

Creightons plc Group
Interim financial report
For the six months ended 30 September 2015

Chairman's Statement

The Group has continued to make progress against a background of increasing competition in the first half of the year recording a profit of £1,050,000 in the six months to 30 September 2015 (2014: £589,000). Profit before exceptional items for the six months to 30 September 2015 was £206,000 (2014: £214,000). The profit includes an exceptional item of £844,000 on the disposal of "The Real Shaving Company" business which was completed on 28 May 2015 (2014: £375,000 on the disposal of TS Ventures Ltd).

The Group has maintained sales for the period despite the disposal of The Real Shaving Company which was completed on 28 May 2015. Underlying sales excluding "The Real Shaving Company" were £10,594,000 for the six months (2014: £10,171,000) an increase of 4.2% for the period. These sales were generated by new product launches with own label customers and growth of branded ranges in key retailers.

Our gross margin was 40.8% in the six months to 30 September 2015 (2014: 38.6%). This improvement is due to a reduction in product support costs for the period and improved production efficiencies. Improvements have also been made in purchasing efficiencies and raw material price increases have not been a significant factor in the period. We are focusing efforts to improve our margins through product re-engineering, targeted investment in inventory and investment in plant and machinery which will improve output at lower costs.

We have continued to review our sales strategy in the period and have trimmed a number of brands and products considered peripheral to our core activity. We continue to see opportunities to develop our brands in overseas markets and to develop good quality products at a competitive price in the UK. We have increased resources and investments to achieve this goal.

As communicated in the Annual Report to 31 March 2015 the Group is investing to improve our manufacturing and logistics operations. This has resulted in one-off costs of £43,000 in relation to the reorganisation of the management structure which are included in the administrative expenses for the period. This will reduce production overhead costs in the second half of the year.

We continue to be cautious regarding the underlying level of retail sales and continue to see the trend of consumers in the UK focussing on value. This will present sales opportunities but may impact on margins.

Our net cash position at the end of the period has improved with net cash increasing by £1,469,000 to £946,000 (2014: net borrowing of £523,000).

I believe that this half year's sales of £10,752,000 despite the sale of the Real Shaving Company and profit after tax of £1,050,000 is a good performance and continues to place the Company in a good position to take advantage of any opportunities that may arise.

W O McIlroy
Executive Chairman

11 November 2015

Responsibility statement

We confirm that to the best of our knowledge:

- a) The condensed set of financial statements has been prepared in accordance with IAS 34;
- b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of material related party transactions and changes therein).

By order of the Board

Nicholas O'Shea
Company Secretary and Director

11 November 2015

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Consolidated income statement – unaudited

	Note	Six months ended 30 September		Year ended 31 March
		2015 £000	2014 £000	2015 £000
Revenue		10,752	10,693	21,093
Cost of sales		(6,368)	(6,568)	(12,707)
Gross profit		4,384	4,125	8,386
Distribution costs		(477)	(470)	(922)
Administrative expenses		(3,699)	(3,430)	(6,966)
Operating profit		208	225	498
Profit on disposal of Real Shaving Co	4	844	-	-
Profit on disposal of TS Ventures Ltd	5	-	375	375
Finance costs		(2)	(11)	(22)
Profit after exceptional items and before tax		1,050	589	851
Taxation		-	-	-
Profit for the period from continuing operations attributable to the equity holders of the parent company		1,050	589	851

Earnings per share

Basic	2	1.76p	1.01p	1.43p
Diluted	2	1.57p	0.98p	1.27p

Earnings per share before exceptional item

Basic	2	0.35p	0.37p	0.80p
Diluted	2	0.31p	0.36p	0.71p

Consolidated statement of comprehensive income

		Six months ended 30 September		Year ended 31 March
		2015 £000	2014 £000	2015 £000
Profit for the year		1,050	589	851
Exchange differences on translating of foreign operations		(4)	1	(2)
Total comprehensive income for the period attributable to the equity holders of the company		1,046	590	849

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Consolidated balance sheet – unaudited

	30 September		31 March
	2015	2014	2015
	£000	£000	£000
Non-current assets			
Goodwill	331	331	331
Other intangible assets	292	300	283
Property, plant and equipment	559	586	574
	1,182	1,217	1,188
Current assets			
Inventories	3,754	4,071	4,074
Trade and other receivables	4,049	4,004	3,591
Cash and cash equivalents	983	40	9
Derivative financial instruments	5	-	17
	8,791	8,115	7,691
Total assets	9,973	9,332	8,879
Current liabilities			
Trade and other payables	3,068	3,205	2,956
Obligations under finance leases	18	19	22
Short term borrowings	37	563	84
Derivative financial instruments	18	-	13
	3,141	3,787	3,075
Net current assets	5,650	4,328	4,616
Non-current liabilities			
Obligations under finance leases	-	20	7
	-	20	7
Total liabilities	3,141	3,807	3,082
Net assets	6,832	5,525	5,797
Equity			
Share capital	596	584	596
Share premium account	1,248	1,264	1,248
Other reserves	25	38	25
Share-based payment reserve	-	2	-
Retained earnings	4,994	3,649	3,938
Translation reserve	(31)	(12)	(10)
Total equity attributable to the equity shareholders	6,832	5,525	5,797

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Statement of changes in shareholders' equity – unaudited

	Share capital	Share premium account	Other reserves	Retained earnings	Translation reserve	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2014	584	1,264	38	3,060	(13)	4,933
Profit for six months ended 30 September 2014	-	-	-	589	-	589
Share based payments	-	-	-	2	-	2
Exchange differences on translation of foreign operations	-	-	-	-	1	1
Balance at 30 September 2014	584	1,264	38	3,651	(12)	5,525
Profit for six months ended 31 March 2015	-	-	-	262	-	262
Share based payments	-	-	-	12	-	12
Employee share holder scheme charge	-	(4)	-	-	-	(4)
Issue of employee shares	12	(12)	-	-	-	-
Transfer	-	-	(13)	13	-	-
Charge in relation to derivative financial instruments	-	-	-	-	5	5
Exchange differences on translation of foreign operations	-	-	-	-	(3)	(3)
Balance at 31 March 2015	596	1,248	25	3,938	(10)	5,797
Profit for six months ended 30 September 2015	-	-	-	1,050	-	1,050
Share based payments	-	-	-	6	-	6
Charge in relation to derivative financial instruments	-	-	-	-	(17)	(17)
Exchange differences on translation of foreign operations	-	-	-	-	(4)	(4)
Balance at 30 September 2015	596	1,248	25	4,994	(31)	6,832

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Consolidated cash flow statement – unaudited

	<i>Six months ended</i>		<i>Year ended</i>
	<i>30 September</i>		<i>31 March</i>
	<i>2015</i>	<i>2014</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Net cash inflow / (outflow) from operating activities	293	(2)	677
Cash flow from investing activities			
<i>Purchase of property, plant and equipment</i>	(79)	(63)	(159)
<i>Expenditure on intangible assets</i>	(183)	(235)	(358)
<i>Proceeds from sale of Real Shaving Company brand</i>	1,000	-	-
<i>Proceeds from sale of Joint Venture</i>	-	387	387
Net cash generated from / (used in) investing activities	738	89	(130)
Cash flow from financing activities			
<i>Repayment of finance lease obligations</i>	(10)	(9)	(19)
<i>(Decrease) in bank loans</i>	(47)	(50)	(529)
Net cash used in financing activities	(57)	(59)	(548)
Net increase / (decrease) in cash and cash equivalents	974	28	(1)
<i>Cash and cash equivalents at start of period</i>	9	11	11
<i>Effect of foreign exchange rate changes</i>	-	1	(1)
Cash and cash equivalents at end of period	983	40	9

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Notes to the interim financial report

1. Basis of preparation

The condensed financial statements in this Interim Report have been prepared in accordance with the requirements of IAS 34 'Interim Financial Reporting' as adopted by the European Union.

As required by the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, the condensed set of financial statements has been prepared by applying the accounting policies and presentation that were applied in the preparation on the Company's published consolidated financial statements for the year ended 31 March 2015, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The condensed interim financial statements for the six months ended 30 September 2015 and the comparative figures for the six months ended 30 September 2014 are unaudited. The figures for the year ended March 2015 have been extracted from the Annual Report on which the Auditors issued an unqualified audit report and which have been filed with the Registrar of Companies.

2. Earnings per share

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

	Six months ended 30 September		Year ended 31 March
	2015	2014	2015
	£000	£000	£000
Earnings			
Net profit before tax attributable to the equity holders of the parent company	1,050	589	851
Net profit before disposals attributable to the equity holders of the parent company	206	214	476

	Six months ended 30 September		Year ended 31 March
	2015	2014	2015
	Number	Number	Number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	59,537,243	58,355,426	59,537,243
Effect of dilutive potential ordinary shares relating to Share options	7,405,000	1,570,000	7,405,000
Weighted average number of ordinary shares for the purposes of diluted earnings per share	66,942,243	59,925,426	66,942,243

3. Related party transactions

The related party transactions that occurred in the six months ended 30 September 2015 are not materially different in size or nature to those reported in the Company's Annual Report for the year ended 31 March 2015.

4. Exceptional item – Sale of The Real Shaving Company

On 28 May 2015 the Group completed the sale of the business and assets of The Real Shaving Company brand including the trademark and associated intellectual property. The consideration comprised £1,000,000, which was paid on completion and £150,000 for stock which was paid subsequently.

The Company is reporting a profit of £844,000 in the interim financial report for the six months ended 30 September 2015 in relation to the disposal.

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5. Exceptional item – Sale of TS Ventures Ltd

On 23 May 2014 the Group completed the disposal of its 55% interest in TS Ventures Limited which holds the intellectual property rights to the Twisted Sista brand of hair care products for a cash consideration of £448,000. The 55% interest in TS Ventures Limited has been sold to Urban Therapy LLC, the owner of the 45% interest not owned by the Company. The Company reported a profit of £375,000 in the interim financial report for the six months ended 30 September 2014 in relation to the disposal.

6. Availability of Interim Report

The Interim Report is being made available to shareholders on the company website www.creightonsplc.com. Further copies can be obtained from the Company's Registered Office, 1210 Lincoln Road, Peterborough, PE4 6ND.