

**Creightons plc Group**  
**Interim financial report**  
**For the six months ended 30 September 2014**

**Chairman's Statement**

The Group has made considerable progress in the first half of the year recording an improved profit, before exceptional items, of £214,000 in the six months to 30 September 2014 (2013: £153,000). As announced on 27 May 2014 the Group also recorded a profit on the sale of its 55% interest in TS Ventures Limited of £375,000 giving the total profit after tax for the period of £589,000.

The profit improvement before exceptional items came on the back of increased sales which rose by 9.8% to £10,693,000 (2013: £9,738,000). The sales improvement largely arose from new branded range launches with key retailers. Some of this is of a one-off nature and may not be repeated in the second half of the year.

Our gross margins are 38.6% in the six months to 30 September 2014 (2013: 40.2%). Sales mix is the main reason for this reduction with lower sales in North America and new product launches at lower margins. Raw material price increases have not been a significant factor in the period. We are focusing efforts to improve our margins through product re-engineering, targeted investment in inventory and investment in plant and machinery which will improve output at lower costs.

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

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

We have seen an increase in stock levels and debtors to support the new product launches with new customers, some of whom have payment terms in excess of our current average.

Our net cash position at the end of the period has improved with borrowings net of cash falling by £112,000 to £523,000 (2013: £635,000).

I believe that this half year's increased sales of £10,693,000 and profit after tax of £589,000 is a good performance and places the Company in a good position to take advantage of any opportunities that may arise.

W O McIlroy  
Executive Chairman

25 November 2014

**Responsibility statement**

We confirm that to the best of our knowledge:

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

By order of the Board

Nicholas O'Shea  
Company Secretary and Director

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**Consolidated income statement – unaudited**

	Note	Six months ended 30 September		Year ended 31 March
		2014	2013	2014
		£000	£000	£000
Revenue		10,693	9,738	19,352
Cost of sales		(6,568)	(5,825)	(11,460)
<b>Gross profit</b>		<b>4,125</b>	<b>3,913</b>	<b>7,892</b>
Distribution costs		(470)	(399)	(802)
Administrative expenses		(3,430)	(3,341)	(6,587)
<b>Operating profit</b>		<b>225</b>	<b>173</b>	<b>503</b>
Finance costs		(11)	(20)	(32)
<b>Profit before tax</b>		<b>214</b>	<b>153</b>	<b>471</b>
Exceptional item	4	375	-	-
Taxation		-	-	-
<b>Profit for the period from continuing operations attributable to the equity holders of the parent company</b>		<b>589</b>	<b>153</b>	<b>471</b>

**Earnings per share**

Basic	2	1.01p	0.28p	0.81p
Diluted	2	0.98p	0.26p	0.79p

**Earnings per share before exceptional item**

Basic	2	0.37p	0.28p	0.81p
Diluted	2	0.36p	0.26p	0.79p

**Consolidated statement of comprehensive income**

		Six months ended 30 September		Year ended 31 March
		2014	2013	2014
		£000	£000	£000
<b>Profit for the period from continuing operations</b>		<b>589</b>	<b>153</b>	<b>471</b>
Exchange differences on translating of foreign operations		1	27	42
<b>Total comprehensive income for the period attributable to the equity holders of the company</b>		<b>590</b>	<b>180</b>	<b>513</b>

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**Consolidated balance sheet – unaudited**

	<b>30 September</b>		<b>31 March</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Non-current assets</b>			
Goodwill	331	343	343
Other intangible assets	300	255	259
Property, plant and equipment	586	516	590
	<b>1,217</b>	<b>1,114</b>	<b>1,192</b>
<b>Current assets</b>			
Inventories	4,071	3,547	3,704
Trade and other receivables	4,004	3,436	3,464
Cash and cash equivalents	40	12	11
	<b>8,115</b>	<b>6,995</b>	<b>7,179</b>
<b>Total assets</b>	<b>9,332</b>	<b>8,109</b>	<b>8,371</b>
<b>Current liabilities</b>			
Trade and other payables	3,205	2,880	2,777
Obligations under finance leases	19	19	20
Short term borrowings	563	647	613
	<b>3,787</b>	<b>3,546</b>	<b>3,410</b>
<b>Net current assets</b>	<b>4,328</b>	<b>3,449</b>	<b>3,769</b>
<b>Non-current liabilities</b>			
Obligations under finance leases	20	39	28
<b>Total liabilities</b>	<b>3,807</b>	<b>3,585</b>	<b>3,438</b>
<b>Net assets</b>	<b>5,525</b>	<b>4,524</b>	<b>4,933</b>
<b>Equity</b>			
Share capital	584	545	584
Share premium account	1,264	1,231	1,264
Other reserves	38	38	38
Share-based payment reserve	2	55	-
Retained earnings	3,649	2,683	3,060
Translation reserve	(12)	(28)	(13)
<b>Total equity attributable to the equity shareholders</b>	<b>5,525</b>	<b>4,524</b>	<b>4,933</b>

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**Statement of changes in shareholders' equity – unaudited**

	Share capital	Share premium account	Other reserves	Share-based payment reserve	Retained earnings	Translation reserve	Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2013	545	1,231	38	51	2,530	(55)	4,340
Profit for six months ended 30 September 2013	-	-	-	-	153	-	153
Credit to equity for share based payments	-	-	-	4	-	-	4
Exchange differences on translation of foreign operations	-	-	-	-	-	27	27
Balance at 30 September 2013	545	1,231	38	55	2,683	(28)	4,524
Profit for six months ended 31 March 2014	-	-	-	-	318	-	318
Debit to equity for share based payments	-	-	-	4	-	-	4
Transfer	-	-	-	(59)	59	-	-
Issue of share options	39	33	-	-	-	-	72
Exchange differences on translation of foreign operations	-	-	-	-	-	15	15
Balance at 31 March 2014	584	1,264	38	-	3,060	(13)	4,933
Profit for six months ended 30 September 2014	-	-	-	-	589	-	589
Debit to equity for share based payments	-	-	-	-	2	-	2
Exchange differences on translation of foreign operations	-	-	-	-	-	1	1
Balance at 30 September 2014	584	1,264	38	-	3,651	(12)	5,525

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**Consolidated cash flow statement – unaudited**

	<i>Six months ended</i>		<i>Year ended</i>
	<i>30 September</i>		<i>31 March</i>
	<i>2014</i>	<i>2013</i>	<i>2014</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(2)</b>	<b>417</b>	<b>689</b>
<b>Cash flow from investing activities</b>			
<i>Purchase of property, plant and equipment</i>	(63)	(59)	(211)
<i>Expenditure on intangible assets</i>	(235)	(109)	(258)
<i>Proceeds from sale of Joint Venture</i>	387	-	-
<b>Net cash from (used in) investing activities</b>	<b>89</b>	<b>(168)</b>	<b>(469)</b>
<b>Cash flow from financing activities</b>			
<i>Repayment of finance lease obligations</i>	(9)	(9)	(19)
<i>Proceeds on issue of shares</i>	-	-	72
<i>(Decrease) in bank loans</i>	(50)	(245)	(279)
<b>Net cash (utilised in) financing activities</b>	<b>(59)</b>	<b>(254)</b>	<b>(226)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>28</b>	<b>(5)</b>	<b>(6)</b>
<i>Cash and cash equivalents at start of period</i>	<b>11</b>	<b>18</b>	<b>18</b>
<i>Effect of foreign exchange rate changes</i>	1	(1)	(1)
<b>Cash and cash equivalents at end of period</b>	<b>40</b>	<b>12</b>	<b>11</b>

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**Notes to the interim financial report**

**1. Basis of preparation**

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

As required by the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, the condensed set of financial statements has been prepared by applying the accounting policies and presentation that were applied in the preparation on the Company's published consolidated financial statements for the year ended 31 March 2014, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The condensed interim financial statements for the six months ended 30 September 2014 and the comparative figures for the six months ended 30 September 2013 are unaudited and have not been reviewed by the Auditors. The strategic report with supplementary material for the year ended 31 March 2014 represent an abbreviated version of the Group's full financial statements for that year, on which the Auditors issued an unqualified audit report and which have been filed with the Registrar of Companies.

**2. Earnings per share**

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

	<b>Six months ended 30 September</b>		<b>Year ended 31 March</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Earnings</b>			
Net profit attributable to the equity holders of the parent company	589	153	471
Net profit before exceptional items attributable to the equity holders of the parent company	214	153	471

	<b>Six months ended 30 September</b>		<b>Year ended 31 March</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purposes of basic earnings per share	58,355,426	54,478,876	58,355,426
Effect of dilutive potential ordinary shares relating to Share options	1,570,000	5,176,550	1,570,000
Weighted average number of ordinary shares for the purposes of diluted earnings per share	59,925,426	59,655,426	59,925,426

**3. Related party transactions**

The related party transactions that occurred in the six months ended 30 September 2014 are not materially different in size or nature to those reported in the Company's Annual Report for the year ended 31 March 2014.

**4. Exceptional item**

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

**5. Availability of Interim Report**

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