CREIGHTONS Plc

Interim financial report
for the six months ended
30 September 2008

Registered Number 1227964

Chairman's statement

I am pleased to report to you that business continued to grow over the past six months resulting in an increase in sales of over 7% to £6,957,000 (2007: £6,477,000) in the six months to 30 September 2008. This has mainly been achieved through growth in our branded ranges and private label customers with a decline in sales to our contract customers following the decision not to continue trading with one particular low margin customer. This growth has been achieved against the backdrop of an increasingly challenging retail environment.

Our gross margins have improved by 1.2% compared to the same period last year partly due to sales growth being achieved with higher margin customers and brands. We have an ongoing programme to minimise the effect of the significant increases in raw material prices which has impacted on our cost base in this period.

We have continued to invest in the development of our male grooming ranges with a significant programme of retailer focused promotions, which have helped grow our branded sales but have also increased our product support costs. We will reduce the promotional expenditure in the light of the likely impact of the economic downturn on retail sales.

We have continued to develop a larger presence for our brands in the North American market with sales in the six months to 30 September of £267,000 (2007: £118,000) largely relating to *The Real Shaving Company* range. We intend to introduce new products based on a value driven marketing strategy to improve sales opportunities and to take advantage of the strengthening dollar.

We have maintained our staffing levels in key areas of our business and have reduced headcount in non critical functions incurring a one off cost of £23,000. We will continue to review our overhead structure to ensure it matches revenue projections.

Our operating loss in the period, excluding one off costs noted above, has decreased by £8,000 (8%) to £91,000 (2007: £99,000) compared to last year. It should be noted that the Group trades at a loss in the first half ahead of the seasonally stronger second half. We do however expect some of our customers to be more cautious in their ordering patterns in the second half of the year as they assess the impact of the current economic downturn on their businesses. This caution is expected to adversely impact on sales in the second half of the year.

We have continued our programme to reduce stock levels, which have fallen by £402,000 to £4,083,000 (2007: £4,485,000), the increase in inventories from March relates to seasonal stock build. We anticipate that our programme to reduce stocks in a planned manner will produce further reductions in the second half of the year.

Lower interest rates and borrowings resulted in a reduced interest cost of £61,000 (2007: £80,000).

I believe that this half year's pre-tax loss at £175,000 (2007: loss of £179,000) is a creditable performance in the current economic climate and puts the business in a strong position to weather the more difficult trading environment we are likely to see for the next year or so.

W O McIlroy
Executive Chairman

25 November 2008

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

Consolidated income statement – unaudited

	Note	Six months ended 30 September 2008 £000	Six months ended 30 September 2007 £000	Year ended 31 March 2008 £000
Revenue		**6,957**	6,477	15,369
Cost of sales		**(4,156)**	(3,946)	(9,088)
Gross profit		**2,801**	2,531	6,281
Distribution costs		**(239)**	(222)	(435)
Administration costs		**(2,676)**	(2,408)	(5,176)
(Loss)/profit from operations		**(114)**	(99)	670
Finance costs		**(61)**	(80)	(167)
(Loss)/profit before tax		**(175)**	(179)	503
Tax		**–**	–	–
(Loss)/profit for the period attributable to the equity holders of the parent company		**(175)**	(179)	503
Earnings per share				
Basic	2	**(0.32p)**	(0.33p)	0.93p
Diluted	2	**(0.29p)**	(0.30p)	0.84p

Consolidated statement of recognised income and expense

	Six months ended 30 September 2008 £000	Six months ended 30 September 2007 £000	Year ended 31 March 2008 £000
Exchange differences on translation of foreign operations	**(17)**	(2)	5
Net income recognised directly in equity	**(17)**	(2)	5
(Loss)/profit for the period	**(175)**	(179)	503
Total recognised income and expense for the period attributable to the equity holders of the parent company	**(192)**	(181)	508

Consolidated balance sheet - unaudited

	30 September 2008 £000	30 September 2007 £000	31 March 2008 £000
Non-current assets			
Goodwill	**331**	331	331
Other intangible assets	**114**	75	63
Property, plant and equipment	**493**	534	495
	938	940	889
Current assets			
Inventories	**4,083**	4,485	2,907
Trade and other receivables	**2,885**	2,313	2,065
Cash and cash equivalents	**307**	33	79
Derivative financial instruments	**37**	–	–
	7,312	6,831	5,051
Total assets	**8,250**	7,771	5,940
Current liabilities			
Trade and other payables	**2,426**	2,365	1,513
Obligations under finance leases	**14**	13	14
Short term borrowings	**2,953**	3,010	1,349
Derivative financial instruments	**–**	17	12
	5,393	5,405	2,888
Net current assets	**1,919**	1,426	2,163
Non-current liabilities			
Long term borrowings	**31**	45	38
	31	45	38
Total liabilities	**5,424**	5,450	2,926
Net assets	**2,826**	2,321	3,014
Equity			
Share capital	**543**	543	543
Share premium account	**1,229**	1,229	1,229
Capital redemption reserve	**18**	18	18
Capital reserve	**7**	7	7
Special reserve	**13**	13	13
Share-based payment reserve	**60**	52	56
Retained earnings	**956**	459	1,148
Total equity available to the holders of the parent company	**2,826**	2,321	3,014

Statement of changes in shareholders equity - unaudited

	Share capital £000	Share premium £000	Other reserves £'000	Share-based payment reserve £000	Retained earnings £000	Total £000
Balance at 1 April 2007	543	1,229	38	52	640	2,502
Loss for six months ended 30 September 2007	–	–	–	–	(179)	(179)
Exchange differences on translation of foreign operations	–	–	–	–	(2)	(2)
Balance at 30 September 2007	543	1,229	38	52	459	2,321
Profit for six months ended 31 March 2008	–	–	–	–	682	682
Credit to equity for share based payments	–	–	–	4	–	4
Exchange differences on translation of foreign operations	–	–	–	–	7	7
Balance at 31 March 2008	**543**	**1,229**	**38**	**56**	**1,148**	**3,014**
Loss for six months ended 30 September 2008	–	–	–	–	(175)	(175)
Credit to equity for share based payments	–	–	–	4	–	4
Exchange differences on translation of foreign operations	–	–	–	–	(17)	(17)
Balance at 30 September 2008	**543**	**1,229**	**38**	**60**	**956**	**2,826**

Consolidated cash flow statement - unaudited

	Six months ended 30 September 2008 £000	Six months ended 30 September 2007 £000	Year ended 31 March 2008 £000
Net cash (outflow)/inflow from operating activities	**(1,215)**	(839)	830
Cash flow from investing activities			
Purchase of property, plant and equipment	**(60)**	(60)	(122)
Expenditure on intangible assets	**(98)**	(7)	(28)
Net cash used in investing activities	**(158)**	(67)	(150)
Cash flow from financing activities			
Repayment of borrowings	**–**	(7)	–
Repayment of finance lease obligations	**(7)**	(6)	(13)
Increase/(decrease) in bank overdrafts	**1,604**	859	(602)
Net cash from/(used in) financing activities	**1,597**	846	(615)
Net increase/(decrease) in cash and cash equivalents	**224**	(60)	65
Cash and cash equivalents at start of period	**79**	93	14
Effect of foreign exchange rate changes	**4**	–	–
Cash and cash equivalents at end of period	**307**	33	79

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 Services 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 2008, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

These half year condensed financial statements are unaudited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

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 2008 £000	Six months ended 30 September 2007 £000	Year ended 31 March 2008 £000
Earnings			
Net (loss)/profit attributable to the equity holders of the parent company	**(175)**	(179)	503

	Six months ended 30 September 2008 Number	Six months ended 30 September 2007 Number	Year ended 31 March 2008 Number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**54,275,876**	54,275,876	54,275,876
Effect of dilutive potential ordinary shares relating to share options	**5,426,550**	5,376,550	5,426,550
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**59,702,426**	59,652,426	59,702,426

3 Related party transactions

The related party transactions that occurred in the six months ended 30 September 2008 are not materially different in size or nature to those reported in the Company's Annual Report for the year ended 31 March 2008.

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, Cambridgeshire, PE4 6ND.