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CREIGHTONS_{plc}

Strategic report with supplementary material
and Notice of Annual General Meeting

For the year ended 31 March 2015



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This strategic report with supplementary material is a summary of information derived from the company's annual report. The Annual Report for 2015, together with this strategic report with supplementary material and notice of meeting, which contains other information required by section 311A of the Companies Act 2006, is available on our website at www.creightonsplc.com or by post, free of charge, by writing to Creightons plc, 1210 Lincoln Road, Peterborough, Cambridgeshire PE4 6ND.

The auditor has issued unqualified reports on the full annual financial statements, the auditable part of the directors' remuneration report and on the consistency of the strategic report and the directors' report with those annual financial statements. Their report on the full annual financial statements and the auditable part of the directors' remuneration report contained no statement under sections 498(2) or 498(3) of the Companies Act 2006.

Chairman's statement

I am pleased to report another year of growth and improved profitability. The Group's profit attributable to the equity shareholders of the parent company has increased to £851,000 from £471,000 in 2014. This includes a profit of £375,000 on the sale of the Group's 55% interest in TS Ventures Ltd, which was announced on 27 May 2014. The Group's profit excluding the exceptional profit relating to the sale of TS Ventures Ltd is £476,000 compared to £471,000 in 2014.

On 28 May 2015 the Group completed the disposal of "The Real Shaving Company" business for £1,000,000 which is expected to generate an exceptional profit of £844,000. These two disposals illustrate 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.

The growth in sales 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 expanding our reach into export markets.

Profit margins remain under pressure with customers seeking to recover lost margin and with sales growth coming from lower margin products. We continue to manage costs and our product offering in order to be in a position to respond to customer pressure whilst maintaining our own profitability.

Financial results

Group sales this year of £21,093,000 are £1,741,000 (9%) higher than last year (2014: £19,352,000), continuing the upward growth in sales volumes we have been recording over the past three years. This year's sales growth has mainly come from our branded and contract business with only marginal growth from private label customers. The disposal of the Twisted Sista brand has reduced the level of business generated through our North American subsidiary. Our strategy of developing the market for branded products exported from the UK has been particularly successful with sales growth of 95%.

Changes in product and customer mix and price pressure from private label customers has resulted in a reduced gross margin percentage of 39.8%, a reduction of 1.0% on last year (2014: 40.8%). Winning business with a lower than average margin has helped deliver the 9% sales growth noted above. Administration costs, which include product research and development as well as sales promotion and product support, have risen by 5.7% (2014: 4.1%) as we invest resources to support the growth of the business.

Chairman's statement

continued

Group profit after tax of £851,000 (2014: £471,000) shows a significant improvement in shareholder value. Profit after tax and before the exceptional item of £476,000 (2014: £471,000) represents a solid performance in view of the market pressures and the investments made to support future development. Diluted earnings per share rose from 0.79p in 2014 to 1.27p for 2015.

Net borrowings (bank overdraft and loans less cash at bank and in hand) at the year-end have reduced by £527,000 to £75,000 (2014: £602,000). Cash generated by the business, together with £387,000 generated from the sale of the Twisted Sista brand, has been partly utilised to fund the increase in working capital required to support the expansion of the business.

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.

There has been a slight increase in raw material prices after a relatively benign period and we have focused attention on maximising our buying potential.

As in previous years, your Board is continuing to seek opportunities to acquire brands or companies that would complement the existing businesses by offering synergies in manufacturing, sourcing and marketing due to similarities in product alignment, sourcing or outlets.

As mentioned above the Group completed the sale of The Real Shaving Company business for an anticipated profit of £844,000. The Group intends to utilise the proceeds of this disposal to invest in the development of new ranges and to invest in resources to help improve productivity and staff development. We are finalising plans to invest approximately £100,000 to improve our manufacturing and logistics organisations. This one-off expenditure, which will impact on the results for this year, will provide us with the structure capable of delivering long term increases in productivity and capacity and improve our competitiveness.

Chairman's statement

continued

The Board has considered and decided not to declare a dividend this year. As part of this review the Board also decided that it should aim to introduce dividend payments for the year ended 31 March 2016, should the underlying level of profits and cash generation continue to improve.

I would like to take this opportunity 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

18 June 2015

Group strategic report

This strategic report has been prepared solely to provide additional information to enable shareholders to assess the Group's strategies and the potential for those strategies to succeed.

The strategic report contains certain forward looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

The directors in preparing this strategic report have complied with s414C of the Companies Act 2006.

The strategic report has been prepared for the Group and therefore gives greater emphasis to those matters which are significant to Creightons Plc and its subsidiary undertakings when viewed as a whole.

The strategic report discusses the following areas:

- The business model
- A fair review of the Group's business
- Strategy and objectives
- Key performance indicators
- Principal risks and uncertainties
- Corporate and social responsibility
- Going concern

The business model

The principal activity of the Group is the development, marketing and manufacture of toiletries and fragrances which includes the development of brands. A review of the operations of the Group during the year and current developments are referred to in the Chairman's statement on page 2.

The subsidiary undertakings affecting the results of the Group in the year are detailed in note 15 to the financial statements.

Group strategic report

continued

A fair review of the Group's business

History

Creightons plc was registered in 1975 to continue the business of manufacturing and marketing toiletries made exclusively from natural products first established in 1953. It created a number of proprietary brands, although it focused mainly on private label and contract manufacturing. It was first listed on the London Stock Exchange in 1987. Since then, the Group has consolidated its manufacturing at the *Potter and Moore Innovations* plant in Peterborough.

Having previously experienced a number of years with major losses, the years since the acquisition of *Potter & Moore Innovations* in 2003 have seen the group return to sustained and gradually increasing profitability.

Operating Environment

The toiletries sector encompasses products from haircare, skincare, bath & body and male grooming, amongst others. The market is relatively mature and is constantly evolving as brands seek to differentiate their offering in order to generate sales opportunities. This has resulted in a fragmentation of different sectors with; for example haircare products being developed to treat different hair types and conditions such as; colour, ethnicity and frizziness. This fragmentation whilst adding some complexity creates opportunities for our business.

Consumers purchase our products through a range of retail outlets, from high quality department stores to low-cost discounters, with the high street supermarkets and drug stores somewhere in the middle. The majority of the Group's products are sold in the UK, with increasing amounts sold overseas, either direct to retailers or through distributors.

Producers and manufacturers providing products in this market place range from major multinational corporations to small businesses, such as *Creightons*. Production and manufacturing is now world-wide, with many competitors sourcing a significant proportion of their products from outside the UK or EU, either due to greater economies of scale or due to a lower cost base, although the cost advantage some Far Eastern producers enjoyed previously has been deteriorating in the past few years.

The Group does not operate in a 'regulated' market in the sense that pharmaceutical product manufacturers do, but there has been increasing regulation covering; potentially hazardous substances, consumer protection, waste and disposal of environmentally hazardous products and packaging materials.

Group strategic report

continued

Recent Developments

The Group has broadly organised its operations into three business streams:

- private label business which focuses on high quality private label products for major high street retailers and supermarket chains;
- contract manufacturing business, which develops and manufactures products on behalf of third party brand owners and
- our own branded business which develops, markets, sells and distributes products we have developed and own the rights to.

All of these business streams use central creative, research and development, sourcing, manufacturing and distribution operations based in Peterborough and each is pro-active in the development of new sales and product development opportunities for their respective customers.

Over the past few years the Group has invested in a number of brands along with the existing brand owners. These operate within the existing branded products business stream. We will continue exploring further opportunities of this nature where the benefits of developing existing established brands with the brand owners will add contribution to profits and value to the brand.

Current Operations

The Group operates through the three main business streams described above, utilising its extensive brand management, product development and manufacturing capabilities encompassing toiletries, skincare, hair care and fragrances. The Group has extended its research and development and sales expertise to maximise the opportunities afforded by these capabilities. Some of this work has been capitalised and is being amortised over the estimated life of the products in accordance with IFRS requirements.

The Group has continued its aggressive development programme of new ranges of branded toiletries, hair care and skincare products and continues to extend those already successfully launched such as *Amie Skincare* and our *Creightons Haircare brands*.

Strategy and objectives

The primary objective of the Group is to deliver an adequate and sustainable return for shareholders whilst guarding against commercial risks. We aim to deliver this by pursuing the following broad strategies:

- Expand our customer base across all three sales streams (private label, contract and owned brands) within the UK and increasingly overseas.

Group strategic report

continued

- Continuously develop and enhance our product offering to meet the consumers' requirement for high quality excellent value products and thereby help our customers grow their businesses.
- Ensure that we exceed our customers' expectations for first rate quality products and excellent customer service and use this to expand opportunities within our existing customer base.
- Manage our gross and net margins through; efficient product sourcing, continuously improving production efficiencies, asset management and cost control.
- Make fully appraised investment in brands which will help us maintain and grow our business and create brand value which can crystallise through disposals to third parties.

Key performance indicators

Management and monitoring of performance

Your directors are mindful that although *Creightons plc* is a UK Listing Authority listed company, in size it is really only medium sized and therefore many of the 'big business' features common in listed companies are inappropriate. This year's profitable result has been achieved only as a result of considerable hard work over several years in focusing management and staff on; more productive product ranges, improving production and stock holding efficiencies, ensuring high levels of customer service and eliminating overhead inefficiencies. Consequently, they have continued the 'minimalist' approach to micro-management of the business that would otherwise add significantly to costs whilst delivering at best minimal added benefits to shareholders.

The Group therefore has no formal personnel or other non-financial Key Performance Indicators (KPIs) or targets, and each position that becomes vacant is reviewed for necessity and criticality before authorisation is given for it to be filled through either recruitment or promotion.

The Board regularly monitors performance against several key financial indicators, including gross margin, production efficiency, overhead cost control, cash/borrowing and stocking levels. Performance is monitored monthly against both budget and prior year.

Group strategic report

continued

Financial Key Performance Indicators

	2014/15	2013/14	Movement
Sales	£21,093,000	£19,352,000	Increase by 9.0%
Gross Margin as a % of Revenue	39.8%	40.8%	Decrease of 1.0%
Profit for the year	£851,000	£471,000	Increase by 80.6%
Operating profit – excluding exceptional profit	£476,000	£471,000	Increase by 1.1%
Operating profit – excluding exceptional profit – as a % of Revenue	2.2%	2.4%	Decrease of 0.2%
Return on capital employed – excluding exceptional profit	8.2%	9.5%	Decrease of 1.3%
Bank overdraft and loans less cash in hand	£75,000	£602,000	Decreased by 87.5%
Gearing (including obligations under finance leases)	1.3%	12.2%	Decreased by 10.9%

There were no incidents involving employees or contractors on the Group's sites which were required to be reported to the Health & Safety Executive during the year (2014: 2)

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 19 of the financial statements.

Group strategic report

continued

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, a bank facility secured against its assets. Further details are set out in Notes 21 – 24 of the financial statements.

Corporate and social responsibility

The Group is mindful of its wider responsibilities as a significant local employer and of the contribution it makes to the local economy both where it and its suppliers are based.

Environment

The Group has a formally adopted Environmental Policy, which requires management to work closely with the local environmental protection authorities and agencies, and as a minimum meet all environmental legislation.

Employees

We value and respect our employees and endeavour to engage their talent and ability fully. The Group does not operate a formal personal performance appraisal process, but individual managers and supervisors undertake continuous performance monitoring and appraisal for their subordinates, and routinely report the results of these to their own managers. Part of this monitoring and appraisal includes assessment of training required for personal development as well as succession planning within the Group, and all employees are encouraged to undertake appropriate training to develop their skills and enhance their career opportunities.

Group strategic report

continued

The table below shows the number of employees by gender in the Group as at 31 March 2015.

	Group 2015		Company 2015	
	Female	Male	Female	Male
Directors, including Non-Executive Director's	2	6	2	6
Senior Managers	2	2	—	—
Other employees	126	102	—	—

The Group has a formal Staff Handbook which covers all major aspects of staff discipline and grievance procedure, Health and Safety regulations, and the Group's non-discrimination policy.

Going concern

The directors are pleased to report that the Group continues to meet its debt obligations and expects to operate comfortably within its available borrowing facilities. The directors have therefore formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future being at least twelve months from the date of this report. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

This report was approved by the board of directors on 23 July 2015 and signed on its behalf by:

Bernard Johnson
Managing Director

Supplementary material

Directors' remuneration

The tables below represent the directors' remuneration for the years ended 31 March 2015 and 31 March 2014. These emoluments are normally paid in the year except for the bonus payments which are paid following the approval of the financial statements.

Executive directors' remuneration as a single figure

Director	Note	2015				2014			
		Salary and fees £000's	Annual bonuses £000's	Pension £000's	Total £000's	Salary and fees £000's	Annual bonuses £000's	Pension £000's	Total £000's
WO McIlroy	1	—	47	—	47	—	29	—	29
BJM Johnson	2	92	47	—	139	89	29	—	118
P Clark	3	11	1	—	12	—	—	—	—
M Stevens	3	11	1	1	13	—	—	—	—
P Forster	3	10	1	1	12	—	—	—	—
Total		124	97	2	223	89	58	—	147

The remuneration of the non-executive directors for the years ended 31 March 2015 and 31 March 2014 is made up as follows:

Non-executive directors' remuneration as a single figure

Director	Note	2015			2014		
		Salary and fees £000's	Taxable Benefit £000's	Total £000's	Salary and fees £000's	Taxable Benefit £000's	Total £000's
MT Carney		8	—	8	8	—	8
NDJ O'Shea	4	12	—	12	12	—	12
WT Glencross		12	1	13	12	1	13
Total		32	1	33	32	1	33

Supplementary material

continued

Note

- 1 All payments are made to Mr McIlroy's service company, Lesmac Securities Limited.
- 2 Mr Johnson earns a salary of £10,000 per annum with all other payments made to his service company, Carty Johnson Limited.
- 3 Figures show the earnings for the Directors since their appointments on 9 Feb 2015.
- 4 All payments are made to Mr O'Shea's employer Saxon Coast Consultants Limited.

All other directors' remuneration is paid directly to the individual directors.

Taxable benefits

The taxable benefit for Mr William Glencross relates to his membership of the Group's medical scheme, which commenced prior to him stepping down as an executive director.

Payments for loss of office

No executive directors left the company during the year ended 31 March 2015 and therefore no payments in respect of compensation for loss of office were paid or payable to any director (2014: nil).

Share options

The directors did not exercise any share options during the year ended 31 March 2015.

Supplementary material

continued

Directors' Remuneration Policy report

Remuneration Committee

The Board has established a Remuneration Committee to determine the remuneration of directors of the company. The members of the Committee during the year and the prior year were Nicholas O'Shea and Mary Carney. In determining the directors' remuneration the Committee consulted the Chairman. There has been one meeting of the Committee during the period, attended by both Ms Carney and Mr O'Shea.

Policy on directors' remuneration

The policy of the company on executive remuneration including that for executive directors is to reward individual performance and motivate and retain existing executive directors so as to promote the best interests of the Group and enhance shareholder value. The remuneration packages for executives and executive directors include a basic annual salary, performance related bonus and a share option programme. The remuneration packages for non-executive directors include a salary or fee. The Committee has reviewed the policy for the year ahead and have concluded that the key features of the remuneration policy remain appropriate.

In setting executive directors' remuneration, the Committee is mindful of the pay and conditions enjoyed by other employees. It considers revisions to their arrangements only when other employees' pay and conditions are also reviewed, and this is always done in the light of market conditions and overall Group performance. However, the Committee does not automatically increase the pay and conditions for directors in line with either inflation or at the same rate that those for other employees may be increased.

Both executive and non-executive directors may accept appointment as directors of other companies and retain any fees paid to them, although directors are required to notify the company of all such appointments and may not accept appointments which would be incompatible with their role with the Group, such as with direct competitors or major suppliers and customers.

Salary and benefits

Executive directors' salary and benefits packages are determined by the Committee on appointment or when responsibilities or duties change substantially, and are reviewed annually. The last review was undertaken during the first quarter of 2014-15, but no changes were proposed to the executive directors' remuneration packages. The Committee considers that improved performance should be recognised by achievement of performance bonuses.

Supplementary material

continued

Directors' performance bonuses

Both Mr McIlroy and Mr Johnson have contracts which provide for bonuses should the Group achieve profitability, and Mr McIlroy's also provides for a bonus should a complete or partial sale of the Group's toiletries business be achieved. The profit criterion was met in 2015, and as a consequence, provision for payment of the profit related performance bonus has been made in the financial statements, and will be paid as required by the contracts within one month of the approval and publication of these financial statements.

The contract for Mr McIlroy's services as a director provides for a bonus to be paid by the company to Lesmac Securities Limited in respect of the company's net profits before tax at the rate of 12.5% in respect of net profits up to £50,000, 7.5% of net profits between £50,001 and £100,000, and 5% of net profits in excess of £100,000. A further bonus of 10% of the net sale proceeds is also payable to Lesmac Securities Limited if the company sells the whole of the toiletries business undertaken by the company at 16 January 2002 for a price in excess of £1,500,000, or if the company sells a part of that toiletries business for a price in excess of £500,000 and the net book value of the assets disposed of is less than one-third of the value of the net assets of the company.

The contract for Mr Johnson's services as a managing director provides for a performance bonus to be paid by the company to Carty Johnson Limited in respect of the company's net profits before tax at the rate of 12.5% in respect of net profits up to £50,000, 7.5% of net profits between £50,001 and £100,000, and 5% of net profits in excess of £100,000.

The contracts for Ms Clark, Mr Stevens and Mr Forster all include a Group bonus scheme, where employees are entitled to a bonus of 7.5% of earnings if the Group hits the profit target for the period.

Executive share option scheme

The policy of the company is to grant share options to executive directors and other senior managers as an incentive to enhance shareholder value. A resolution was approved during the year to authorise a new share option scheme which will further incentivise the executive directors and the senior managers in the Group to further enhance shareholder value.

Employee shareholder scheme

During the year the directors approved the issue of shares under the government's employee shareholder scheme, where the employee gives up statutory rights which have been replaced by contractual rights in line with guidance issued by HMRC, in return the employee takes on extra responsibilities.

Supplementary material

continued

Service contracts

Name of Director	Date of service contract	Date contract last amended	Notice period
WO McLlroy (chairman's contract)	6 Feb 2003		12 months
WO McLlroy (director's contract with employer)	16 Jan 2002		12 months
BJM Johnson (director's contract)	16 Jan 2002		12 months
BJM Johnson (manager's contract with employer)	16 Jan 2002	20 Mar 2003	12 months
MT Carney (non-executive)	29 Nov 1999	1 Jan 2002	None
NDJ O'Shea (non-executive)	5 Jul 2001		None
WT Glencross (non-executive)	31 Jul 2005	1 Sep 2006	None
P Clark (Global Sales & Marketing Director)	9 Feb 2015		3 months
M Stevens (Deputy Managing Director)	9 Feb 2015		3 months
P Forster (Director of UK Operations)	9 Feb 2015		3 months

It is the company's policy that service contracts for the directors are for an indefinite period, terminable by either party with a maximum period of notice of 12 months. Any payments in lieu of notice should not exceed the director's salary or fees for the unexpired term of the notice period. Within that policy, information relating to individual directors is scheduled above.

The fees for non-executive directors are reviewed annually and determined in the light of market practice and with reference to the time commitment and responsibilities associated with each non-executive director's role and responsibilities.

The Board as a whole considers the policy and structure for the non-executive directors' fees on the recommendation of the Chairman. The non-executive directors do not participate in discussions on their specific levels of remuneration.

Non-executive directors may not be granted share options nor participate in any personal performance bonus, and are not eligible for pension contributions. The fees paid for non-executive directors consist of a flat annual fee based on the involvement each is anticipated to be required to commit to the Group, and both the time commitments and fee basis are reviewed annually. Any additional time commitments over these are paid on a pro rata per diem basis. The fees paid for the

Supplementary material

continued

chairman also include an element of profit-related bonus based on the performance of the company and of sales value related bonus for the disposal of all or parts of the toiletries business.

The directors' remuneration report was approved by the Board of Directors on 23 July 2015 and signed on its behalf by:

Mr Nicholas O'Shea
Company Secretary

Supplementary material

continued

Consolidated income statement

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Revenue	21,093	19,352
Cost of sales	(12,707)	(11,460)
Gross profit	8,386	7,892
Distribution costs	(922)	(802)
Administrative expenses	(6,966)	(6,587)
Operating profit	498	503
Profit on disposal of TS Ventures Ltd	375	—
Profit after exceptional item	873	503
Finance costs	(22)	(32)
Profit after exceptional items and before tax	851	471
Taxation	—	—
Profit for the year from continuing operations attributable to the equity shareholders of the parent company	851	471

Earnings per share

Basic	1.43p	0.81p
Diluted	1.27p	0.79p

The profit of the parent company was £157,000 (2014: £Nil).

Supplementary material

continued

Consolidated balance sheet

	31 March 2015 £'000	31 March 2014 £'000
Non-current assets		
Goodwill	331	343
Other intangible assets	283	259
Property, plant and equipment	574	590
	1,188	1,192
Current assets		
Inventories	4,074	3,704
Trade and other receivables	3,591	3,464
Cash and cash equivalents	9	11
Derivative financial instruments	17	—
	7,691	7,179
Total assets	8,879	8,371
Current liabilities		
Trade and other payables	2,956	2,777
Obligations under finance leases	22	20
Borrowings	84	613
Derivative financial instruments	13	—
	3,075	3,410
Net current assets	4,616	3,769

Supplementary material

continued

Consolidated balance sheet

continued

	31 March 2014 £'000	31 March 2013 £'000
Non-current liabilities		
Obligations under finance leases	7	28
Total liabilities	3,082	3,438
Net assets	5,797	4,933
Equity		
Share capital	596	584
Share premium account	1,248	1,264
Other reserves	25	38
Currency reserve	(10)	(13)
Retained earnings	3,938	3,060
Total equity attributable to the equity shareholders of the parent company	5,797	4,933

The strategic report with supplementary information was approved by the board of directors and authorised for issue on 23 July 2015. They were signed on its behalf by:

Bernard Johnson
Managing Director

Supplementary material

continued

Consolidated cash flow statement

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Net cash from operating activities	677	689
Investing activities		
Purchase of property, plant and equipment	(159)	(211)
Purchase of intangible assets	(358)	(258)
Proceeds on disposal of TS Ventures Ltd	387	–
Net cash used in investing activities	(130)	(469)
Financing activities		
Repayment of finance lease obligations	(19)	(19)
Proceeds on issue of shares	–	72
Repayment of bank loans and invoice finance facilities	(529)	(279)
Net cash used in financing activities	(548)	(226)
Net decrease in cash and cash equivalents	(1)	(6)
Cash and cash equivalents at start of year	11	18
Effect of foreign exchange rate changes	(1)	(1)
Cash and cash equivalents at end of year	9	11

Notice of meeting

Notice is hereby given that the Annual General Meeting of the company will be held at the offices of Potter & Moore Innovations Ltd, 1210 Lincoln Road, Peterborough PE4 6ND on 16 September 2015 at 12:00 noon in order to consider and, if thought fit, pass the following resolutions:

1. To receive and consider the Group's financial statements and reports of the directors and auditor for the year ended 31 March 2015.
2. To receive and approve the directors' remuneration report for the year ended 31 March 2015.
3. To approve the directors' remuneration policy as detailed in pages 14 to 17.
4. To re-elect Mr William McIlroy, who is retiring by rotation under the provisions of Article 103 of the Articles of Association, who, being eligible, offers himself for re-election as a director of the Company.
5. To re-elect Mr Bernard Johnson, who is retiring by rotation under the provisions of Article 103 of the Articles of Association, who, being eligible, offers himself for re-election as a director of the Company.
6. To appoint Ms Philippa Clark who was appointed a director on 9 February 2015 so retires at the next annual general meeting and, being eligible, offers herself for re-election.
7. To appoint Mr Martin Stevens who was appointed a director on 9 February 2015 so retires at the next annual general meeting and, being eligible, offers himself for re-election.
8. To appoint Mr Paul Forster who was appointed a director on 9 February 2015 so retires at the next annual general meeting and, being eligible, offers himself for re-election.
9. To appoint Moore Stephens LLP as auditor and to authorise the directors to determine their remuneration.

10. As an ordinary resolution:

"That, in terms of Article 20 of the company's Articles of Association, the directors of the company be and they are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 to exercise all the powers of the company to allot relevant securities (within the meaning of the said Section 551) of the company up to an aggregate nominal value of £198,457.47 (representing approximately one third of the current

Notice of meeting

continued

issued ordinary share capital) provided that this authority shall expire on the date of the next annual general meeting of the company after the passing of this resolution or, if earlier, fifteen months after the passing of this resolution unless previously renewed, varied or revoked by the company in general meeting and provided that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired, this authority to replace any existing like authority given prior to the date hereof which is hereby revoked with immediate effect.”

11. As a special resolution:

“That, without prejudice to any existing powers in terms of Article 21 of the company's Articles of Association, the directors of the company be and they are hereby empowered pursuant to Section 570 of the Companies Act 2006 to allot equity securities (within the meaning of Section 560 of the said Act) for cash pursuant to the authority conferred upon them by Section 551 of the said Act by resolution 10 above as if Section 561(I) of the said Act did not apply to any such allotment provided that this power shall be limited:

- (a) to the allotment of equity securities in connection with an offer or issue to or in favour of ordinary shareholders on the register on a date fixed by the directors where the equity securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on that date but the directors may make such exclusions or other arrangements as they consider expedient in relation to fractional entitlements, legal or practical problems under the laws in any territory or the requirements of any regulatory body or stock exchange; and
- (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £29,768.62 (representing approximately 5% of the current issued ordinary share capital);

and shall expire on the earlier of the date which is fifteen months after the date of the passing of this resolution and the date of the next annual general meeting of the company after the passing of this resolution save that the company may before such expiry make an offer or agreement which would or might require securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the powers conferred hereby had not expired and so that all previous authorities of the directors pursuant to Section 95 of the said Act be and are hereby revoked.”

Notice of meeting

continued

12. As a special resolution:

“That the company be and is hereby generally and unconditionally authorised pursuant to Section 701 of the Companies Act 2006 to make market purchase (as defined in Section 693(4) of the said Act) of its own ordinary shares of 1p each (“Ordinary Shares”) in such a manner and on such terms as the directors may from time to time determine provided that:

- (a) the authority hereby conferred shall expire on the earlier of the date which is fifteen months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the company after the passing of this resolution unless renewed or extended prior to or at such meeting, except that the company may before the expiry of such authority make any contract of purchase of Ordinary Shares which will or might be completed wholly or partly after such expiry and to purchase Ordinary Shares in pursuance of such contract as if the authority conferred hereby had not expired;
- (b) the maximum number of Ordinary Shares hereby authorised to be purchased shall not exceed 2,976,862 Ordinary Shares (representing 5% of the company’s issued share capital as at 21 July 2015); and
- (c) the maximum price which may be paid for each Ordinary Share pursuant to this authority hereby conferred is an amount equal to 105% of the average of the middle market quotations for Ordinary Shares (derived from The London Stock Exchange Daily Official List) for the five business days prior to the date of purchase and the minimum price of 1p.”

By order of the board

Nicholas DJ O’Shea
Company Secretary

1210 Lincoln Road
Peterborough PE4 6ND

23 July 2015

Notice of meeting

continued

Notes

1. Holders of ordinary shares, or their duly appointed representatives, are entitled to attend and vote at the AGM. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. A shareholder can appoint the Chairman of the meeting or anyone else to be his/her proxy at the meeting. A proxy need not be a shareholder. More than one proxy can be appointed in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different ordinary share or shares held by that shareholder. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder. The proxy holder's name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorised to act. The box on the Proxy Form must also be ticked to indicate that the proxy instruction is one of multiple instructions being given. All Proxy Forms must be signed and, to be effective, must be lodged with the company's registrar so as to arrive not later than 48 hours before the time of the meeting, or in the case of an adjournment 48 hours before the adjourned time.
2. The return of a completed Proxy Form will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
3. Nominated persons (a) Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. (b) The statement of the rights of shareholders in relation to the appointment of proxies in paragraph (1) above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by the shareholders of the Company.
4. The statement of the rights of shareholders in relation to the appointment of proxies in note 1 does not apply to Nominated Persons. The rights described in that note can only be exercised by shareholders of the Company.
5. As at 21 July 2015, being the latest practicable date prior to the publication of this document, the Company's issued share capital consists of 59,537,243 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company as at 21 July 2015 are 59,537,243.

Notice of meeting

continued

6. In Accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members at 6:00pm on the day which is two days before the day of the meeting or, if the meeting is adjourned, shareholders entered on the Company's register of members at 6:00pm on the day two days before the date of any adjournment shall be entitled to attend and vote at the meeting.
7. Any member attending the meeting has the right to ask questions. The Company has to answer any questions raised by members at the meeting which relate to the business being dealt with at the meeting unless:
 - to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the meeting to answer the question.
8. Copies of the director's service contracts and letters of appointment are available for inspection at the registered office of the Company during normal business hours on any business day and will be available for inspection at the place where the meeting is being held from 15 minutes prior to and during the meeting.
9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided they do not do so in relation to the same shares.
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. To be valid any proxy form or other instrument appointing a proxy must be:
 - completed and signed;
 - sent or delivered to Capita Asset Services PXS1 34 Beckenham Road, Beckenham, Kent BR3 4ZF; and;
 - received by Capita Asset Services no later than 12.00 noon on 14 September 2015.

A copy of this notice, and other information required by S311A of the Companies Act 2006, can be found at www.creightonsplc.com

Contact information and useful information

Directors

William O McIlroy	<i>Executive Chairman and Chief Executive</i>
Bernard JM Johnson	<i>Managing Director</i>
William T Glencross	<i>Non-executive Director</i>
Mary T Carney	<i>Senior Independent Non-executive Director</i>
Nicholas DJ O'Shea	<i>Non-executive Director</i>
Philippa Clark	<i>Global Sales & Marketing Director</i>
Martin Stevens	<i>Deputy Managing Director</i>
Paul Forster	<i>Director of UK Operations</i>

Company Secretary

Nicholas DJ O'Shea, BSc, ACMA, CGMA

Registered Office and number

1210 Lincoln Road

Peterborough

PE4 6ND

Registered in England & Wales No 1227964

Registrars

Shareholder information

Capita Asset Services is our registrar and they offer many services to make managing your shareholding easier and more efficient.

Share Portal

The Share Portal is a secure online site where you can manage your shareholding quickly and easily. You can:

- View your holding and get an indicative valuation
- Change your address
- Buy and sell shares and access a wealth of stock market news and information
- Download a stock transfer form

To register for the Share Portal just visit www.capitashareportal.com. All you need is your investor code, which can be found on your share certificate.

Contact information and useful information

continued

Registrars

continued

Customer Support Centre

Alternatively, you can contact Capita's Customer Support Centre which is available to answer any queries you have in relation to your shareholding:

By phone – UK – 0871 664 0300 (UK calls cost 10p per minute plus network extras). From overseas – +44 20 8639 3399.

Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays.

By email – shareholderenquiries@capita.co.uk

By post – Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.