger reserve.

There has been no reinstatement of £805,000 of cumulative goodwill amortisation that had been deducted from retained earnings prior to the transition to IFRS.

12. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET DEBT

	2009 £'000	2008 £'000
Decrease in cash and cash equivalents	(4,533)	(4,293)
Cash outflow from movement in debt financing	3,536	(181)
Cash outflow from movement in lease financing	457	472
Movement in net debt arising from cash flows	(540)	(4,002)
Other non-cash changes	(262)	(246)
Debt acquired with subsidiary	-	(498)
Net debt at the start of the year	(14,562)	(9,816)
Net debt at 30 April	(15,364)	(14,562)

Other non-cash changes in the current financial year are £NIL and in the previous financial year were in respect of new finance leases for plant and machinery

13. ANALYSIS OF NET DEBT

	2009	2008
	£'000	£'000
Cash at bank	5,405	3,175
Bank overdraft	(13,532)	(6,506)
	(8,127)	(3,331)
Debt due within one year	(2,180)	(2,783)
Debt due after one year	(4,676)	(7,609)
Finance leases	(381)	(839)
Net debt at 30 April	(15,364)	(14,562)

14. ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Zetar Plc ("Company") will be held at the offices of DLA Piper UK LLP, 3 Noble Street, London EC2V 7EE at 10.00 on Thursday 1 October 2009.

-ENDS-