28 June 2016

Creightons plc

(the “Company” or “Creightons”)

Preliminary Results

The Company is pleased to announce its preliminary results for the year ended 31 March 2016.

For more information please contact:

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Chairman’s statement

I am pleased to report another year of growth and improved profitability as the Group’s profit after exceptional items and before tax increased to £1,329,000 from £851,000 in 2015. This year includes a profit of £768,000 on the sale of the “The Real Shaving Company”, the prior year including £375,000 on the sale of the Group’s 55% interest in TS Ventures Ltd. The Group’s profit before exceptional items is £558,000 compared to £476,000 in 2015.

On 28 May 2015 the Group completed the disposal of “The Real Shaving Company’’ business for £1,000,000 which generated an exceptional profit of £768,000. This follows the sale of the Group’s 55% interest in TS Ventures Ltd in May 2014 and illustrates the Group’s effectiveness in creating and developing brands which add to shareholder value. The Directors consider the creation and development of brands to be an ongoing feature of the business.

On 16 February 2016 the Group acquired some assets of the Broad Oak Toiletries business from their administrator through a new subsidiary Potter & Moore (Devon) Ltd. This purchase raises our profile in the market by bringing to the business a more premium customer base, developing and manufacturing for a number of high-end, premium brands. In addition, it has extended our capabilities in new product categories including fine fragrance, home fragrance (including candles) and soap. It has also presented the opportunity to progress with two brand licenses enhancing our total branded division. We are therefore strengthening our sales force to exploit the opportunities created by our enlarged product offering and production capabilities.

The level of sales has been maintained year on year despite the sale of “The Real Shaving Company”. This has been achieved in a highly competitive retail environment where our customers are seeking to improve the value of the offer to their end consumer. Our private label ranges continue to face increased price and promotion pressure from big brands and the growth of the value market, which has eroded their market share and adversely affected sales volumes. To combat the effects of lower underlying demand we have continued to successfully generate sales growth by introducing new product ranges for new and existing customers and by further expanding our reach into export markets.

Profit margins have improved in the year and whilst we remain under pressure with customers this has been achieved by continuing to manage costs and our product offering in order to be in a position to respond to customer and market pressures.

Financial results

Group sales this year of £21,153,000 are £60,000 (0.3%) higher than last year (2015: £21,093,000), continuing the upward growth in sales volumes we have been recording over the past four years. Underlying sales on a like-for- like basis have increased by 2.8%. Sales in relation to “The Real Shaving Company” have been replaced by increased sales to key private label customers and with new and existing customers in export markets. Export sales this year of £1,132,000 are 40.4% higher than last year (2015: £806,000) with our brands now available in over 30 countries.

Change in product and customer mix has resulted in an increased gross margin percentage of 42.2%, compared to 39.8% in the prior year. Underlying administration costs, which include product research and development as well as sales promotion and product support excluding the costs associated with Potter & Moore (Devon), have risen by 4.1% (2015 – 5.7%) as we invest resources to support the growth of the business in Peterborough.

Group profit after tax of £1,329,000 (2015: £851,000) shows a significant improvement in shareholder value. Profit after tax and before the exceptional items of £559,000 (2015: £476,000) represents a solid performance in view of the market pressures and the investments made to support future development. Diluted earnings per share rose from 1.27p in 2015 to 1.99p for 2016.

Net cash at bank and in hand at the year-end has increased by £889,000 to £814,000 (2015: net borrowing of £75,000). Cash generated by the business, together with £1,000,000 generated from the sale of the Real Shave brand, has been partly utilised to fund the increase in working capital and the purchase of some of the assets of the Broad Oak Toiletries business in Devon.

Current year developments

The Group continues to develop and strengthen its branded portfolio. This is being achieved through expanding our brand offering and refining the range offering within existing brands. We will also seek to acquire brands which are complementary to our existing portfolio and where our sales, marketing and product development expertise will enable the Group to drive growth.

We expect our main private label customers to respond to the pressures in the current economic climate with value strategies resulting in sales opportunities, which we intend to exploit with lower priced products to offset lower sales levels on higher priced products. This is likely to result in margin pressure over the coming years. We will continue to manage our overhead cost base and working capital requirements to ensure they are aligned with the anticipated sales levels of the Group, whilst retaining the skills necessary to meet growth opportunities as they arise.

The new subsidiary Potter & Moore (Devon) Ltd will predominantly be a contract manufacturing operation. The growth in this sector evens up the three sectors of the business, provides further opportunities in this sector and reduces risk.

The Group also considers its ethical responsibility to staff and is pleased to report all permanent employees of the Group have earned the voluntary UK living wage published by the Living Wage Foundation in the year and this has been achieved through efficiencies and productivity without affecting the Group profitability.

The Board has considered and decided not to declare a dividend this year. As part of this review the Board has decided that it should aim to sustain the changes to the Group and use retained earnings and income from asset disposals to seek further opportunities for growth.

I would like to take this opportunity to welcome the new employees to the Group including those of Potter & Moore (Devon) Ltd and to thank each and every one of the Group's employees for the hard work and effort they have put in over what has been a challenging year. I would also like to thank our customers, shareholders and suppliers for their support and loyalty to the Group.

William McIlroy
Chairman, 27 June 2016

Directors' responsibility statements

The directors whose names and functions are set out on page 53 of the annual report and accounts are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors are required to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of International Accounting Standards regulation and have also chosen to prepare the parent company financial statements under IFRS as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosure when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The directors are responsible for maintaining proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and a corporate governance statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement pursuant to DTR4 – Periodic Financial Reporting

Each of the directors confirms that to the best of their knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
2. the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties that they face; and
3. the report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance and business model and strategy.

Principal risks and uncertainties

Risks

The Board regularly monitors exposure to key risks, such as those related to production efficiencies, cash position and competitive position relating to sales. It has also taken account of the economic situation over the past 12 months, and the impact that has had on costs and consumer purchases.

It also monitors those risks not directly or specifically financial, but capable of having a major impact on the business's financial performance if there is any failure, such as product contamination and manufacture outside specification, maintenance of satisfactory levels of customer and consumer service, accident ratios, failure to meet environmental protection standards or any of the areas of regulation mentioned above. Further details of financial risks are set out in Note 2.

Capital structure, cash flow and liquidity

Having achieved profitability after a number of years of substantial losses and repaid loans used at the time of the purchase of the *Potter & Moore* business, the Group's cash flow has improved substantially since the *Potter and Moore* acquisition in 2003. The business is funded using retained earnings and invoice discounting, with a bank facility secured against its assets. Further details are set out in Note 2.

Consolidated income statement

		Year ended 31 March 2016			Year ended 31 March 2015		
		Continuing operations	Discontinued operations	Group total	Continuing operations	Discontinued operations	Group total
	Note	£000	£000	£000	£000	£000	£000
Revenue		21,005	148	21,153	20,171	922	21,093
Cost of sales		(12,151)	(72)	(12,223)	(12,254)	(453)	(12,707)
Gross profit		8,854	76	8,930	7,917	469	8,386
Distribution costs		(911)	(13)	(924)	(855)	(67)	(922)
Administrative expenses		(7,385)	(63)	(7,448)	(6,560)	(406)	(6,966)
Operating profit		558	-	558	502	(4)	498
Profit on disposal of TS Ventures Ltd		-	-	-	375	-	375
Profit on disposal of "the Real Shaving Company"	6	-	768	768	-	-	-
Other operating income – gain on bargain purchase	7	227	-	227	-	-	-
Other operating expense – costs in relation to acquisition	8	(225)	-	(225)	-	-	-
Profit after exceptional item		560	768	1,328	877	(4)	873
Finance income		2	-	2	-	-	-
Finance costs		(1)	-	(1)	(21)	(1)	(22)
Profit after exceptional items and before tax		561	768	1,329	856	(5)	851
Taxation		-	-	-	-	-	-
Profit for the year from continuing operations attributable to the equity shareholders of the parent company		561	768	1,329	856	(5)	851

Earnings per share

Basic	3	2.23p	1.43p
Diluted	3	1.99p	1.27p

Earnings per share before exceptional item

Basic	3	0.94p	0.80p
Diluted	3	0.84p	0.71p

Consolidated statement of comprehensive income

		Year ended 31 March	Year ended 31 March
		2016	2015
		£000	£000
Profit for the year		1,329	851
Exchange differences on translating foreign operations		3	(2)
Exercise of derivatives		(5)	-
Total comprehensive income for the year attributable to the equity shareholders of the parent		1,327	849

Consolidated balance sheet

		31 March	31 March
		2016	2015
	Note	£000	£000
Non-current assets			
Goodwill		331	331
Other intangible assets		239	283
Property, plant and equipment		1,374	574
		1,944	**1,188**
Current assets			
Inventories		3,912	4,074
Trade and other receivables		4,048	3,591
Cash and cash equivalents		814	9
Derivative financial instruments		25	17
		8,799	**7,691**
Total assets		**10,743**	**8,879**
Current liabilities			
Trade and other payables		3,543	2,956
Obligations under finance leases		7	22
Borrowings		-	84
Derivative financial instruments		51	13
		3,601	**3,075**
Net current assets		**5,198**	**4,616**
Non-current liabilities			
Obligations under finance leases		-	7
		-	7
Total liabilities		**3,601**	**3,082**
Net assets		**7,142**	**5,797**
Equity			
Share capital	4	599	596
Share premium account		1,249	1,248
Other reserves		25	25
Translation reserve		(12)	(15)
Cash flow hedge reserve		(26)	5
Retained earnings		5,307	3,938
Total equity attributable to the equity shareholders of the parent company		**7,142**	**5,797**

Consolidated statement of changes in equity

	Share capital	Share premium account	Other reserves	Translation reserve	Cash flow hedge reserve	Retained earnings	Total equity
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2014	584	1,264	38	(13)	-	3,060	4,933
Issue of employee shares	12	(12)	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	(2)	-	-	(2)
Employee share holder scheme charge	-	(4)	-	-	-	-	(4)
Share-based payment charge	-	-	-	-	-	14	14
Transfer	-	-	(13)	-	-	13	-
Charge in relation to derivative financial statements	-	-	-	-	5	-	5
Profit for the year	-	-	-	-	-	851	851
At 31 March 2015	596	1,248	25	(15)	5	3,938	5,797
Exchange differences on translation of foreign operations	-	-	-	3	-	-	3
Employee share options	3	1	-	-	-	-	4
Share-based payment charge	-	-	-	-	-	40	40
Exercise of derivatives	-	-	-	-	(5)	-	(5)
Charge in relation to derivative financial instruments	-	-	-	-	(26)	-	(26)
Profit for the year	-	-	-	-	-	1,329	1,329
At 31 March 2016	599	1,249	25	(12)	(26)	5,307	7,142

Consolidated cash flow statement

		Year ended 31 March 2016			Year ended 31 March 2015		
		Continuing operations	Discontinued operations	Group total	Continuing operations	Discontinued operations	Group total
	Note	£000	£000	£000			£000
Net cash from operating activities	**5**	**1,052**	**(72)**	**980**	**667**	**10**	**677**
Investing activities							
Purchase of property, plant and equipment		(769)	-	(769)	(159)	-	(159)
Purchase of intangible assets		(302)	-	(302)	(354)	(4)	(358)
Proceeds on disposal of Twisted Sista		-	-	-	387	-	387
Proceeds on disposal of The Real Shaving Company		-	1,000	1,000	-	-	-
Net cash used in investing activities		**(1,071)**	**1,000**	**(71)**	**(126)**	**(4)**	**(130)**
Financing activities							
Repayment of finance lease obligations		(22)	-	(22)	(19)	-	(19)
Proceeds on issue of shares		4	-	4	-	-	-
Repayment of bank loans and invoice finance facilities		(84)	-	(84)	(529)	-	(529)
Net cash used in financing activities		**(102)**	**-**	**(102)**	**(548)**	**-**	**(548)**
Net increase / (decrease) in cash and cash equivalents		**(121)**	**928**	**807**	**(7)**	**6**	**(1)**
Cash and cash equivalents at start of year		**9**	**-**	**9**	**11**	**-**	**11**
Effect of foreign exchange rate changes		(2)	-	(2)	(1)	-	(1)
Cash and cash equivalents at end of year		**(114)**	**928**	**814**	**3**	**6**	**9**

Notes to preliminary announcement

1. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with IFRS adopted by the European Union and the Group financial statements comply with Article 4 of the EU IAS regulations.

The financial statements have also been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries), made up to the 31 March each year. Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the company gains control until the date the company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in the preparing the financial statements. Further detail is included in the strategic report on pages 4 to 7 of the financial statements.

Business combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred to the Group, less liabilities incurred in exchange for control of the entity acquired. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements that are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- assets that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired entity, and the fair value of the acquirer's previously held equity interests in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the fair value of the acquirer's previously held interests in the acquired entity (if any), the excess is recognised immediately in profit or loss as a purchase gain.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversible in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the year and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods generally when the production of goods is complete and the customer has accepted title of the goods under contractual shipping arrangements;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at the fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Rentals payable under operating leases are charged against income on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis over the term of the lease.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of consolidated financial statements, the result and financial position of each group company is presented in pounds sterling, which is the functional currency of the company, and the presentational currency for the consolidated financial statements.

In preparing the financial statements of individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates ruling at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange difference on:

- transactions entered into to hedge certain currency risks (see below under financial instruments / hedge accounting); and
- monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the next investment.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operations, or loss of significant influence over an associate that includes a foreign operation) all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Operating profit

Operating profit is stated before investment income and finance costs.

Retirement benefit costs

The Group companies contribute to defined contribution retirement benefit schemes.

Payments to the defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expenditure that are taxable or deductible in other years and it further excludes items of income or expenditure that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on material differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary timing differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. When current tax or deferred tax arises from the initial accounting for a business combination, that tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of the assets less any residual values over their estimated useful lives using the straight line method on the following basis:

	% per annum
Plant and machinery	10 - 20
Fixtures and fittings	10 - 20
Computers	20 - 33

The estimated useful lives, residual values and depreciation method used are reviewed at the end of each reporting period, with the effect of any changes in the estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's product development is recognised only if the following conditions are met:

- an asset is created that can be identified with a specific product or range of products;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably

Internally generated intangible assets are amortised on a straight-line basis over their useful lives of up to two years. Where no internally generated intangible assets can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets acquired separately

Other intangible assets are carried at cost less accumulated amortisation and accumulated annual impairment. Amortisation begins when an asset is available for use and is calculated on a straight-line basis over its estimated useful life as follows:

Acquired licences	- Over three years
Computer software	- Over three to five years

Impairment of tangible and other intangible assets

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset for which the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investments

Investments in subsidiary companies are stated at cost less any recognised impairment loss.

Inventories

Inventories are stated at the lower of cost or net realisable value. The standard cost comprises direct materials and where applicable direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using standard costing basis. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Financial assets and liabilities

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes party to a contractual provision of the instrument.

Trade receivables are initially recognised at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence, such as an increase in delayed payments, that the asset is impaired.

Cash and cash equivalents comprise cash on hand and demand deposits and other short term, usually within three months from inception, highly liquid investments that are readily convertible to a known amount of cash, and are subject to insignificant risk of change of value.

Trade payables and loans are initially measured at their cost which approximates to their fair value.

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group uses foreign exchange forward contracts to hedge against foreign exchange rate risk where considered appropriate. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends upon the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of the recognised assets, liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are treated as current assets or liabilities.

Hedge accounting

The group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risks as either fair value hedges or cash flow hedges. Hedges of foreign exchange on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the hedge relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 2 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of changes in equity within the currency reserve.

Cash flow hedge

The effective portion of change in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred and recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains or losses' line of the income statement.

Amounts deferred in equity are recycled in profit or loss in the period when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However when the forecast transaction that is hedged results in recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based payments are set out in note 28 to the financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. At each balance sheet date the Group revises its estimate of the number of shares expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

The replacement of equity-settled share based payments during the vesting period are measured at the incremental fair value. The measurement of the amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest is expensed on a straight line basis over the modified vesting period, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period.

2. Financial instruments and treasury risk management

Exposures to credit, interest and currency risks arise in the normal course of the Group's business. Risk management policies and hedging activities are outlined below.

Credit risk

Trading exposures are monitored by the operational companies against agreed policy levels. Credit insurance is employed where it is considered to be cost effective. Non-trading financial exposures are incurred only with the Group's bankers or other institutions with prior approval of the Board of directors.

The majority of trade receivables in the UK and North America are with retail customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Impairment provisions on trade receivables have been disclosed in note 20 to the financial statements.

Price risk

The Group considers that there is minimal price in the current economic climate.

Interest rate risk

The Group finances its operations through a mixture of debt associated with working capital facilities and equity. The Group is exposed to changes in interest rates on its floating rate working capital facilities. The variability and scale of these facilities is such that the Group does not consider it cost effective to hedge against this risk.

Interest rate sensitivity

The interest rate sensitivity is based upon the Group's weighted average borrowings over the year assuming a 1% increase or decrease which is used when reporting interest rate risk internally to key management personnel.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2016 would increase/decrease by £1,000 (2015 – £6,000). The Group's sensitivity to interest rates has decreased during the current year mainly due to the decrease in the average working capital facilities used in the year.

Foreign currency risks

The Group is exposed to foreign currency transaction and translation risks.

Transaction risk arises on income and expenditure in currencies other than the functional currency of each group company. The magnitude of this risk is relatively low as the majority of the Group's income and expenditure are denominated in the functional currency. Approximately 8% (2015 – 9%) of the Group's income is denominated in US dollars and 2% (2015 - 1%) in Euros. Approximately 2% (2015 – 4%) of the Group's expenditure is denominated in US dollars and 4% (2015 – 4%) in Euros.

Foreign currency sensitivity

A 5% strengthening of sterling would result in a £40,000 (2015 - £34,000) reduction in profits and equity. A 5% weakening in sterling would result in a £45,000 (2015 - £37,000) increase in profits and equity.

When appropriate the Group utilises currency derivatives to hedge against significant future transactions and cash flows. The Group is party to foreign currency forward contracts in the management of its exchange risk exposure at 31 March 2016. The instruments purchased are in the currency used by the Group's principal overseas suppliers.

The Group designates its foreign currency forward exchange contracts as hedging instruments as they qualify for hedge accounting under IAS39. The Group is party to foreign currency forward contracts in the management of its exchange risk exposure; they are not held for speculative purposes. The instruments purchased are in the currencies used by the Group's overseas customers and suppliers.

Current assets

		Group		Company	
		2016	**2015**	**2016**	**2015**
		£000	**£000**	**£000**	**£000**
Derivatives that are designated and effective as hedging instruments carried at fair value					
Forward foreign currency contracts		25	17	-	-
		25	**17**	**-**	**-**

Current liabilities

		Group		Company	
		2016	**2015**	**2016**	**2015**
		£000	**£000**	**£000**	**£000**
Financial assets carried at fair value through the profit or loss					
Forward foreign currency contracts		51	13	-	-
		51	**13**	**-**	**-**

The Group has entered into forward exchange contracts (for terms not exceeding 12 months) to hedge the exchange rate risk arising from commitments to purchase raw materials denominated in Euros and to sell in US dollars, which are designated as cash flow hedges.

Cash flow and liquidity risk

The Group has no long term borrowing requirements and manages its working capital requirements through overdrafts and invoice finance facilities. These facilities are due to be renewed in March 2017. The maturity profile of the committed bank facilities is reviewed regularly and such facilities are extended or replaced well in advance of their expiry. The Group has complied with all of the terms of these facilities. At 31 March 2016 the group had available £3,142,000 (2015 - £3,166,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The directors do not consider that a more detailed maturity analysis is necessary.

3. Earnings per share

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

		Year ended 31 March	Year ended 31 March
		2016	**2015**
		£000	**£000**
Earnings			
Net profit attributable to the equity holders of the parent company		1,329	851

		Year ended 31 March	Year ended 31 March
		2016	**2015**
		Number	**Number**
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share		59,649,743	59,537,243
Effect of dilutive potential ordinary shares relating to share options		7,005,000	7,405,000
Weighted average number of ordinary shares for the purposes of diluted earnings per share		66,654,743	66,942,243

Earnings per share

Basic		2.23p	1.43p
Diluted		1.99p	1.27p

Earnings per share before exceptional item

Basic		0.94p	0.80p
Diluted		0.84p	0.71p

4. Share capital

		Ordinary shares of 1p each	
		£000	**Number**
At 1 April 2014		584	58,355,426
Issued in the year		12	1,181,817
At 31 March 2015		596	59,537,243
Issued in the year		3	300,000
At 31 March 2016		599	59,837,243

The company has one class of ordinary shares which carry no right to fixed income. All of the share are issued and fully paid. The total proceeds from the issue of shares in the year was £4,000 (2015 – Nil).

5. Notes to consolidated cash flow statement

		Year ended 31 March 2016			**Year ended 31 March 2015**		
		Continuing operations	**Discontinued operations**	**Total Group**	**Continuing operations**	**Discontinued operations**	**Total Group**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**
Profit from operations		**558**	**-**	**558**	**502**	**(4)**	**498**
Adjustments for:							
Depreciation on property, plant and equipment		196	-	196	175	-	175
Amortisation of intangible assets		345	-	345	334	-	334
Profit / loss on exceptionals		2	(232)	(230)	-	-	-
Revaluation of assets acquired from administrators of Broadoak Toiletries		(227)	-	(227)	-	-	-
Share based payment charge		40	-	40	14	-	14
		914	**(232)**	**682**	**1,025**	**(4)**	**1,021**
Decrease / (Increase) in inventories		2	160	162	(384)	14	(370)
Increase in trade and other receivables		(457)	-	(457)	(127)	-	(127)
Increase in trade and other payables		587	-	587	179	-	179
Movement in non-cash derivatives		5	-	5	(4)	-	(4)
Cash generated from operations		**1,051**	**(72)**	**979**	**689**	**10**	**699**
Interest received / (paid)		1	-	1	(22)	-	(22)
Net cash from operating activities		**1,052**	**(72)**	**980**	**667**	**10**	**677**

Cash and cash equivalents (which are presented as a single asset on the face of the balance sheet) comprise cash at bank and in hand.

6. Discontinued operations

During the year the Group completed the sale of the business and assets of The Real Shaving Company brand including the trademark and associated intellectual property, its principal activities were to design, manufacture and distribute the male grooming brand.

The disposal was completed on 28 May 2015 and was carried out as the Board believed the Group had developed The Real Shaving Company business to a point where it had established presence in a number of key retailers in the UK and certain overseas markets but that it believed significant investment in the Brand was required to generate further sales growth, particularly in the current challenging retail market.

7. Other operating income

	Note	Year ended 31 March	Year ended 31 March
		2016	2015
		£000	£000
Gain on Bargain Purchase	6	227	-
Total		227	-

8. Business combinations

On 16 February 2016 Potter and Moore (Devon) Limited, a subsidiary of Creightons PLC, acquired some of the assets of Broad Oak Toiletries Limited from the administrator for a consideration of £600,002, consisting of cash of £600,002. There was no consideration in the form of shares.

The Group decided to acquire the assets of Broad Oak Toiletries Limited for the purpose of expansion into a new premium sector of contract manufacturing which complements the company's existing production capabilities which we are confident will add to both the company's sales and profits by enabling us to produce and supply new product ranges such as Soap, Candles and Powder products to an enlarged customer base who will benefit from our superior supply chain management,"

The net assets of the assets acquired during the year, as extracted from the seller's accounting records, and the fair value adjustments ascribed thereto, are set out below:

		Group			
		Consideration paid	Fair value alignments	Accounting policy alignments	Fair values acquired
		£000	£000	£000	£000
Plant and equipment		540	227	-	767
Intellectual property		10	-	-	10
Inventories		50	-	-	50
Total fair value of net assets acquired					827
Gain on bargain purchase					(227)
Total consideration					600
Total consideration comprises: Cash					600

The gain on the bargain purchase of £227,000 has been recognised in other operating income, see note 7. The gain resulted from the external revaluation of plant and equipment to market values.

In the period following acquisition, Potter and Moore (Devon) Limited has contributed £262,000 to the Group's revenue and £51,000 to the Group's profit which has been included within the consolidated statement of comprehensive income for the year.

Acquisition related costs of £225,000 have been recognised within administrative expenses in the statement of comprehensive income that relate to provisions for reorganisation costs, professional, legal and valuation services associated with the business combination.

9. Status of information

In accordance with section 435 of the Companies Act 2006, the Directors advise that the financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 March 2016 or 2015, but is derived from these financial statements. The financial statements for the year ended 31 March 2015 have been delivered to the Registrar of Companies. The financial statements for the year ended 31 March 2016 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements for the year ended 31 March 2016 will be forwarded to the Registrar of Companies following the Company's Annual General Meeting. The Auditors have reported on these financial statements; their reports were unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The consolidated statement of financial position at 31 March 2016 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended have been extracted from the Group's financial statements. Those financial statements have not yet been delivered to the Registrar.

The full report and accounts are expected to be posted to Shareholders shortly. The annual report and accounts will also be available on the Company's website at: www.creightonsplc.com and in hard copy to shareholders upon request from the Company's registered office at 1210 Lincoln Road, Peterborough, PE4 6ND.

The annual report and accounts for the period ended 31 March 2016 will be uploaded to the National Storage Mechanism and will be available for viewing shortly at http://www.morningstar.co.uk/uk/NSM

The Directors will notify shareholders when the accounts are posted and have been uploaded to the website and to the NSM.

The Company's AGM will take place at the offices of Potter & Moore Innovations Ltd, 1210 Lincoln Road, Peterborough, PE4 6ND on 21 July 2016 at 12:00 noon.