

8 May 2009

## Zetar Plc (“Zetar” or the “Group”)

### Trading Update

Zetar, the AIM listed confectionery and snack foods group, announces the following trading update in advance of the publication of its preliminary results for the year ended 30 April 2009, which are expected to be announced on 22 July 2009.

Zetar has had a good finish to the year, which culminated in the disposal of the loss making Baked Snacks business. Sales by division of the Group’s continuing activities were as follows:

<i>Division</i>	Year to 30 April		
	2009	2008	
	£m	£m	
Confectionery	75	68	+10%
Natural & Premium Snacks	44	40	+10%
Continuing activities	119	108	+10%

#### *Confectionery*

A later Easter generally helped sales in an extended Easter trading period. We received additional orders for Easter products from a number of our UK customers as their trade in the weeks leading up to Easter exceeded their initial forecasts. We are also pleased to report that Kinnerton brand products performed extremely well with our share of the Easter egg market increasing by almost 19% to 5% (Neilson: week ended 11 April 2009). We were one of only two manufacturers to grow in both value and units, with Ben 10 and High School Musical licences performing particularly well. Furthermore, under our second year of ownership, Bailey’s Easter egg sales increased by 20%.

#### *Natural & Premium Snacks*

Raw material cost inflation had a significant impact on the division in the first half of the year, particularly during the summer. However, since Christmas, a number of sales price increases, allied to higher volumes on existing lines and the launch of new value products, have contributed to a 10% increase in sales for the year. This also includes sales from this division for the first time in the United States of our snacking fruit bars under the ‘Sunsweet’ brand, which has been endorsed by the National Basketball Association. The division’s margins improved as the year progressed.

### **Group Results**

The Board is confident that the Group’s adjusted profit before tax\* on continuing activities for the year ended 30 April 2009 will be comfortably in line with our brokers’ expectations.

A combination of these results and our tighter cash management resulted in Group borrowings at 30 April 2009 being lower than expected at £16 million. This is after approximately £3.5 million of capital expenditure to support the current year's budgeted turnover growth.

## **Outlook**

Following the disposal of the Baked Snacks business on 30 April 2009, management is now able to devote its full attention to the Group's two core divisions.

Assisted by its successful £2m placing of new shares in February 2009, the Company has recorded significant new business wins in both divisions, particularly for products in the value sector, which the consumer is currently demanding.

The Board looks forward to resuming the profitable growth trend of the Company and is confident of a successful year ahead.

\* Adjusted profit before tax excludes amortisation of intangible assets, share based payments and all non recurring items

Ends

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