

Creightons plc Group
Interim financial report
For the six months ended 30 September 2013

Chairman's Statement

The Group has made considerable progress in the first half of the year recording improved profit before tax of £153,000 in the six months to 30 September 2013 (2012: £38,000).

The profit improvement came on the back of increased sales which rose by 16% to £9,738,000 (2012: £8,374,000). The sales improvement largely arose from new private label range launches with key retailers and significant promotional activity. 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 40.2% in the six months to 30 September 2013 (2012: 42.0%). 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/products considered peripheral to our core activity. This has resulted in lower levels of more focused new product development activity in the period. 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 intend to increase resources and investments to achieve these two goals.

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

From a working capital perspective stock levels have fallen over the period against a background of increasing sales. We anticipate some increase in stocks over the coming months to support new launch activity. Sales growth has resulted in an increase in debtors with debtor days remaining constant compared to last year.

Our net cash position at the end of the period has improved with borrowings net of cash falling by £118,000 to £635,000 (2012: £753,000).

I believe that this half year's increased sales of £9,738,000 and pre-tax profit of £153,000 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

6 November 2013

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
		2013	2012	2013
		£000	£000	£000
Revenue		9,738	8,374	17,326
Cost of sales		(5,825)	(4,858)	(9,902)
Gross profit		3,913	3,516	7,424
Distribution costs		(399)	(360)	(763)
Administrative expenses		(3,341)	(3,102)	(6,328)
Operating profit		173	54	333
Finance costs		(20)	(16)	(31)
Profit before tax		153	38	302
Taxation		-	-	-
Profit for the period from continuing operations attributable to the equity holders of the parent company		153	38	302

Earnings per share

Basic	2	0.28p	0.07p	0.55p
Diluted	2	0.26p	0.06p	0.51p

Consolidated statement of comprehensive income

		Six months ended 30 September		Year ended 31 March
		2013	2012	2013
		£000	£000	£000
Profit for the period from continuing operations		153	38	302
Exchange differences on translating of foreign operations		27	-	(22)
Total comprehensive income for the period attributable to the equity holders of the company		180	38	280

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Consolidated balance sheet – unaudited

	30 September		31 March
	2013	2012	2013
	£000	£000	£000
Non-current assets			
Goodwill	343	345	343
Other intangible assets	255	265	295
Property, plant and equipment	516	542	525
	1,114	1,152	1,163
Current assets			
Inventories	3,547	3,695	3,526
Trade and other receivables	3,436	3,008	2,811
Cash and cash equivalents	12	33	18
	6,995	6,736	6,355
Total assets	8,109	7,888	7,518
Current liabilities			
Trade and other payables	2,880	2,923	2,219
Obligations under finance leases	19	19	19
Short term borrowings	647	786	892
	3,546	3,728	3,130
Net current assets	3,449	3,008	3,225
Non-current liabilities			
Obligations under finance leases	39	57	48
Total liabilities	3,585	3,785	3,178
Net assets	4,524	4,103	4,340
Equity			
Share capital	545	545	545
Share premium account	1,231	1,231	1,231
Other reserves	38	38	38
Share-based payment reserve	55	51	51
Retained earnings	2,683	2,266	2,530
Translation reserve	(28)	(28)	(55)
Total equity attributable to the equity shareholders	4,524	4,103	4,340

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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 2012	545	1,231	38	44	2,228	(33)	4,053
Profit for six months ended 30 September 2012	-	-	-	-	38	-	38
Debit to equity for share based payments	-	-	-	7	-	-	7
Exchange differences on translation of foreign operations	-	-	-	-	-	5	5
Balance at 30 September 2012	545	1,231	38	51	2,266	(28)	4,103
Profit for six months ended 31 March 2013	-	-	-	-	264	-	264
Exchange differences on translation of foreign operations	-	-	-	-	-	(27)	(27)
Balance at 31 March 2013	545	1,231	38	51	2,530	(55)	4,340
Profit for six months ended 30 September 2013	-	-	-	-	153	-	153
Debit 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

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Consolidated cash flow statement – unaudited

	Six months ended 30 September		Year ended 31 March
	2013	2012	2013
	£000	£000	£000
Net cash inflow from operating activities	417	195	306
Cash flow from investing activities			
Purchase of property, plant and equipment	(59)	(48)	(97)
Expenditure on intangible assets	(109)	(158)	(334)
Net cash used in investing activities	(168)	(206)	(431)
Cash flow from financing activities			
Repayment of finance lease obligations	(9)	(10)	(19)
(Decrease)/increase in bank loans	(245)	(52)	54
Net cash (utilised in)/generated from financing activities	(254)	(62)	35
Net (decrease) in cash and cash equivalents	(5)	(73)	(90)
Cash and cash equivalents at start of period	18	106	106
Effect of foreign exchange rate changes	(1)	-	2
Cash and cash equivalents at end of period	12	33	18

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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 2013, 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 2013 and the comparative figures for the six months ended 30 September 2012 are unaudited and have not been reviewed by the Auditors. The summary financial statements for the year ended 31 March 2013 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:

	Six months ended 30 September		Year ended 31 March
	2013	2012	2013
	£000	£000	£000
Earnings			
Net profit attributable to the equity holders of the parent company	153	38	302

	Six months ended 30 September		Year ended 31 March
	2013	2012	2013
	Number	Number	Number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	54,478,876	54,478,876	54,478,876
Effect of dilutive potential ordinary shares relating to Share options	5,176,550	5,126,550	5,376,550
Weighted average number of ordinary shares for the purposes of diluted earnings per share	59,655,426	59,605,426	59,855,426

3. Related party transactions

The related party transactions that occurred in the six months ended 30 September 2013 are not materially different in size or nature to those reported in the Company's Annual Report for the year ended 31 March 2013.

4. Availability of Interim Report

The Interim Report is being sent to shareholders. Further copies can be obtained from the Company's Registered Office, 1210 Lincoln Road, Peterborough, PE4 6ND.