CREIGHTONS plc

Strategic report with supplementary material and Notice of Annual General Meeting

For the year ended 31 March 2014

perfect Brunette

Beautiful Brunette

GROOM!ED
PROFESSIONAL MALE GROOMING

THE REAL SHAVING CO. RSC PROFESSIONAL SHAVE & SKINCARE SINCE 1953

ASHWORTH & CLAIRE OF LONDON

ST JAMES OF LONDON

Potter & Moore ENGLISH CLASSICS

NG CO. THE NATURAL GROOMING CO.

BRONZE ambition

miamoo

perfect Blonde

[urban therapy] • • • • • •

twistedsista

Sunshine Blonde

amie® pure & natural beauty

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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 2014, 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.creightons.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.

Letter from Chairman

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or transferred all your Ordinary Shares in Creightons plc, please send this document and the accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

CREIGHTONS PLC

(Registered in England and Wales, Company number 1227964)

Directors:	Registered Office:
William McIlroy, Executive Chairman	1210 Lincoln Road
Bernard Johnson, Managing Director	Peterborough
William Glencross, Non-executive Director	Cambs
Mary Carney, Non-executive Director	PE4 6ND
Nicholas O'Shea, Non-executive Director and Company Secretary	

3 July 2014

To the holders of Ordinary Shares and, for information only, the holders of share options

Dear Shareholder

Included with this letter are the Group's strategic report with supplementary material for the year ended 31 March 2014 and notice of the Annual General Meeting ("AGM") of your Company, which will be held at the offices of Potter & Moore Innovations Limited at 1210 Lincoln Road, Peterborough, PE4 6ND on Thursday, 7 August 2014 at 12:00 noon.

The majority of the resolutions on the agenda for the meeting are the routine business of an Annual General Meeting of the Company.

Resolutions 8 and 11 on the agenda for the AGM are special business, and the purpose of this letter is to explain to you the reasons why Resolutions 8 and 11 are proposed, and to give you the Directors' recommendation to shareholders in relation to those resolutions.

Letter from Chairman

continued

Resolution 11: Adoption of new Articles of Association

Resolution 11, which will be proposed as a special resolution, would adopt new Articles of Association for the Company. It is many years since the Company's Articles were thoroughly reviewed, and in the intervening period significant changes in company law have been made by the Companies Act 2006 and there have been changes in what is considered to be best practice for company management.

The Board believes that it is important for the Company's Articles of Association to be kept up-to-date, and so proposes that new Articles of Association, reflecting the changes in law and practice in recent years, be adopted.

The draft new Articles of Association will be available for shareholders to read in advance of the AGM on the Company's website at www.creightons.com, and copies will be available at the AGM.

I will, however, endeavour in this letter to explain the principal changes which the new Articles would make from the provisions of the Company's existing Articles of Association.

Website communications

It is considered good practice for companies generally to move from paper to electronic communication with their shareholders. For shareholders generally, it is hoped that this move will lead to an improvement in the level and quality of communication from their companies, and for the companies themselves there will, obviously, be significant savings in the administrative costs of distributing paper copies of their annual reports and accounts, and other documents. Equally importantly, there will be benefits for the environment in avoiding the unnecessary production and distribution of paper copies of documents.

Until the Companies Act 2006 came into force, distribution of hard copies had been the general rule, with electronic distribution requiring positive action by shareholders. Under the Act, on the other hand, a company can choose to communicate with its shareholders primarily through its website – although any shareholder will remain entitled to a hard copy of any document on request.

The Directors intend to move to increased use of the website as a channel of communication with shareholders, in line with what we see to be best practice. If the new Articles are adopted at the AGM, the Company will write to all shareholders again, inviting your preferences as to the means of future communication with you – website, email or post.

Please be assured that, if you wish to continue to receive notices of meetings, annual accounts and other documents from the Company in hard copy form by post, you will be able to choose to do so. Shareholders who express a preference for electronic communication, however, or who do not

Letter from Chairman
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express a preference for hard copies, will, when e-communication is implemented, be able to access all documents distributed by the Company on the Company website. Shareholders who have not opted for hard copies will be sent a brief letter or email whenever important documents are published on the website, giving full details of the website address, where to find the relevant documents on our website, and how to access them.

Directors' conflicts of interest

The Companies Act 2006 codified the law relating to the duties of the directors of every company, including the duty to avoid conflicts, or potential conflicts, between the interests of the company and the directors' personal interests. The Company's existing Articles of Association already contain a code for dealing with potential conflicts of interest where a director, or someone connected with a director, is entering into a contract or arrangement with the Company. The 2006 Act goes further and requires every director to avoid situations where such a conflict or potential conflict of interest may arise, otherwise than in any contract or transaction with the Company.

There are a number of circumstances where such a situation could arise but where the Company's interests are not threatened – for example, if the Board invited a director of another company in the same field of business to join the Board, to bring his industry expertise to the Company. The Act allows the independent directors to approve such a situation, if authorised to do so by a provision of the Articles of Association.

Many other public companies have adopted such provisions in their Articles of Association, and the directors believe that it would be in the interests of shareholders for the Company's Articles to include such an authority for the Board, which the proposed new Articles of Association include.

The proposed new Articles contain a number of safeguards for shareholders' interests. First, any director seeking approval for a potential conflict would have to disclose the situation to the other members of the Board. Secondly, only directors who have no interest in the matters being considered would be able to take the relevant decision – and, in doing so, they would have to comply with their own duty to the Company to act in the way which they considered, in good faith, would be most likely to promote the success of the Company. Finally, those independent directors would be able to attach conditions or limitations to any approval which they give, and to revoke that approval subsequently, if circumstances were to change.

Other changes

The proposed new Articles also remove two provisions which the directors consider to be archaic and to have been replaced by subsequent changes in the legislative environment and governance practice:

Letter from Chairman
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(a) the limit on the remuneration of non-executive directors, which is now addressed by the Company's remuneration policy; and

(b) the monetary limit on the Directors' borrowing powers, so that the Board can enter into financing arrangements for the Company which they consider, acting in accordance with their duties as directors, to be in the Company's best interests.

Resolution 8: Approval of Share Option Plan 2014

The Directors believe that the grant of share options can be an important incentive for the Group's officers and employees, and serve to align their interests with those of shareholders. The Company's current share option scheme was adopted on 27 October 1998 and, again, the Board believes that it would be appropriate for the Company to adopt an updated share option scheme, which would operate alongside the existing scheme and ultimately replace it.

Resolution 8, which will be proposed as an ordinary resolution, would approve and adopt the Creightons plc Share Option Plan 2014 (The "Plan"). The rules of the Plan will also be available for shareholders to read in advance of the AGM on the Company's website at www.creightons.com, and copies will be available at the AGM.

The following is a summary of the rules of this Plan:

(a) ***Eligibility***: Options can be issued to any director or employee of a company in the Group. Options granted may be tax-advantaged Enterprise Management Incentive options or not, depending on whether the director or employee concerned satisfies the criteria for receiving such options.

(b) ***Grant of options***: The Board or other authorised grantor may from time to time grant options to eligible persons, who must be at the time a director or employee of a company in the Group. The Board may, in its discretion, determine that the exercise of any option shall be conditional on the satisfaction of such objective criteria relating to the performance of the Company, any other company in the Group or the grantee as the Board may decide. The Board may vary exercise conditions if it reasonably believes that the varied condition is a fairer measure of performance than the original condition, and no more difficult to satisfy.

(c) ***Limit on total number of options***: The number of Ordinary Shares which may be placed under option under the Plan may not exceed 15 per cent. of the Company's issued ordinary share capital from time to time.

(d) ***Option exercise price***: The price payable for each Ordinary Share on the exercise of an option granted under the Plan will be determined by the Board, but will not be less than the market

Letter from Chairman
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value of an Ordinary Share at the date of grant nor less than the nominal value of an Ordinary Share. "Market value", while the Company's Ordinary Shares are listed on the London Stock Exchange, will be taken to be the average of the middle market quotations of an Ordinary Share for the three immediately preceding dealing days.

(e) ***Exercise and lapse of options***: Options will normally be exercisable at any time within the period of three years from the date of grant, subject to satisfaction of any performance condition attached to them, until the tenth anniversary of the date of grant. If not exercised within that period, the options will lapse. If the holder of an option ceases to hold an employment or office in the Group as a result of death, injury, disability, redundancy, retirement or the sale of the business unit in which he is employed, his options remain exercisable for a period of six months. If the holder resigns or ceases to hold his office or employment for any other reason, his options will lapse except to the extent that the Board, in its discretion, decides otherwise.

(f) ***Administration***: The Plan will be administered by the Board, which may delegate its powers in relation to the Plan to a committee of the Board.

(g) ***Variations of share capital***: In the event of any variation of the Company's share capital, the number of Ordinary Shares subject to any option and/or the subscription price payable for those Ordinary Shares on exercise of the option shall be adjusted in such manner as the Board considers to be fair and reasonable.

The Board is at the same time considering using its existing powers to establishing an "employee shareholder scheme" as a separate incentive scheme for Group employees. "Employee shareholder" status was introduced by Government last year. An employee who agrees to become an employee shareholder and is given fully paid up shares in the Company (paid up by the Company) worth at least £2,000 would surrender any future right to a statutory redundancy payment from his or her employer on redundancy, and any future right to claim compensation in most cases of unfair dismissal. Any Group employee considering accepting employee shareholders status would receive independent legal advice, at the Company's expense.

The Directors believe that encouraging employees to become employee shareholders would not only provide an incentive for them linked with the performance of the Group and the Company's share price but have other advantages for the Group. The Directors' current thinking is that, if such a scheme were introduced, ordinary shares up to a maximum of 5% of the Company's issued share capital from time to time would be allocated to the scheme.

Letter from Chairman
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Action to be taken

Shareholders are requested to complete and return the enclosed form of proxy for use at the Annual General Meeting, in accordance with the instructions printed on the form, so as to arrive at the Company's Registrars, Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, and in any event no later than 12 noon on 5 August 2014. Completion and return of the form of proxy will not prevent you from attending the Annual General Meeting and voting in person, if you wish to do so.

Directors' recommendations

The Directors are of the opinion that the proposals to alter the Company's Articles of Association made in Resolution 11, and to adopt the Share Option Plan 2014 made in Resolution 8 set out in the Notice of Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, your Directors unanimously recommend that shareholders vote in favour of Resolutions 8 and 11 at the Annual General Meeting, as they intend to do so in respect of the shares in which they are beneficially interested, totalling 21,105,619 ordinary shares, representing approximately 36.17 per cent. of the issued ordinary share capital of the Company.

The Directors also urge all shareholders to vote in respect of all other Resolutions set out in the Notice of the Annual General Meeting, but, as these resolutions are the ordinary and routine business of the Annual General Meeting, they are matters for shareholders to decide on, and it is inappropriate for your Directors to make any recommendations in respect of those particular resolutions.

Yours faithfully

William McIlroy
Chairman

Chairman's statement

I am pleased to report another year of growth and improved profitability. The Group's profit before taxation for the year ended 31 March 2014 was £471,000 (2013: £302,000). This continued improvement in profits has been achieved despite the on-going tough trading environment with our customers seeking to improve the value of the offer to their end consumer. Our private label ranges have faced increased price and promotion pressure from the 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 successfully generated sales growth by introducing new customers and developing new product ranges. Much of this growth has come from developing ranges to meet the needs of customers in the value market. 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 £19,352,000 are £2,026,000 (12%) higher than last year (2013: £17,326,000), increasing the upward growth in sales volumes we have been recording over the past three years. This year's growth has come from a combination of our own UK branded ranges, private label and contract manufacturing with all three strands of our business showing growth in excess of 10% as against last year. Much of this growth has been driven by new ranges and new customer listings for existing ranges. In addition a planned programme to de-list poor performing ranges was also completed in the period under review.

Changes in product and customer mix resulted in a reduced gross margin percentage of 40.8%, a reduction of 2.0% on last year (2013: 42.8%). Winning business with a lower than average margin has helped deliver the 12% sales growth noted above. Administration costs, which include product research and development as well as sales promotion and product support, have risen as we invest resources to support the growth of the business, with savings in promotional support for discontinued ranges reducing the impact of this increase to 4.1%.

Profit before taxation and interest for the year of £503,000 (2013: £333,000) represents an increase of 51%. Group profit after tax of £471,000 (2013: £302,000) therefore shows a further improved performance especially given the trading environment of the past year. Diluted earnings per share rose from 0.51p in 2013 to 0.79p for 2014 as a result of the increased earnings.

Net borrowings (bank overdraft and loans less cash at bank and in hand) at the year-end have reduced by £272,000 to £602,000 (2013: £874,000). Cash generated by the business, together with

Chairman's statement
continued

£72,000 generated from employees exercising share options, 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 developing our own brand offering and developing relationships with the owners of existing brands.

We are continuing to work hard to manage cost pressure through managing customer prices, product re-engineering and enhancing our product portfolio with higher margin products. We continue to develop new sales opportunities and ranges to further expand our sales opportunities.

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. 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. We are undertaking a major review of our planning and purchasing procedures in order to continue to improve our stock turn whilst maintaining customer service levels and reducing investment in working capital.

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.

On 23 May 2014 the Group completed the sale of its share in one of our partner brands, Twisted Sista, for an approximate profit of £375,000. The Group will utilise the proceeds of this disposal to invest in the development of new ranges.

The Board has considered whether to declare a dividend this year but, although we have seen a further increase in annual profits, it feels that it continues to be more appropriate to retain profits to help fund the continued investment in growth than to reduce available funds through dividend distribution.

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

30 June 2014

Group strategic report

This strategic report has been prepared solely to provide additional information to 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
- 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 continued to be the creation and manufacture of toiletries and fragrances. A review of the operations of the Group during the year and current developments are referred to in the Chairman's statement on pages 8-9.

The principal subsidiary undertakings affecting the results of the Group in the year are detailed in note 15 of 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. By 2003, it was seeking to expand both organically and by acquisition, and launched several of its new range of brands, including *The Real Shaving Company*. In March 2003, it purchased the mainly private label and contract filling business of *Potter & Moore*. Since then, the Group has consolidated its manufacturing at the *Potter and Moore Innovations* plant in Peterborough.

By March 2006, the Group had closed and disposed of its operations in Storrington, transferring *Creightons'* manufacturing to the *Potter & Moore Innovations* factory in Peterborough. Part of the Storrington site originally in the Company's ownership had been disposed of several years previously, the remaining manufacturing and office facilities were disposed of in 2005. In March 2007, the Group established a sales and distribution operation in New York in order to market the Group's branded products in North America.

The Group consolidated its on-going manufacturing at the *Potter & Moore Innovations* factory in Peterborough some years ago, and continues to spend modest amounts of capital on improving the filling lines and mixing facilities to improve efficiency and flexibility to handle a wider range of products.

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

Operating Environment

The toiletries sector encompasses products ranging from haircare to footcare, excluding medical and therapeutical products. There has been a significant fragmentation of the individual markets in the sector in recent years; for example shampoos and conditioners for different coloured hair and different preparations addressing various perceived consumer needs such as frizziness.

Consumers purchase these 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 production is sold into the UK and North America.

Group strategic report
continued

Producers and manufacturers providing products in this market place range from major multinational corporations to small businesses, such as *Creightons*. Also, production and manufacturing in the toiletries market 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.

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
- branded sales business which markets, sells and distributes our branded products. This business includes the North American operation, which was established in 2007.

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.

As the Group operated the three streams within its overall activities of the creation and manufacture of toiletries and fragrances, it regards these as one for segmental purposes and focuses on the geographic location of its trading businesses for segmental reporting, as further disclosed in note 6 of the financial statements.

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, which enable the Group to benefit from existing, established or developed brands with the brand owners to benefit from the Group's wide range of trade outlets, low-cost quality manufacturing and sourcing strengths.

Group strategic report
continued

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 *The Real Shave Company* and *Groomed*.

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.
- 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 and assets which will help us maintain and grow our business and reduce costs.

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

Group strategic report
continued

'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.

The Group 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.

Financial Key Performance Indicators

	2013/14	2012/13	Movement
Sales	**£19,352,000**	£17,326,000	Increase by 11.7%
Gross Margin as a % of Revenue	**40.8%**	42.8%	Decrease of 2.0%
Operating profit	**£503,000**	£333,000	Increase by 51.1%
Operating profit – as a % of Revenue	**2.6%**	1.9%	Increase of 0.7%
Return on capital employed	**9.5%**	6.9%	Increase of 2.6%
Bank overdraft and loans less cash in hand	**£602,000**	£874,000	Decreased by 31.1%
Gearing (including obligations under finance leases)	**12.2%**	20%	Decreased by 7.8%

There were two incidents involving employees or contractors on the Group's sites which were required to be reported to the Health & Safety Executive during the year (2013: 1)

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.

Group strategic report
continued

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.

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 2014.

	Group 2014		Company 2014	
	Female	**Male**	**Female**	**Male**
Directors, including Non-Executive Director's	1	4	1	4
Senior Managers	2	4	–	–
Other employees	113	83	–	–

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 has significant unused borrowing facilities, 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 3 July 2014 and signed on its behalf by:

Bernard Johnson
Managing Director

Supplementary material

Directors' remuneration

The 'single figure' tables below represent the directors remuneration for the years ended 31 March 2014 and 31 March 2013. 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	2014 Salary and fees £000's	2014 Annual bonuses £000's	2014 Total £000's	2013 Salary and fees £000's	2013 Annual bonuses £000's	2013 Total £000's
WO McIlroy	1	**–**	**29**	**29**	–	20	20
BJM Johnson	2	**89**	**29**	**118**	88	20	108
Total		**89**	**58**	**147**	88	40	128

The remuneration of the non-executive directors for the years ended 31 March 2014 and 31 March 2013 is made up as follows:

Non-executive directors' remuneration as a single figure

Director	Note	2014 Salary and fees £000's	2014 Taxable Benefit £000's	2014 Total £000's	2013 Salary and fees £000's	2013 Taxable Benefit £000's	2013 Total £000's
MT Carney		**8**	**–**	**8**	8	–	8
NDJ O'Shea	3	**12**	**–**	**12**	12	–	12
WT Glencross		**12**	**1**	**13**	12	1	13
Total		**32**	**1**	**33**	32	1	33

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 All payments are made to Mr O'Shea's employer Saxon Coast Consulting Limited.

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

Supplementary material
continued

Taxable benefits

The taxable benefit for Mr William Glencross relates to his membership of the Group's medical scheme.

Pension arrangements

The company does not make any pension arrangements or contributions for the directors.

Payments to past directors

No payments were made during the year ended 31 March 2014 (2013 – nil) to any past directors of the Company.

Payments for loss of office

No Executive directors left the company during the year ended 31 March 2014 and therefore no payments in respect of compensation for loss of office were paid or payable to any director (2013 – nil).

Share options

The directors exercised the following share options during the year ended 31 March 2014.

	Number of shares	Exercise price	Date exercised
WO McIlroy	1,303,275	2.0p	24 March 2014
BJM Johnson	1,303,275	2.0p	24 March 2014

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 Executive Chairman, William McIlroy. 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 2013-14, 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 executive directors' contracts provide for performance bonuses should the Group achieve profitability, and Mr McIlroy's also provides for a bonus should a successful sale of the Group's toiletries business be achieved. The profit criterion was met in 2014, 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 performance bonus payment to Mr McIlroy's employer (Lesmac Securities Ltd) should the Group achieve profitability, on a scale of 12½% of the pre-tax audited profits up to £50,000, 7½% of pre-tax audited profits between £50,001 and £100,000 and 5% of pre-tax audited profits in excess of £100,000. The contract also provides for a success bonus payment to Mr McIlroy's employer should the Group dispose of the toiletries business. This bonus is 10% of the proceeds of a complete disposal should the sale price exceed £1.5m, or of a partial disposal should the sale price exceed £0.5m and be for not more than 1/3 of the book value of the net assets of the Group so disposed.

The contract for Mr Johnson's services as a manager provides for a performance bonus payment to Mr Johnson's employer (Carty Johnson Ltd) should the Group achieve profitability, on a scale of 12½% of the pre-tax audited profits up to £50,000, 7½% of pre-tax audited profits between £50,001 and £100,000 and 5% of pre-tax audited profits in excess of £100,000.

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. Those options held by members of the Board at 31 March 2013 were exercised during the year. A resolution will be put to shareholders at the forthcoming Annual General Meeting to authorise a new share option scheme which will further incentivise the executive directors and the senior managers of the Group to further enhance shareholder value.

Service contracts

It is the company's policy that service contracts for the executive 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 below:

Supplementary material
continued

Name of Director	Date of service contract	Date contract last amended	Notice period
WO McIlroy (executive contract)	6 Feb 2003		12 months
WO McIlroy (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

Non-executive directors

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.

Non-executives' fees are determined within the overall aggregate limit of £40,000 authorised by the company's Articles of Association. The Board as a whole considers the policy and structure for the non-executive directors' fees on the recommendation of the Chairman and Chief Executive. 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 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 Directors' remuneration report was approved by the Board of Directors on 3 July 2014 and signed on its behalf by:

Mr Nicholas O'Shea
Company Secretary

Supplementary material
continued

Consolidated income statement

	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Revenue	**19,352**	17,326
Cost of sales	**(11,460)**	(9,902)
Gross profit	**7,892**	7,424
Distribution costs	**(802)**	(763)
Administrative expenses	**(6,587)**	(6,328)
Operating profit	**503**	333
Finance costs	**(32)**	(31)
Profit before tax	**471**	302
Taxation	**–**	–
Profit for the year from continuing operations	**471**	302
Earnings per share		
Basic	**0.81p**	0.55p
Diluted	**0.79p**	0.51p

The loss of the parent company was nil (2013 – £3,000).

Supplementary material
continued

Consolidated balance sheet

	31 March 2014 £000	31 March 2013 £000
Non-current assets		
Goodwill	**343**	343
Other intangible assets	**259**	295
Property, plant and equipment	**590**	525
	1,192	1,163
Current assets		
Inventories	**3,704**	3,526
Trade and other receivables	**3,464**	2,811
Cash and cash equivalents	**11**	18
	7,179	6,355
Total assets	**8,371**	7,518
Current liabilities		
Trade and other payables	**2,777**	2,219
Obligations under finance leases	**20**	19
Borrowings	**613**	892
	3,410	3,130
Net current assets	**3,769**	3,225
Non-current liabilities		
Obligations under finance leases	**28**	48
Total liabilities	**3,438**	3,178
Net assets	**4,933**	4,340

Supplementary material
continued

Consolidated balance sheet
continued

	31 March 2014 £000	31 March 2013 £000
Equity		
Share capital	**584**	545
Share premium account	**1,264**	1,231
Other reserves	**38**	38
Share-based payment reserve	**–**	51
Translation reserve	**(13)**	(55)
Retained earnings	**3,060**	2,530
Total equity attributable to the equity shareholders of the parent company	**4,933**	4,340

The strategic report with supplementary information was approved by the board of directors and authorised for issue on 3 July 2014. They were signed on its behalf by:

Bernard Johnson
Managing Director

Supplementary material
continued

Consolidated cash flow statement

	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
Net cash from operating activities	**689**	306
Investing activities		
Purchase of property, plant and equipment	**(211)**	(97)
Purchase of intangible assets	**(258)**	(334)
Net cash used in investing activities	**(469)**	(431)
Financing activities		
Repayment of finance lease obligations	**(19)**	(19)
Proceeds on issue of shares	**72**	–
(Decrease)/increase in bank loans and invoice finance facilities	**(279)**	54
Net cash (used in)/generated from financing activities	**(226)**	35
Net (decrease) in cash and cash equivalents	**(6)**	(90)
Cash and cash equivalents at start of year	**18**	106
Effect of foreign exchange rate changes	**(1)**	2
Cash and cash equivalents at end of year	**11**	18

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 7 August 2014 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 2014.

2. To receive and approve the directors' remuneration report for the year ended 31 March 2014.

3. To approve the directors' remuneration policy as detailed in pages 19 to 21.

4. To reappoint Ms Mary Carney retiring by rotation under the provisions of Article 103 of the Articles of Association, as a director of the Company.

5. To reappoint Mr William Glencross retiring by rotation under the provisions of Article 103 of the Articles of Association, as a director of the Company.

6. To reappoint Chantrey Vellacott DFK LLP as auditor and to authorise the directors to determine their remuneration.

7. 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 £194,518.08 (representing approximately 33.3 per cent. of the current 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."

Notice of meeting
continued

8. As an ordinary resolution, that the Creightons plc Share Option Plan 2014 be adopted and that the Rules of the Plan contained in the document signed by the Chairman for the purposes of identification be approved as the Rules of the Plan.

9. 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 7 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 £194,518.08 (representing approximately 33.3% 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."

10. 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)

Notice of meeting
continued

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 2,917,771 Ordinary Shares (representing 5% of the Company's issued share capital as at 30 June 2014); 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."

11. As a special resolution:

"That the Articles of Association contained in the document signed by the Chairman for the purposes of identification be adopted as the Articles of Association of the Company in substitution for the existing Articles of Association."

By order of the board

Nicholas DJ O'Shea
Company Secretary

1210 Lincoln Road
Peterborough PE4 6ND

3 July 2014

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. Only shareholders whose names appear on the register of members of the Company as at 48 hours before the time of the meeting shall be entitled to attend the AGM either in person or by proxy and the number of ordinary shares then registered in their respective names shall determine the number of votes such persons are entitled to cast on a poll at the AGM.

5. 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.

6. As at 30 June 2014, being the latest practicable date prior to the publication of this document, the Company's issued share capital consists of 58,355,426 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company as at 30 June 2014 are 58,355,426.

Notice of meeting
continued

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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 5th August 2014.

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

Contact information and useful information

Directors

William O McIlroy	*Executive Chairman and Chief Executive*
Bernard JM Johnson	*Managing Director*
William T Glencross	*Non-executive Director*
Mary T Carney	*Non-executive Director*
Nicholas DJ O'Shea	*Non-executive Director*

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

Should you require information on your shareholding please contact our registrars at:

Capita Registrars Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0GA

Telephone: UK 0871 664 0300 (Calls cost 10 pence per minute plus network extras)
Outside UK +44 (0) 208 639 3399
Lines are open Monday to Friday 9:00am to 5:30pm

Email: ssd@capitaregistrars.com

visit us at...

CORPORATE:

www.creightons.com

RETAIL:

www.beautyatcreightons.com

BUSINESS TO BUSINESS:

www.pm-innovations.com

BRANDS:

www.argangoldhaircare.com
www.ashworthandclaire.com
www.beautiful-brunette.com
www.bronze-ambition.com
www.miamoo.co.uk
www.amieskincare.com
www.naturalgroomingco.com
www.perfect-hair.org
www.potterandmoore.com
www.realshaving.com
www.groomed.uk.com
www.sunshine-blonde.com

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