CREIGHTONS Plc

Group Financial Statements
for the year ended 31 March 2009

Contents

Directors, advisers and bankers

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 O'Shea, BSc ACMA
Registered Office	1210 Lincoln Road Peterborough PE4 6ND Registered in England & Wales No 1227964
Auditor	Chantrey Vellacott DFK LLP Russell Square House 10-12 Russell Square London WC1B 5LF
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0GA
Bankers	HSBC Bank Plc Cathedral Square Peterborough PE1 1XL
Solicitors	Coole & Haddock 5 The Steyne Worthing West Sussex BN11 3DT

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 23 September 2009 at 12:00 noon in order to consider and, if thought fit, pass the following resolutions:

1. To receive and consider the Company's financial statements and reports of the directors and auditor for the year ended 31 March 2009.

2. To receive and consider the Directors' remuneration report for the year ended 31 March 2009.

3. 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.

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

6. 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 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (within the meaning of the said Section 80) of the Company up to an aggregate nominal value of £180,919.85 (representing approximately 33.3% 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."

7. 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 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred upon them by section 80 of the said Act by resolution 6 above as if Section 89(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

Notice of meeting

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £27,137.97 (representing approximately 5% of the current issued ordinary share capital);

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

8. As a special resolution:

"That the Company be and is hereby generally and unconditionally authorised pursuant to Section 166 of the Companies Act 1985 to make market purchase (as defined in Section 163 (3) 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 2,713,797 Ordinary Shares (representing 5% of the Company's issued share capital as at 31 March 2009); and

(c) the maximum price which may be paid for each Ordinary Share pursuant to this authority hereby conferred is an amount equal to 105% of the average of the middle market quotations for Ordinary Shares (derived from The London Stock Exchange Daily Official List) for the five business days prior to the date of purchase and the minimum price of 1p.

By order of the board

Nicholas O'Shea
Company Secretary
1210 Lincoln Road
Peterborough PE4 6ND

28 July 2009

Notice of meeting

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. Any person to whom this Notice is sent who is a person nominated under Section 146 of the CA 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 AGM. 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.

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 17 July 2009, being the latest practicable date prior to the publication of this document, the Company's issued share capital consists of 54,275,876 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company as at 17 July 2009 are 54,275,876.

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.

Chairman's statement

Review of the year

I am pleased to report a pre-tax profit of £378,000 for the year ended 31 March 2009 (2008 – £503,000). Whilst this is a decrease we consider it to be a creditable performance given the unprecedented trading conditions faced by the Group in the second half of the year. As mentioned in our interim report the trading environment has become very difficult and whilst Christmas trade was in line with expectations underlying sales of all year round products have fallen as consumers cut back their spending and customers have reduced stock levels.

We continue to see consumers switch their allegiance to lower priced products which offer a value proposition. In the second half of the year we focused on maximising the opportunities afforded by this change in consumer buying patterns. We have re-positioned our selling prices and have re-engineered existing and developed new products to take advantage of this change.

This re-positioning strategy has been applied to The Real Shaving Company brand which has seen sales growth and increased market penetration in both the UK and North America. As part of this strategy we will reduce the level of advertising and promotional expenditure.

Raw material prices have increased during the year with a combination of scarce supply in the first half of the year and the high dollar and euro towards the end of the year adversely affecting raw material costs. We have successfully managed to mitigate against the impact of this through an ongoing cost reduction and product review programme.

We have continued to reduce headcount through natural wastage and some targeted redundancies, for which the Group made a P&L charge of £28,000 in the year which has already achieved pay back. We will continue our programme to reduce overheads whilst still retaining our capability to respond to changing circumstances into the coming year.

We have continued with extensive new product development programmes in order to support our customers and to maximise opportunities presented by the changing retail scene.

Financial results

Consolidated Group sales this year were £214,000 lower than last year (a decrease of 1.4%) at £15,155,000 (2008 – £15,369,000). The sales performance of our branded product ranges aimed at price conscious consumers partially offset falling sales to private label and contract customers.

The fall in gross margins was largely in line with the fall in sales. Increased costs, driven by raw material prices did result in a small erosion for gross margin percentage to 40.7% of sales from 40.9% of sales in 2008.

Operating profit before tax for the year was £378,000 (2008 – £503,000) representing a 25% reduction. Higher advertising and promotional expenditure together were a significant factor in overheads not falling as far as we would have liked, but it was felt that this expenditure was justifiable and necessary to counter consumer purchasing resistance as the economic situation worsened particularly in the second half of the year.

Interest costs fell with reduced borrowings and lower interest rates combining to reduce the year's charge to £97,000 (2008 – £167,000).

Chairman's statement

Profit after tax of £378,000 (2008 – £503,000) therefore shows a very satisfactory performance given the unprecedented trading environment. Diluted earnings per share fell to 0.63p from 0.84p in 2008 as a result of the reduced Company earnings. The directors do not consider it is in the best interests of the Company to declare a dividend at the moment, using the funds generated from this year's successful trading to reduce the Group's borrowings.

The Group has made significant progress in reducing its financing requirement with borrowing net of cash in hand falling by £1,230,000 to £40,000 (2008 – £1,270,000) largely driven by cash generated from operations and reduced working capital requirements.

Current year developments

As I reported to you last year, the Group continues to develop and strengthen its branded portfolio, with greater emphasis being placed on seeking to offer a wider range of value brands at very competitive prices. This strategy has resulted in a number of new customers for these value brands in both the UK and North America.

We believe that sales will continue at depressed levels for the foreseeable future with customers switching to lower price alternatives, which is exemplified by our 2009 Christmas programme with the average price points falling. Coupled with lower purchase and stock commitments from customers, this will inevitably impact adversely on our sales over the next couple of years until consumer and retailer behaviour changes again as the economy recovers.

We also expect our main private label customers to continue to adopt value strategies with sales opportunities in lower priced products offsetting lower sales levels on higher priced products. This too is likely to adversely affect our turnover and margins in the coming year.

There has been some softening of price pressure in the last few months but not sufficient to reduce raw material costs significantly with the impact of weaker sterling continuing to impact adversely on dollar and euro denominated raw materials. We are continuing to develop our supplier network on a global basis to provide the lowest prices for the quality components required to support our business. We will also continue our successful programme of redeveloping and re-engineering our products in order to manage our margins in this exceptionally difficult trading environment.

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 skill sets necessary to meet any opportunities as they arise.

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.

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.

William McIlroy
Chairman,

29 June 2009

Corporate governance report

Compliance

The Listing Rules of the Financial Services Authority require listed companies to disclose how they have applied the principles set out in Section 1 of the Combined Code prepared by the Committee on Corporate Governance and whether or not they have complied with its provisions.

The Board is committed to the principles set out in the Combined Code but judges that some of the processes are disproportionate or less relevant to the Company, given the relative small size and minimal complexity of the business.

The Company has not complied with the Combined Code as regards the following:

- No formal training programme is in place for non-executive directors.

- The role of the Chairman and Chief Executive is combined.

The Board

Details of the all directors are set out below.

William McIlroy	Executive Chairman and Chief Executive
Bernard Johnson	Managing Director
Nick O'Shea	Company Secretary and Independent non-executive Director
Mary Carney	Senior Independent non-executive Director
William Glencross	Non-executive Director

The Board's principal task is to set the Group's strategy, which is devised to deliver optimum value for shareholders. Other matters reserved for decision by the full Board include approval of the annual report and financial statements, authorisation of all acquisitions and disposals, sanction all major capital expenditure, the raising of equity or debt finance and investor relations.

The Board does not operate a formal process of performance evaluation; however the Chairman does continually review the performance of the members of the Board.

Both Mr William McIlroy and Mr Bernard Johnson have continued with their roles with their management companies and Mr William McIlroy has continued with his role with Oratorio Developments Ltd. There has been no change in these commitments over the past year.

The directors have met as a full Board on 6 occasions throughout the year, including meetings by telephone. The table below shows the attendance of directors at board meetings.

Director	*Number of meetings attended*
William McIlroy	6
Bernard Johnson	6
Nick O'Shea	6
Mary Carney	6
William Glencross	6

Corporate governance report

Procedures are in place to enable the directors to take appropriate independent professional advice at the Company's expense if that is necessary for the furtherance of their duties. All directors have access to the advice and services of the Company Secretary.

The Articles of Association require one third of the Board to retire by rotation each year and for those directors appointed during the year to stand for re-election at the following Annual General Meeting.

Nomination Committee

The Board as a whole has undertaken the duties of the Nomination Committee. There were no appointments made during the year.

Remuneration Committee

The Remuneration Committee consisted of Mr O'Shea and Ms Carney. In determining policy for the executive directors, the Committee has given due consideration to the Combined Code. The remuneration packages are designed to attract, retain and motivate executive directors of the required calibre. The Committee reviews the appropriateness of all aspects of directors' pay and benefits by taking into account the remuneration packages of similar businesses.

Directors' remuneration report

The executive directors are salaried in their capacity as directors. Their management and operational services are provided via management companies on a basic fee basis. Additional fees are contingent on the bottom line performance of the Group.

In addition the executive directors and Mr Glencross participate in a share option scheme. The Board believes that in accordance with the best practice provisions, this approach aligns the interests of shareholders and executive directors.

Mr Glencross was granted share options during his services as an employee of the Company, prior to his appointment to the board. The Company has a policy that share options may not be granted to non-executive directors.

Full details of directors' remuneration and share options are noted in the Directors' remuneration report on page 21. Details of the directors' shareholdings are shown in the Directors' report on page 15.

Accountability and Audit

The directors are responsible for the Company's systems of internal control and for reviewing its effectiveness whilst the role of management is to implement Board policies on risk management and control. It should be recognised that the Company's system of internal control is designed to manage rather than eliminate risk of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material mis-statement or loss.

There is an ongoing process for managing the significant risks faced by the Company. This process is ongoing and is reviewed by the Board and accords with the internal control guidance issued by the Turnbull Committee.

Corporate governance report

The key procedures designed to provide effective internal controls are:

- A clearly defined organisational structure with the appropriate delegation of authority to operational management.
- A comprehensive planning and budgeting process which requires the Chief Executive's approval.
- Management information systems to monitor financial and other operating statistics.
- Aspects of internal control are regularly reviewed and where circumstances dictate new procedures are instigated.

The Group does not have an internal audit function. However the Board periodically reviews the need for such a function. The current conclusion is that this is not necessary given the scale and complexity of the Group's activities.

The Board has reviewed the effectiveness of the internal controls in operation and this process will continue.

Audit Committee

The Audit Committee consists of Ms Carney and Mr O'Shea. Its role is to consider any matters raised by the external auditor in connections with their work and findings, to review the scope and cost effectiveness of their audit, the independence and objectivity of the external auditor, monitor the integrity of the financial statements and formal announcements relating to the Company's performance and to review internal controls. The terms of reference of the Audit Committee are not set out in writing.

Shareholder Relations

The objective of the Board is to create increased shareholder value by growing the business in a way that delivers sustainable improvements in earnings over the medium to long term.

The Board considers the Annual General Meeting as an important opportunity to communicate with private investors in particular. Directors make themselves available to shareholders at the Annual General Meeting and on an ad hoc basis, subject to normal disclosure rules.

Directors' report

The directors present their annual report on the affairs of the group, together with the financial statements for the year ended 31 March 2009.

Principal activities

The principal activity, in the course of the year, 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 future developments are referred to in the Chairman's statement on page 6.

The principal subsidiary undertaking affecting the results of the group in the year is detailed in note 14 to the financial statements.

Business Review

History

Creightons plc was first established in 1975, manufacturing and marketing toiletries made exclusively from natural products. 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* out of administration. Since then, the Group has gradually consolidated its manufacturing at the more modern and efficient *Potter & 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.

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 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, with for example shampoos and conditioners for different coloured hair and different preparations addressing various perceived consumer differentiated needs such as frizziness and tangles.

Consumers purchase these through a range of retail outlets, from high quality department stores to low-cost warehouse-outlet type discounters, with the high street supermarkets and drug stores somewhere in the middle. The majority of the Group's production is sold in the UK, other EU members states and North America.

Producers and manufacturers providing products in this market place range from major multinational corporations to small businesses, such as *Creightons* ourselves. Also, production and manufacture in the toiletries market is now world-wide, with many major competitors sourcing a significant proportion of their products from outside the UK or EU, either due to greater efficiency of scale or due to a lower cost base, especially in the Far East, although the cost advantage some Far Eastern producers enjoyed a few years ago has begun to erode.

Directors' report

Regulation

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

Objectives

The principle objectives of the business are to supply high quality toiletry products to its customers, meeting high levels of product quality and consumer satisfaction. Clearly, a critical goal for the Board over the past few years was to return the Group to sustainable profitability, which they believe they achieved. However, the main private label manufacturing business operates in a market which is comparatively low-margin, and susceptible to changes in consumer purchasing, loss of major contracts and in particular at present, increases in primary raw material prices, especially for oil-based products. The unprecedented economic situation that has developed since the last annual report has made trading conditions far more challenging than at any time in the past decade. In the short term, until the economy recovers with consumer and customer purchasing and confidence returning to historic levels, the Board has made sustaining profitability a key objective.

Strategy

The Board's strategy to achieve its objectives and goals, and to guard against the commercial risks mentioned above, has been to ensure high quality and efficiency in all manufactured and bought-in products, to continuously develop and enhance its product ranges, both branded and for its private label customers, to seek to source its raw materials as cost-effectively as possible, and to ensure its manufacturing processes are constantly being improved both in terms of quality and efficiency. The Board is particularly aware that over reliance upon a small number of contract customers could put the business into jeopardy, and so is seeking to develop the branded business, whilst of course recognising the continuing importance of, and still looking after and expanding, the core private label and contract manufacturing side.

Recent Developments

The Group consolidated all ongoing manufacturing at the *Potter & Moore Innovations* factory in Peterborough several years ago, and has since spent modest amounts of capital on improving the filling lines and mixing facilities to improve efficiency and flexibility to handle a wider range of products. The Group has undertaken a further major review of product sourcing, having already moved production of pot pourri products to third party manufactures in India.

Current Operations

The Group operates through two separate divisions, *Potter & Moore Innovations*, which focuses on high quality private label products for several major High Street supermarket chains, and *Creightons*, which manufactures private label products for several long-standing *Creightons* clients and whose production was transferred from Storrington, including *The Body Shop*, and a number of successful ranges of branded toiletries that have been developed by *Creightons* and *Potter & Moore Innovations* in recent years. *Creightons* is also developing a number of new ranges of branded toiletry and hair care products. Recent notable successes have been *The Real Shaving Company's* range of men's shaving products.

Directors' report

Potter & Moore Innovations concentrates on developing exciting new ranges of toiletries, hair-care, and body-care products and more recently hand-care products with their private label contract manufacture clients. To this end, significant investment in account management and R&D personnel, and work has been undertaken during the past three years, some of which has been capitalised and is being amortised over the estimated life of the products in accordance with IFRS requirements.

Creightons is also developing new ranges of branded toiletries and looking to extend those already successfully launched, and again has invested in sales, marketing and R&D personnel, all of which has been expensed to the income statement, although some of the product ranges have either only recently become or are still to be available in the market place.

A marketing and sales company, *Potter and Moore International Inc*, was incorporated in the USA in May 2007 to manage the Group's business in North America, including the importation and distribution of products manufactured in Peterborough.

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, staff and production workers' efforts on more productive product ranges, improving production and stock holding efficiencies, ensuring high levels of customer service and eliminating overhead inefficiencies. Consequently, they have continued the 'minimalist' approach to micro-management of the business that would otherwise add significantly to costs whilst delivering at best minimal added benefits to shareholders.

The Group 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. 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 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. No incidents involving employees or contractors on the Group's sites have required to be reported to the Health & Safety Executive during the year (2008 – 1).

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 to meet all environmental legislation.

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.

Directors' report

Financial Key Performance Indicators

	2008/09	*2007/08*	*Movement*
Sales	£15,155,000	£15,369,000	Decrease of 1.4%
Gross Margin as a % of Revenue	40.7%	40.9%	Decrease of 0.2%
Operating profit excluding one off costs	£463,000	£670,000	Decrease of £207,000
Operating Profit – as a % of Revenue	3.1%	4.4%	Decrease of 1.3%
Return on net assets	10.8%	16.7%	Reduced by 5.9%
Bank overdraft and loans	£234,000	£1,349,000	Reduced by £1,115,000

Risks

The board regularly monitors exposure to key risks, such as financial ones related to a drop in production efficiencies, worsening cash position, decline in sales both related to contract and private label manufactured products and branded lines. It has also taken account of the worsening economic situation over the past 12 months, and the impact that has had on costs and consumer purchases.

It also monitors those 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, or failure to meet environmental protection standards or any of the areas of regulation mentioned above.

Whilst the board monitors exposure to these risks, it does not consider it is in the best interests of the Company or our shareholders to disclose further details of these commercially sensitive matters.

Capital structure, cash flow and liquidity

Having recently achieved profitability after a number of years of substantial losses, and having repaid the loans used at the time of the purchase of the Potter & Moore business, the Group's cash flow has improved substantially. The business is funded using invoice discounting, a bank facility secured against its assets and stock financing when needed.

Financial

The profit for the year is shown in the attached consolidated income statement. The directors do not recommend the payment of a dividend (2008 – nil).

Research and development

The group has a policy of continual product development. The costs associated with the development of ranges where the group can identify probable future economic benefit are treated as intangible assets and are amortised over the period over which those economic benefits are expected to arise.

Directors

The directors who held office during the year were as follows:

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

The directors retiring by rotation are Ms Mary Carney and Mr William Glencross.

Directors' report

Directors' interests

The directors who held office at 31 March 2009 had the following beneficial interests in the shares of the company:

	31 March 2009		*1 April 2008*	
	1p ordinary shares		*1p ordinary shares*	
	Shares	*Options*	*Shares*	*Options*
Mr McIlroy	14,916,000	1,628,275	14,416,000	1,628,275
Mr Johnson	3,344,569	1,628,275	3,344,569	1,628,275
Mr O'Shea	31,000	–	31,000	–
Mr Glencross	–	300,000	–	300,000

Mr McIlroy's holding noted above includes 14,450,000 (2008 – 14,450,000) shares held in the name of Oratorio Developments Ltd, a private company of which Mr McIlroy is a director and controlling shareholder.

No changes took place between the 31 March 2009 and 17 July 2009:

The share options detailed above were granted on 9 January 2004 to Messrs McIlroy, Johnson and Glencross, who was an executive at the time, in accordance with the rules of the existing share option scheme. The company does not make grants of share options to non-executive directors. See note 25 for further detail.

Directors' insurance

The company has purchased insurance cover for the directors against liabilities arising in relation to the Company as permitted by the Companies Act 1985.

Substantial interests

At 17 July 2009 the following substantial interests, being 3% or more of the ordinary shares in issue, had been notified to the Company:

Mr WO McIlroy (including Oratorio Developments Ltd)	14,916,000	27.48%
Mr D Abell	3,807,150	7.01%
Mr BJM Johnson	3,344,569	6.16%
Mr B Dale	2,451,740	4.52%

Mr McIlroy's holding includes 14,450,000 (26.62%) shares held by Oratorio Developments Ltd, a company of which he is a director and controlling shareholder, of which 3,700,000 (6.82%) shares are registered in the name of Hargreave Hale Nominees Ltd.

Mr Johnson's holding includes 3,184,569 (5.87%) shares of which he is the beneficial owner and which are registered in the name of Hargrave Hale Nominees Ltd.

Mr Abell's holding represents his beneficial ownership of 3,307,150 (6.09%) shares registered in the names of Ferlim Nominees Ltd and Rensburg Sheppards Investment Management Ltd, and of 500,000 (0.92%) shares registered in the name of Rock (Nominees) Ltd.

Share structure and rights are included in Note 22.

Directors' report

Going concern

After making enquiries, the directors have 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. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Charitable and political donations

During the year the group made charitable donations of £100 (2008 – £700), principally to local charities serving the communities in which the group operates.

No donations were made to political parties (2008 – nil).

Creditor payment policy

The Group does not follow any code or standard on payment practice as it is the Group's policy to settle creditors promptly on mutually agreed terms. The number of days' billings from suppliers outstanding at 31 March 2009 was 42 days (2008 – 44 days).

Resolutions to be proposed at the Annual General Meeting

The board will be proposing the following resolutions at the AGM. The detailed wording of the resolutions is contained within the notice of the AGM. They have the support of all board members, who will vote in favour of them with all their own shareholdings and those under their control, and with any discretionary proxies granted to them personally or in the capacity of chairman of the meeting.

1. To receive and consider the Company's accounts and reports of the directors and auditor for the year ended 31 March 2009.

2. To receive and consider the Directors' remuneration report for the year ended 31 March 2009.

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

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

6. To give authority to the directors to allot shares pursuant to section 80 of the Companies Act 1985. This authorises the Company for a period of up to 15 months, or until the next AGM if sooner, to allot 1p Ordinary Shares up to an aggregate nominal value of £180,919.58, being a further one third of the Company's present issued share capital as a rights issue.

7. As a special resolution, to grant a limited disapplication of the statutory pre-emption rights contained in section 89 of the Companies Act 1985. This authorises the Company for a period of up to 15 months, or until the next AGM if sooner, to allot 1p Ordinary Shares up to an aggregate nominal value of £27,137.97, being 5% of the Company's present issued share capital, without first offering them as a rights issue to existing share holders;

Directors' report

8. As a special resolution, to give a limited power to the Company to purchase its own shares. This authorises the Company for a period of up to 15 months, or until the next AGM if sooner, to purchase 1p Ordinary Shares up to a maximum aggregate nominal value of £27,137.97, being 5% of the Company's present issued share capital, at no more than 105% of the average of the middle market quotations for Ordinary Shares for the five business days prior to the date of purchase and the minimum price of 1p.

Directors standing for re-election

Bill Glencross has many years' experience in both the branded and private label businesses, having been Sales & Marketing Director of Jean Sorelle and Managing Director of Potter & Moore. He was previously general manager of the Fine fragrance division of Shulton G.B. Ltd, part of Cyanamid Group Ltd. Mr Glencross was appointed to the Board in July 2005, and made a non-executive director on his retirement in 2006.

Mary Carney is a freelance tax consultant and a former senior tax partner with Grant Thornton, Chartered Accountants, Belfast. She is also a member of the Institute of Taxation, and prior to joining Grant Thornton, was a tax inspector. Ms Carney has been a director of the Company since November 1999.

Auditor

In the case of each of the persons who are acting as directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditor is not aware; and

- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditor is aware of that information.

Chantrey Vellacott DFK LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Nicholas O'Shea
Company Secretary

28 July 2009

1210 Lincoln Road
Peterborough PE4 6ND

Directors' remuneration report

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002. A resolution to approve this report will be proposed at the Annual General Meeting of the company at which the annual accounts for the year are approved.

The above regulations also require that the auditor shall report to the company's members on the auditable part of the directors' remuneration report and state whether in their opinion that part of the directors' remuneration report has been properly prepared in accordance with the Companies Act 1985. This report has therefore been divided into separate sections for audited and unaudited information.

In the opinion of the committee, the company has complied with Section B of the Combined Code, and in forming the remuneration policy, the committee has given full consideration to that section of the Combined Code.

Unaudited information

Remuneration Committee

The board has established a Remuneration Committee to determine the remuneration of directors of the company. The members of the committee were Mr O'Shea and Ms Carney. In determining the directors' remuneration the committee consulted the Executive Chairman, Mr McIlroy. There has been one meeting of the committee during the period, attended by Ms Carney and Mr O'Shea.

Policy on directors' remuneration

The policy of the company on executive remuneration is to reward individual performance and motivate and retain existing executive directors so as to promote the best interests of the company and enhance shareholder value. The remuneration packages for executive directors include a basic annual salary, performance related bonus and a share option programme.

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 this year, 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.

Directors' performance bonus

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 2009, and as a consequence, provision for payment of the profit related performance bonus has been made in the accounts, and will be made as required by the contracts within one month of the approval and publication of these accounts.

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.

Directors' remuneration report

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 options to executive directors and other senior managers as an incentive to enhance shareholder value. Those options held by members of the board are exercisable at 2.75p per share, the performance criterion having already been fulfilled, until 8 January 2011, at which time any remaining unexercised options will expire.

Further details of share options held by directors is given below, and of all options granted by the Company in note 25 (Share Based payments).

Pension arrangements

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

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:

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

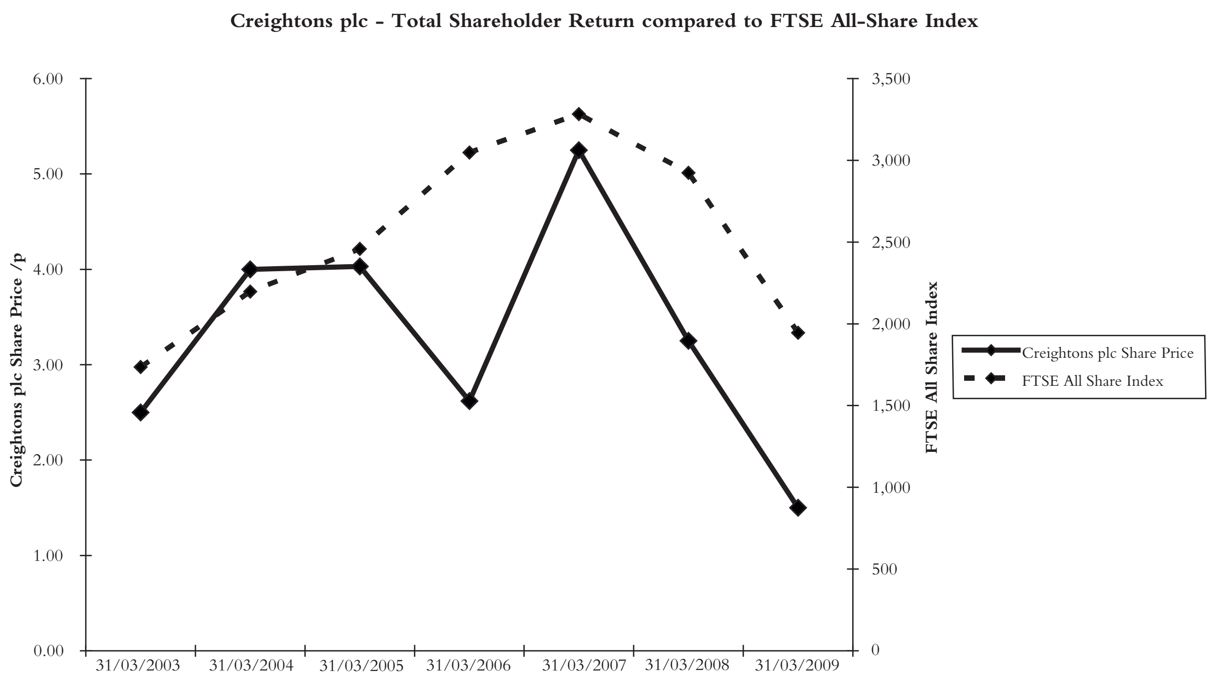
Directors' remuneration report

Non-executive directors

The remuneration for non-executive directors is determined by the executive chairman. Non-executive directors may not be granted share options nor participate in any performance bonus, and are not eligible for pension contributions.

Performance graph

The following graph shows the company's performance, measured by total shareholder return, compared with the FTSE All-Share index.



The market price at 31 March 2009 was 1.5p.

Directors' remuneration report

Audited Information

Directors' emoluments

	Salaries/Fees *£000*	*Bonus* *£000*	*Benefits* *£000*	*Total 2009* *£000*	*Total 2008* *£000*
WO McIlroy	20	23	–	43	50
MT Carney	8	–	–	8	8
BJM Johnson	88	23	–	111	118
NDJ O'Shea	10	–	–	10	13
WT Glencross	12	–	1	13	13
Total	**138**	**46**	**1**	**185**	**202**

Share options

	At 31 March 2008	*At 31 March 2009*	*Exercise price*	*Date from which exercisable*	*Expiry Date*
WO McIlroy	1,628,275	1,628,275	2.75p	9 January 2007	8 January 2011
BJM Johnson	1,628,275	1,628,275	2.75p	9 January 2007	8 January 2011
WT Glencross	300,000	300,000	2.75p	9 January 2007	8 January 2011

Pension entitlements

No pension contributions are made in respect of directors.

Approval

This report was approved by the Board of Directors on 28 July 2009 and signed on its behalf by:

Nicholas O'Shea
Company Secretary
Remuneration Committee

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements. The directors are required to prepare financial statements for the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have also elected to prepare financial statements for the company in accordance with IFRS. Company law requires the directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that the financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standard Board's Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. The directors are also required to:

- properly select then apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosure when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance.

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and a Corporate Governance Statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the shareholders of Creightons Plc

We have audited the Group and Parent Company Financial Statements (the "financial statements") of Creightons Plc for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement; and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the parent company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report that is required to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition, we also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Report reflects the company's compliance with the nine provisions of the 2006 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement and the Corporate Governance Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent Auditor’s Report to the shareholders of Creightons Plc

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors’ Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group’s and company’s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors’ Remuneration Report that is required to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors’ Remuneration Report that is required to be audited.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the affairs as at 31 March 2009 and of its profit for the year then ended;

- the parent company financial statements give a true and fair view , in accordance with International Financial Reporting Standards as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent Company’s affairs as at 31 March 2009;

- the financial statements and the part of the Directors’ Remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and

- the information given in the directors’ report is consistent with the financial statements.

CHANTREY VELLACOTT DFK LLP

Chartered Accountants
Registered Auditor

London

28 July 2009

Consolidated income statement

for the year ended 31 March 2009

	Note	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Revenue	4	**15,155**	15,369
Cost of sales		**(8,994)**	(9,088)
Gross profit		**6,161**	6,281
Distribution costs		**(518)**	(435)
Administrative expenses		**(5,180)**	(5,176)
Operating profit	5	**463**	670
Investment revenues	7	**12**	–
Finance costs	8	**(97)**	(167)
Profit before tax		**378**	503
Tax	9	**–**	–
Profit for the period from continuing operations attributable to the equity holders of the parent company		**378**	503

Earnings per share

Basic	10	**0.70p**	0.93p
Diluted	10	**0.63p**	0.84p

The company has elected to take exemption under S230 of the Companies Act 1985 not to present the parent company's income statement.

The profit of the parent company was nil (2008 – nil).

Consolidated statement of recognised income and expense

	Note	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Net income recognised directly in equity			
Exchange differences on translation of foreign operations	24	**(76)**	5
Gains on cash flow hedges taken to equity	24	**179**	–
Profit for the period	23	**378**	503
Total recognised income and expense for the period wholly attributable to the equity holders of the parent		**481**	508

There are no movements to be recognised through the parent company statement of recognised income and expense in 2009 or 2008.

Consolidated balance sheet

at 31 March 2009

	Note	31 March 2009 £000	31 March 2008 £000
Non-current assets			
Goodwill	11	**331**	331
Other intangible assets	12	**112**	63
Property, plant and equipment	13	**435**	495
		878	889
Current assets			
Inventories	15	**2,550**	2,907
Trade and other receivables	16	**1,537**	2,065
Cash and cash equivalents	17	**194**	79
Derivative financial instruments	18	**191**	–
		4,472	5,051
Total assets		**5,350**	5,940
Current liabilities			
Trade and other payables	19	**1,576**	1,513
Obligations under finance leases	20	**14**	14
Bank overdrafts and loans	21	**234**	1,349
Derivative financial instruments	18	**–**	12
		1,824	2,888
Net current assets		**2,648**	2,163
Non-current liabilities			
Obligations under finance leases	20	**24**	38
Total liabilities		**1,848**	2,926
Net assets		**3,502**	3,014
Equity			
Share capital	22	**543**	543
Share premium account	23	**1,229**	1,229
Capital redemption reserve	23	**18**	18
Capital reserve	23	**7**	7
Special reserve	23	**13**	13
Share-based payment reserve	23	**63**	56
Retained earnings	23	**1,521**	1,143
Hedging and translation reserve	24	**108**	5
Total equity attributable to the equity shareholders of the parent company		**3,502**	3,014

These financial statements were approved by the board of directors and authorised for issue on 28 July 2009. They were signed on its behalf by:

Bernard Johnson
Managing Director

Company balance sheet

at 31 March 2009

	Note	31 March 2009 £000	31 March 2008 £000
Non-current assets			
Investment in subsidiaries	14	**60**	60
		60	60
Current assets			
Trade and other receivables	16	**2,025**	2,018
		2,025	2,018
Total assets		**2,085**	2,078
Current liabilities			
Trade and other payables	19	**35**	35
		35	35
Net current assets		**1,990**	1,983
Total liabilities		**35**	35
Net assets		**2,050**	2,043
Equity			
Share capital	22	**543**	543
Share premium account	23	**1,229**	1,229
Capital redemption reserve	23	**18**	18
Special reserve	23	**1,441**	1,441
Share-based payment reserve	23	**63**	56
Retained earnings	23	**(1,244)**	(1,244)
Total equity attributable to the equity shareholders of the parent company		**2,050**	2,043

These financial statements were approved by the board of directors and authorised for issue on 28 July 2009. They were signed on its behalf by:

Bernard Johnson
Managing Director

Consolidated cash flow statement

for the year ended 31 March 2009

	Note	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Net cash inflow from operating activities	30	**1,438**	830
Cash flow from investing activities			
Purchase of property, plant and equipment		**(69)**	(122)
Expenditure on intangible assets		**(125)**	(28)
Net cash used in investing activities		**(194)**	(150)
Cash flow from financing activities			
Repayment of finance lease obligations		**(14)**	(13)
Decrease in bank overdrafts		**(1,115)**	(602)
Net cash used in financing activities		**(1,129)**	(615)
Net increase in cash and cash equivalents		**115**	65
Cash and cash equivalents at start of period		**79**	14
Cash and cash equivalents at end of period		**194**	79

The Company cash flow statement is not disclosed as there were no movements after net cash from operating activities during the two years ended 31 March 2009.

Notes to the financial statements
for the year ended 31 March 2009

1 General information

Creightons Plc (the Company) was incorporated on 29 September 1975 in England; it is a public company, quoted on the London Stock Exchange and domiciled in the United Kingdom.

These Financial Statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in note 2.

2 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted for use in the European Union and therefore comply with Article 4 of the IAS regulation, and the Companies Act 1985 applicable to companies reporting under IFRS.

The financial statements have also been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below. These policies have been applied consistently to all years presented unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries), made up to the 31 March each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

A separate income statement for the Company has not been presented as permitted by section 230(4) of the Companies Act 1985.

Goodwill

Goodwill on consolidation represents the excess of the purchase price over the fair value of the identifiable assets and liabilities of a business acquired at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is tested at least annually for impairment and is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the profit and loss and is not subsequently reversed. No amortisation is charged.

Notes to the financial statements

for the year ended 31 March 2009

2 Accounting policies *(continued)*

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised on goodwill is not reversed in subsequent periods.

On disposal of an acquired business the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Dividend income from investments is recognised when shareholder's rights to receive payment has been established.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at the fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals under operating leases are charged against income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into operating leases are spread on a straight-line basis over the term of the lease.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of consolidated financial statements, the results and financial position of each group company are presented in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Notes to the financial statements

for the year ended 31 March 2009

2 Accounting policies *(continued)*

In preparing the financial statements of individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates ruling at the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement in the period they arise, except when deferred in equity as qualifying cash flow hedges.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the group's foreign currency translation reserve. Such translation differences are recognised as income or as an expense in the period in which the operation is disposed of.

In order to hedge its exposure to certain foreign exchange risks the Group enters into forward exchange contracts and options – see below for the Group's accounting policies in respect of such derivative financial instruments.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

Operating profit

Operating profit is stated after charging restructuring costs and other exceptional items but before investment income and finance costs.

Retirement benefit costs

The group companies contribute to a defined contribution retirement benefit scheme.

Payments to the defined contribution retirement benefit scheme are charged as an expense as they fall due. Payments to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expenditure that are taxable or deductible in other years and it further excludes items of income or expenditure that are never taxable or allowable. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Notes to the financial statements

for the year ended 31 March 2009

2 Accounting policies *(continued)*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary timing differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit.

Deferred tax is calculated using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and that are expected to apply in the period when the liability is settled or the asset is realised.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives using the straight line method on the following basis:

	% per annum
Plant and equipment	10 – 20
Fixtures and fittings	10 – 33
Computers	25 – 33
Motor vehicles	20

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as income.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's product development is recognised only if the following conditions are met:

- an asset is created that can be identified with a specific product or range of products;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Notes to the financial statements
for the year ended 31 March 2009

2 Accounting policies *(continued)*

Internally generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally generated intangible assets can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets

Other intangible assets are carried at cost less accumulated amortisation and accumulated annual impairment. Amortisation begins when an asset is available for use and is calculated on a straight-line basis over their estimated useful lives as follows:

Acquired licences	–	Over three years
Computer software	–	Over three to four years

Trademarks

Expenditure on trademarks is recognised as an expense in the year in which it is incurred.

Impairment of assets (excluding goodwill)

At each reporting date, the group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of the recoverable amount. Recoverable amount is the higher of the fair value less cost to sell and value in use and is determined for an individual asset. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

Investments

Investments in subsidiary companies are stated at cost less any provision for impairment.

Inventories

Inventories are stated at the lower of cost or net realisable value. The standard cost comprises direct materials and where applicable direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Trade receivables

Trade receivables are initially recognised at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of change of value.

Notes to the financial statements

for the year ended 31 March 2009

2 Accounting policies *(continued)*

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest rate method and are added to the carrying amount of the interest to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortisation cost, using the effective interest rate method.

Derivative financial instruments

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The group uses foreign exchange forward contracts to hedge against foreign exchange rate risk. The group does not use derivative financial instruments for speculative purposes. Further details of derivative financial instruments are disclosed in note 18 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends upon the nature of the hedge relationship. The group designates certain derivatives as either hedges of the fair value of the recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investment in foreign operations.

A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are treated as current assets or liabilities.

Hedge accounting

The group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risks as either fair value hedges or cash flow hedges. Hedges of foreign exchange on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the hedge relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 18 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of changes in equity in note 23.

Notes to the financial statements
for the year ended 31 March 2009

2 Accounting policies *(continued)*

Fair value hedges

Changes in the fair value of derivatives that are designed and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line in the income statement relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of change in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred and recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains or losses' line of the income statement.

Amounts deferred in equity are recycled in profit or loss in the period when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However when the forecast transaction that is hedged results in recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Share based payments

The Group has applied the requirements of IFRS 2 'Share Based Payment'. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of options after 7 November 2002 that were unvested at 1 January 2005.

The group issues equity-settled share based payment to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is calculated using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the non-transferability, exercise restrictions and behavioural considerations.

Notes to the financial statements

for the year ended 31 March 2009

3 Critical accounting judgements and sources of estimation uncertainty

Critical judgements in applying the group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 2, management have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Corporation tax

A judgement is required in determining the provision for Corporation tax. There are some calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The group recognises tax liabilities on the best estimate of whether tax liabilities will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which such determination is made.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill is allocated. The value in use requires the entity to estimate the future cash flows expected to arise from the cash generating-unit and a suitable discount rate to calculate the present value. The carrying value of goodwill at the balance sheet date was £331,000. No impairment provision was considered necessary against this carrying value.

Impairment of product development costs

Management review the recoverability of capitalised product development costs throughout the year and will charge amortisation to reflect any impairment arising from a reduction in the anticipated lifecycle of the products. At the balance sheet date all products were considered to have product lifecycles which were in line with the accounting policies noted in 2 above.

4 Business and geographic segments

For management purposes the group is organised into one operating division which operates in one business segment. The group has commenced trading in North America in May 2007. The level of activity in this market is below the quantitative thresholds under IAS 14 and therefore no geographic segmental information is presented in these financial statements.

Notes to the financial statements

for the year ended 31 March 2009

5 Operating profit

	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Net foreign exchange profit	**53**	11
Cost of inventories recognised as expense	**8,996**	8,935
Write downs of inventories recognised as an expense	**153**	153
Research and development costs	**202**	212
Depreciation of property plant and equipment		
– owned assets	**117**	138
– leased assets	**12**	20
Amortisation of intangible assets	**76**	101
Staff costs	**3,677**	3,802
Auditor's remuneration for audit services	**30**	30
Operating lease rental expense		
– Land & buildings	**350**	227
– Other	**31**	67

The analysis of auditor's remuneration is as follows:

	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Audit services		
Fees payable to the company's auditor for the audit of the parent company and the group financial statements	**21**	21
Fees payable to the company's auditor for other services:		
The audit of the company's subsidiaries, pursuant to legislation	**5**	5
Tax services	**1**	1
Other services	**3**	3

Notes to the financial statements

for the year ended 31 March 2009

6 Staff costs

The average number of employees (including directors) was:

	Year ended 31 March 2009 Number	Year ended 31 March 2007 Number
Management	**8**	8
Administration	**40**	45
Production	**101**	115
Total	**149**	168

Their aggregate remuneration comprised:

	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Wages and salaries	**3,349**	3,467
Social security costs	**303**	306
Pension contributions	**25**	29
Total	**3,677**	3,802

Details of directors' emoluments are set out in the Directors' remuneration report.

7 Investment revenues

	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Fair value gains and interest differentials on derivatives	**12**	–

8 Finance costs

	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Interest on bank overdrafts and loans	**93**	162
Interest on obligations under finance leases	**4**	5
Total	**97**	167

9 Tax

	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Current tax	**–**	–
Deferred tax	**–**	–
Total	**–**	–

Notes to the financial statements

for the year ended 31 March 2009

9 Tax *(continued)*

The charge for the year can be reconciled to the profit per the income statement as follows:

	Year ended 31 March 2009 £000	Year ended 31 March 2009 %	Year ended 31 March 2008 £000	Year ended 31 March 2008 %
Profit before tax	**378**	**–**	503	–
Tax charge at the UK corporation tax rate of 28% (2008 – 30%)	**(106)**	**(28)**	(151)	(30)
Tax effect of expenses that are not deductible in determining taxable profit	**(2)**	**(0.5)**	–	–
Tax effect of utilisation of brought forward tax losses	**108**	**28.5**	151	30
Total expense and effective rate for the year	**–**	**–**	–	–

There is no charge to deferred tax for the group or the company.

At the balance sheet date, the Group has unused tax losses of £3,358,000 (2008 – £3,694,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams. All losses may be carried forward indefinitely and utilised against profits of the same trade.

10 Earnings per share

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

	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Earnings		
Net profit attributable to the equity holders of the parent company	**378**	503

	Year ended 31 March 2009 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
Effect of dilutive potential ordinary shares relating to Share options	**5,426,550**	5,426,550
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**59,702,426**	59,702,426

Notes to the financial statements

for the year ended 31 March 2009

11 Goodwill

	Year ended 31 March 2009 £000
Cost	
At 1 April 2007, 31 March 2008 and at 31 March 2009	364
Accumulated impairment losses	
At 1 April 2007, 31 March 2008 and at 31 March 2009	33
Carrying Amount	
At 1 April 2007, 31 March 2008 and at 31 March 2009	331

Goodwill relates to the Potter & Moore business acquired in March 2003.

The Group tests Goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount is determined from a value in use calculation. The key assumptions used for the value in use calculation are the discount rate, sales and margin projections, expected changes in direct and indirect costs during the five year forecast, a growth rate of 3.6% and a discount rate of 6.0%. No reasonably possible change in these assumptions would give rise to impairment.

The growth rates are based on the average growth rate experienced by the CGU which is in line with historical growth rates for the business sector. The pre tax discount rate is based upon the group's weighted average cost of capital adjusted for specific risks relating to the sector and country, as this is believed to be the most appropriate to be used.

No goodwill impairment charges arose during the current or prior year.

Notes to the financial statements

for the year ended 31 March 2009

12 Other intangible assets

Group

	Acquired computer software £000	Product development costs £000	Total £000
Cost			
At 1 April 2007	17	176	193
Additions	–	28	28
Disposals	–	(69)	(69)
At 31 March 2008	17	135	152
Additions	25	100	125
Disposals	–	(6)	(6)
At 31 March 2009	42	229	271
Accumulated amortisation			
At 1 April 2007	9	48	57
Amortisation for the year	8	93	101
Disposals	–	(69)	(69)
At 31 March 2008	17	72	89
Amortisation for the year	3	73	76
Disposals	–	(6)	(6)
At 31 March 2009	20	139	159
Carrying value			
At 1 April 2007	8	128	136
At 31 March 2008	–	63	63
At 31 March 2009	22	90	112

Notes to the financial statements

for the year ended 31 March 2009

13 Property, plant and equipment

Group

	Plant and equipment £000	Total £000
Cost		
At 1 April 2007	1,529	1,529
Additions	136	136
At 31 March 2008	1,665	1,665
Additions	69	69
At 31 March 2009	1,734	1,734
Accumulated depreciation		
At 1 April 2007	1,012	1,012
Depreciation for the year	158	158
At 31 March 2008	1,170	1,170
Depreciation for the year	129	129
At 31 March 2009	1,299	1,299
Carrying value		
At 1 April 2007	517	517
At 31 March 2008	495	495
At 31 March 2009	435	435

Included within property, plant and equipment are assets held under finance leases with a carrying value of £61,000 (2008 – £73,000) on which depreciation of £12,000 (2008 – £20,000) has been charged during the year.

At 31 March 2009 the group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £4,000 (2008 – £13,000).

Notes to the financial statements
for the year ended 31 March 2009

14 Investments in subsidiaries

Details of the Company's subsidiaries at 31 March 2009 are as follows:

Name	Place of incorporation and operation	Proportion of ownership interest and voting power held
Potter & Moore Innovations Limited	England	100%
Potter and Moore International Inc	United States of America	100%
The Real Shaving Company Limited	England	100%
The Natural Grooming Company Limited	England	100%
St James Perfumery Co Limited	England	100%
Ashworth & Claire Limited	England	100%
The Haircare Studio Limited	England	100%
The Hair Design Studio Limited	England	100%
The Sensual Secrets Company Limited	England	100%
Creightons Naturally Limited	England	100%

The activity of Potter & Moore Innovations Ltd is the creation and manufacture of toiletries and fragrances. The activity of Potter and Moore International Inc is the distribution of personal care products. All other subsidiaries were dormant throughout the years ended 31 March 2009 and 31 March 2008.

15 Inventories

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Raw materials	**1,107**	1,015	**–**	–
Work in progress	**120**	171	**–**	–
Finished goods	**1,323**	1,721	**–**	–
	2,550	2,907	**–**	–

Inventories with a carrying value of £2,550,000 (2008 – £2,907,000) have been pledged as security for the Group's bank overdrafts. Management believe that net realisable value approximates to fair value.

Notes to the financial statements
for the year ended 31 March 2009

16 Trade and other receivables

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Trade receivables	**1,397**	1,979	**–**	–
Amounts receivable from subsidiaries	**–**	–	**2,025**	2,018
Prepayments and other receivables	**140**	86	**–**	–
	1,537	2,065	**2,025**	2,018

Trade receivables have been pledged as security for the Group's borrowings under invoice finance facilities and the Group's bank overdrafts.

The carrying value of trade and other receivables represents their fair value.

Trade receivables have been reported in the balance sheet net of provisions as follows:

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Trade receivables	**1,409**	1,979	**–**	–
Less impairment provision	**(12)**	–	**–**	–
	1,397	1,979	**–**	–

The movement in the trade receivables impairment provision is as follows:

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
At 1 April	**–**	–	**–**	–
Charge in current year income statement	**12**	–	**–**	–
At 31 March	**12**	–	**–**	–

17 Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short term bank deposits with an original maturity rate of three months or less. The carrying amounts of these assets approximates to their fair value. An analysis of the amounts at the year end is as follows:

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Cash at bank and in hand	**2**	–	**–**	–
Sterling equivalent of deposit denominated in US dollars	**192**	79	**–**	–
	194	79	**–**	–

Notes to the financial statements
for the year ended 31 March 2009

18 Financial instruments and treasury risk management

Exposures to credit, interest and currency risks arise in the normal course of the Group's business. Risk management policies and hedging activities are outlined below. Derivative financial instruments are used to hedge exposure to significant foreign exchange fluctuations in accordance with the Groups' policies which are set out in the accounting policies in note 2.

Credit risk

Trading exposures are monitored by the operational companies against agreed policy levels. Credit insurance is employed where it is considered to be cost effective. Non-trading financial exposures are incurred only with the Group's bankers or other institutions with prior approval of the Board of directors.

The majority of trade receivables in the UK and North America is with retail customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Impairment provisions on trade receivables have been disclosed in note 16.

Interest rate risk

The Group finances its operations through a mixture of debt associated with working capital facilities and equity. The Group is exposed to changes in interest rates on its floating rate working capital facilities. The variability and scale of these facilities is such that the Group does not consider it cost effective to hedge against this risk.

Interest rate sensitivity

The interest rate sensitivity is based upon the Group's weighted average borrowings over the year assuming a 1% increase or decrease which is used when reporting interest rate risk internally to key management personnel.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2009 would increase/decrease by £14,600 (2008 – £24,000). The Group's sensitivity to interest rates has reduced during the current year mainly due to the reduction in the average working capital facilities used in the year.

Foreign currency risks

The Group is exposed to foreign currency transaction and translation risks.

Transaction risk arises on sales and purchases in currencies other than the functional currency of each Group Company. The magnitude of this risk is relatively low as the majority of the Group's purchases and sales are denominated in the functional currency. Approximately 5% of the Groups sales are denominated in US dollars and 2% in Euros. Approximately 13% of the groups purchases are denominated in dollars and 2% denominated in Euros.

Foreign currency sensitivity

A 5% strengthening of sterling would result in a £60,000 reduction in profits and equity. A 5% weakening in Sterling would result in a £54,000 increase in profits and equity.

Notes to the financial statements

for the year ended 31 March 2009

18 Financial instruments and treasury risk management *(continued)*

The Group utilises currency derivatives to hedge against significant future transactions and cash flows. The Group is party to foreign currency forward contracts in the management of its exchange risk exposure; they are not held for speculative purposes. The instruments purchased are in the currency used by the Group's principal overseas suppliers.

Current assets

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Derivatives that are designated and effective as hedging instruments carried at fair value.				
Forward foreign currency contracts	**191**	–	**–**	–
	191	–	**–**	–

Current liabilities

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Financial assets carried at fair value through the profit or loss.				
Foreign currency options	**–**	12	**–**	–
	–	12	**–**	–

The Group has entered into forward exchange contracts (for terms not exceeding nine months) to hedge the exchange rate risk arising from commitments to purchase raw materials denominated in US dollars, which are designated as cash flow hedges.

As at 31 March 2009, the aggregate amount of unrealised gains under forward exchange contracts deferred in the hedging reserve relating to these anticipated foreign exchange is £179,000 (2008 – nil). It is anticipated that the purchases will take place during the first nine months of the next financial year at which stage the amount deferred in equity will be included in the carrying amount of the raw materials. It is anticipated that the raw materials will be converted into inventory and sold within 12 months after purchases at which stage the amount deferred in equity will impact profit or loss.

As at the 31 March 2008 the Group had committed to £653,000 of forward exchange contracts which were not designated as a cash flow hedge in accordance with IAS 39.

Liquidity risk

The Group has no long term borrowing requirements and manages its working capital requirements through overdrafts and Invoice Finance Facilities. These facilities are due to be renewed in March 2010, the maturity profile of the committed bank facilities is reviewed regularly and such facilities are extended or replaced well in advance of their expiry. The Group has complied with all of the terms of these facilities. At 31 March 2009 the group had available £1,557, 000 (2008 – £1,267,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Notes to the financial statements

for the year ended 31 March 2009

19 Trade and other payables

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Trade payables	**1,059**	985	**–**	–
Social security and other taxes	**254**	321	**–**	–
Accrued expenses	**263**	207	**–**	–
Amounts payable to subsidiary undertakings	**–**	–	**35**	35
	1,576	1,513	**35**	35

20 Obligations under finance leases

Group

	Minimum Lease payments	
	2009	2008
	£000	£000
Amounts payable under finance leases		
Within one year	**14**	14
Between two to five years	**24**	38
Total minimum lease payments	**38**	52
Future finance charges	**5**	7
Present value of lease obligations	**43**	59

All lease obligations are denominated in sterling and the fair value of the Group's lease obligations approximate to their carrying value.

The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

Notes to the financial statements

for the year ended 31 March 2009

21 Bank overdrafts and loans

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Bank overdrafts	**–**	636	**–**	–
Borrowings under invoice finance facilities	**234**	651	**–**	–
Other loans	**–**	62	**–**	–
	234	1,349	**–**	–

The borrowings are repayable as follows:

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
On demand or within one year	**234**	1,349	**–**	–
	234	1,349	**–**	–

All borrowings are denominated in sterling. The directors estimate that the fair value of the Group's borrowings approximates to the carrying value.

The weighted interest rates paid were as follows:

	Group		Company	
	2009	2008	2009	2008
	%	%	%	%
Bank overdrafts	**6.3**	8.2	**–**	–
Borrowings under invoice finance facilities	**5.4**	7.3	**–**	–
Other loans	**6.4**	8.3	**–**	–

The bank overdraft is secured by fixed and floating charges over all the assets of the company and its subsidiaries.

The invoice finance facility is secured on the trade receivables and a floating charge on all of the assets of the company.

22 Share capital

	Ordinary shares of 1p each			
	2009		2008	
	£000	Number	£000	Number
Authorised	**1,223**	**122,346,000**	1,223	122,346,000
Issued and fully paid	**543**	**54,275,876**	543	54,275,876

The Company has one class of ordinary shares which carry no right to fixed income.

Notes to the financial statements

for the year ended 31 March 2009

23 Reserves and changes in equity

Group

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Capital reserve £000	Special reserve £000	Share-based payment reserve £000	Retained earnings £000	Total equity £000
At 1 April 2007	543	1,229	18	7	13	52	640	2,502
Additional provision	–	–	–	–	–	4	–	4
Net profit for the year	–	–	–	–	–	–	503	503
At 31 March 2008	543	1,229	18	7	13	56	1,143	3,009
Additional provision	–	–	–	–	–	7	–	7
Net profit for the year	–	–	–	–	–	–	378	378
At 31 March 2009	543	1,229	18	7	13	63	1,521	3,394

Company

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Special reserve £000	Share-based payment reserve £000	Retained earnings £000	Total equity £000
At 1 April 2007	543	1,229	18	1,441	52	(1,244)	2,039
Additional provision	–	–	–	–	4	–	4
Net loss for the year	–	–	–	–	–	–	–
At 31 March 2008	543	1,229	18	1,441	56	(1,244)	2,043
Additional provision	–	–	–	–	7	–	7
Net loss for the year	–	–	–	–	–	–	–
At 31 March 2009	543	1,229	18	1,441	63	(1,244)	2,050

The Company obtained a court ruling dated 19 March 1997 under which the reduction in share premium was credited to a special reserve. The special reserve was first used to write off the deficit on the company profit and loss account and then to write off the goodwill arising on the acquisition of Crestol Limited to the Group profit and loss account. At 31 March 2009 goodwill written off amounts to £2,575,000 (2008 – £2,575,000).

Under the court ruling, the special reserve may be used to write-off goodwill on any further acquisition. To the extent that there shall remain any sum standing to the credit of the reserve, it shall be treated as unrealised profit and as a non-distributable reserve, until such time as the creditors existing at the date of the ruling have been satisfied or consent to its distribution.

Notes to the financial statements

for the year ended 31 March 2009

24 Hedging and translation reserves

	Hedging Reserve £000	Translation Reserve £000	Total £000
At 1 April 2007	–	–	–
Exchange differences on translation of foreign operations	–	5	5
At 31 March 2008	–	5	5
Gain on cash flow hedges	179	–	179
Exchange differences on translation of foreign operations	–	(76)	(76)
At 31 March 2009	179	(71)	108

25 Share-based payments

The Company has a share option scheme which is open to any employee of the Group. Options granted under the scheme are for nil consideration and are exercisable at a price equal to the quoted market price of the Company's shares on the date of the grant. The vesting period is 3 years. If the options remain unexercised after a period of 7 years from the date of grant, the option expires. Options are forfeited if the employee leaves the group before options vest.

	Ordinary shares of 1p each			
	2009		2008	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at the beginning of the period	**5,426,550**	**3.26p**	4,256,550	2.75p
Granted in the period	**1,070,000**	**1.38p**	1,370,000	5.18p
Forfeited in the period	**(1,070,000)**	**4.52p**	(200,000)	5.50p
Outstanding at the end of the period	**5,426,550**	**2.52p**	5,426,550	3.26p

Out of the 5,426,550 outstanding options, 4,256,550 options were exercisable.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Granted	Exercise period	Number	Exercise price
January 2004	2007 – 2011	4,256,550	2.75p
January 2007	2010 – 2014	100,000	4.75p
December 2008	2011 – 2015	1,070,000	1.38p
Outstanding at the end of the period		5,426,550	

Notes to the financial statements
for the year ended 31 March 2009

25 Share-based payments *(continued)*

The share options granted during each period have been valued using a Black-Scholes model. The inputs to the Black-Scholes model are as follows:

	Year ended 31 March 2009	Year ended 31 March 2008
Weighted average share price (pence)	**1.23p – 4.54p**	5.13p – 4.54p
Weighted average exercise price (pence)	**2.52p**	3.26p
Expected volatility (%)	**45.9% – 122.9%**	45.9% – 53.1%
Expected life (years)	**3**	3
Risk free rate (%)	**5.8%**	5.8%
Expected dividends (pence)	**–**	–

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The Group recognised total expenses of £7,000 (2008 – £4,000) related to share based payments.

On 4 December 2008, 1,070,000 options were issued at an exercise price of 1.38p. These options are exercisable between 4 December 2011 and 3 December 2015.

26 Retirement benefit scheme

The Group operates a defined contribution scheme for certain employees. The assets of the scheme are held separately from the Group. The charge in the consolidated income statement in the year was £25,000 (2008 – £29,000) and cash contributions were £25,000 (2008 – £30,000).

27 Operating lease arrangements

The Group leases property, plant and equipment under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses and renewal rights.

	Group		Company	
	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Minimum lease payments under operating leases recognised as an expense in the year	**381**	294	**–**	–

Notes to the financial statements
for the year ended 31 March 2009

27 Operating lease arrangement *(continued)*

An analysis of the total minimum lease payments under operating leases is set out below:

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Within one year	**386**	369	**–**	–
In the second to fifth year inclusive	**1,473**	1,474	**–**	–
After five years	**2,443**	2,800	**–**	–
Total	**4,302**	4,643	**–**	–

28 Capital commitments

	Group		Company	
	2009	2008	2009	2008
	£000	£000	£000	£000
Contracts placed for future capital expenditure not provided for in the financial statements	**4**	13	**–**	–

29 Related party transactions

Transactions between the parent company and its subsidiary

During the year the group entered into the following transactions with its subsidiaries:

	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Charges for management services	**7**	4

The amounts owed by and to subsidiary companies are:

	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Amounts receivable from subsidiary undertakings	**2,025**	2,018
Amounts payable to subsidiary undertakings	**(35)**	(35)

Notes to the financial statements
for the year ended 31 March 2009

29 Related party transactions *(continued)*

Oratorio Developments Limited

On 24 July 2006 Oratorio Developments Limited, a company of which Mr McIlroy is a director and controlling shareholder, acquired the premises occupied by Potter & Moore Innovations Limited. The following amounts were charged under the terms of the lease:

	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Rental charges	**350**	229
Re-imbursement of property insurance costs	**8**	12
Re-imbursement of utility charges.	**29**	9
Total	**387**	250

Amounts owed to Oratorio Developments Ltd

	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Amounts payable	**16**	103

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24, 'Related Party Disclosure'. Further information about the remuneration of individual directors is provided in the audited part of the Directors' Remuneration Report on pages 18 to 21.

	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Salaries and other short term benefits	**185**	202
Total	**185**	202

Notes to the financial statements
for the year ended 31 March 2009

30 Notes to cash flow statement
Group

	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Profit from operations	**463**	670
Adjustments for:		
Depreciation on property plant and equipment	**129**	158
Amortisation of intangible assets	**76**	101
Share based payment charge	**7**	4
Other non cash items	**(88)**	13
	587	946
Decrease in inventories	**357**	906
Decrease/(increase) in trade and other receivables	**528**	(9)
Increase/(decrease) in trade and other payables	**63**	(846)
Cash generated from operations	**1,535**	997
Interest paid	**(97)**	(167)
Cash inflow from operational activity	**1,438**	830

No additions to plant and equipment were financed by new finance leases (2008 – £18,000).

Cash and cash equivalents (which are presented as a single asset on the face of the balance sheet) comprise cash at bank and in hand.

Company

	Year ended 31 March 2009 £000	Year ended 31 March 2008 £000
Loss from operations	**–**	–
Adjustments for:		
Share based payment charge	**7**	4
	7	4
Increase in trade and other receivables	**(7)**	(4)
Cash outflow	**–**	–

Cash and cash equivalents (which are presented as a single asset on the face of the balance sheet) comprise cash at bank and in hand.

Creightons plc

Proxy for use at Annual General Meeting of the Company to be held at the offices of Potter & Moore Innovations Ltd, 1210 Lincoln Road, Peterborough, PE4 6ND on Tuesday 23 September 2009 at 12:00 noon.

Please insert full name and address

I/We ....

PLEASE USE BLOCK CAPITALS

of ....

being (a) member(s) of the above-named Company hereby appoint ....

of ....

or failing him ....

of ....

(or in the event that no person is named) the chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the above mentioned meeting and at any adjournment thereof on the resolutions set out in the notice of the meeting as follows:

Please tick as required

Resolution		For	Against
1	To receive and consider the Company's financial statements and reports of the directors and auditor for the year ended 31 March 2009.		
2	To receive and consider the Directors' remuneration report for the year ended 31 March 2009.		
3	To reappoint William Glencross retiring by rotation under the provisions of Article 103 of the Articles of Association, as a director of the Company.		
4	To reappoint 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 Chantrey Vellacott DFK LLP as auditor and to authorise the directors to determine their remuneration.		
6	To give authority to the directors to issue shares pursuant to section 80 of the Companies Act 1985.		
7	As a special resolution, to grant a limited disapplication of the statutory pre-emption rights contained in section 89 of the Companies Act 1985.		
8	As a special resolution, to give a limited power to the Company to purchase its own shares.		

Please date

Dated this ....day 2009

Please sign

Signature ....

Notes

1. The proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of authority must be posted to the address shown overleaf or delivered to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU no later that 48 hours before the time of the meeting.
2. In the case of a corporation the proxy shall be given under its common seal, or should be signed on its behalf by an attorney or officer so authorised.
3. In the case of joint holdings, the signature of one holder will be sufficient.
4. If you do not indicate hereon which way you desire your proxy to vote, you will be deemed to have authorised the proxy to vote or abstain at his discretion.
5. If you wish to appoint your own proxy (whether a member or not) insert his name and address in the space provided.
6. Completion and return of the form of proxy will not preclude Ordinary shareholders from attending and voting at the meeting should they subsequently decide to do so.

Third Fold and Tuck in

BUSINESS REPLY SERVICE
Licence No. MB 122

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Capita Registrars
Proxy Department
Registrars for CREIGHTONS plc
PO Box 25
Beckenham
Kent BR3 4BR

First Fold

Second Fold

Registered Number 1227964