CREIGHTONS Plc

Interim financial report
for the six months ended
30 September 2009

Registered Number 1227964

Chairman's statement

I am pleased to report to you that losses in the first six months to 30 September 2009 at £116,000 are an improvement of £59,000 on the year to 30 September 2008 of £175,000. It should be noted that the cyclical nature of the Company's business means that it usually trades at a loss in the first half of the year. This improvement has been achieved despite a reduction in sales as against the same period last year.

The first six months of the year has been particularly challenging with a reduction in sales of £1,282,000 to £5,675,000 (2008: £6,957,000). There has been a significant reduction in the sales of private label products. This reduction in sales is partly due to a continued drive to reduce stock levels on the part of our customers and partly relates to a reduction in sales relating to customers and ranges with relatively high retail selling prices. This sales reduction has been partially offset by a growth in sales of our branded ranges, particularly those products which are targeted at the discount market sector.

Our gross margins have improved by 0.2% compared to the same period last year in the main due to ongoing work to reduce raw material costs. This margin improvement has been achieved despite the adverse impact of the reduction in sales of products with relatively higher selling prices.

As mentioned in last year's interim report we have reduced our investment in promoting our branded ranges and focused on driving sales to increasingly price sensitive consumers. This strategy has paid dividends in this period as the contribution from our branded product ranges has increased. The reduction in costs includes a saving of £41,000 relating to a reduction in salaries on the part of some employees. The agreement with these employees states that this reduction will be repaid if the company returns to profit in the financial year ended 31 March 2010.

We have continued to consolidate the presence of our brands in the North American market with sales in the six months to 30 September 2009 of £270,000 (2008: £267,000) deriving from a wider customer base and the launch of additional price competitive product ranges. We intend to continue driving sales growth based on a value driven marketing strategy.

We have maintained our staffing levels in key areas of our business. We will continue to review our overhead structure to ensure it matches revenue projections and new product launch opportunities from new and existing customers.

Our operating loss in the period has decreased by £10,000 (8%) to £104,000 (2008: £114,000).
We expect our seasonal sales to be lower than last year and this will have an impact on the results for the end of the year. We continue to be cautious regarding the underlying level of retail sales.

We have continued our programme of reducing stock levels, which have fallen by £393,000 to £3,690,000 (2008: £4,083,000). The increase in inventories from March relates to seasonal stock build. While we anticipate that underlying stock levels will continue to reduce, new launch activity in the second half of the year may result in increased stock levels compared to the same period last year.

Lower interest rates and significantly reduced borrowings in the first half of the year have resulted in a reduced interest cost of £12,000 (2008: £61,000).

I believe that this half year's pre-tax loss at £116,000 (2008: loss of £175,000) is a creditable performance in the current economic climate and puts the business in a strong position to take advantage of any economic upturn when it materialises.

W O McIlroy
Executive Chairman

25 November 2009

Responsibility statement

We confirm that to the best of our knowledge:

a) The condensed set of financial statements has been prepared in accordance with IAS 34;

b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year; and

c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of material related party transactions and changes therein).

By order of the Board

Nicholas O'Shea
Company Secretary and Director

Consolidated income statement – unaudited

	Note	Six months ended 30 September 2009 £000	Six months ended 30 September 2008 £000	Year ended 31 March 2009 £000
Revenue		**5,675**	6,957	15,155
Cost of sales		**(3,379)**	(4,156)	(8,994)
Gross profit		**2,296**	2,801	6,161
Distribution costs		**(230)**	(239)	(518)
Administration costs		**(2,170)**	(2,676)	(5,180)
(Loss)/profit from operations		**(104)**	(114)	463
Investment revenues		**–**	–	12
Finance costs		**(12)**	(61)	(97)
(Loss)/profit before tax		**(116)**	(175)	378
Tax		**–**	–	–
(Loss)/profit for the period attributable to the equity holders of the parent company		**(116)**	(175)	378
Earnings per share				
Basic	2	**(0.21p)**	(0.32p)	0.70p
Diluted	2	**(0.19p)**	(0.29p)	0.63p

Consolidated statement of recognised income and expense

	Six months ended 30 September 2009 £000	Six months ended 30 September 2008 £000	Year ended 31 March 2009 £000
Exchange differences on translation of foreign operations	**40**	(17)	(76)
Movements on cash flow hedges taken to equity	**(143)**	–	179
Net income recognised directly in equity	**(103)**	(17)	103
(Loss)/profit for the period	**(116)**	(175)	378
Total recognised income and expense for the period attributable to the equity holders of the parent company	**(219)**	(192)	481

Consolidated balance sheet – unaudited

	30 September 2009 £000	30 September 2008 £000	31 March 2009 £000
Non-current assets			
Goodwill	**331**	331	331
Other intangible assets	**155**	114	112
Property, plant and equipment	**398**	493	435
	884	938	878
Current assets			
Inventories	**3,690**	4,083	2,550
Trade and other receivables	**2,329**	2,885	1,537
Cash and cash equivalents	**27**	307	194
Derivative financial instruments	**36**	37	191
	6,082	7,312	4,472
Total assets	**6,966**	8,250	5,350
Current liabilities			
Trade and other payables	**1,959**	2,426	1,576
Obligations under finance leases	**14**	14	14
Short term borrowings	**1,690**	2,953	234
Derivative financial instruments	**–**	–	–
	3,663	5,393	1,824
Net current assets	**2,419**	1,919	2,648
Non-current liabilities			
Long term borrowings	**17**	31	24
	17	31	24
Total liabilities	**3,680**	5,424	1,848
Net assets	**3,286**	2,826	3,502
Equity			
Share capital	**543**	543	543
Share premium account	**1,229**	1,229	1,229
Capital redemption reserve	**18**	18	18
Capital reserve	**7**	7	7
Special reserve	**13**	13	13
Share-based payment reserve	**66**	60	63
Retained earnings	**1,405**	968	1,521
Hedging and translation reserve	**5**	(12)	108
Total equity available to the holders of the parent company	**3,286**	2,826	3,502

Statement of changes in shareholders equity - unaudited

	Share capital £000	Share premium £000	Other reserves £000	Share-based payment reserve £000	Retained earnings £000	Total £000
Balance at 1 April 2008	543	1,229	38	56	1,143	3,009
Loss for six months ended 30 September 2008	–	–	–	–	(175)	(175)
Debit to equity for share-based payments	–	–	–	4	–	4
Balance at 30 September 2008	543	1,229	38	60	968	2,838
Profit for six months ended 31 March 2009	–	–	–	–	553	553
Debit to equity for share-based payments	–	–	–	3	–	3
Balance at 31 March 2009	**543**	**1,229**	**38**	**63**	**1,521**	**3,394**
Loss for six months ended 30 September 2009	–	–	–	–	(116)	(116)
Debit to equity for share-based payments	–	–	–	3	–	3
Balance at 30 September 2009	**543**	**1,229**	**38**	**66**	**1,405**	**3,281**

Statement of changes in hedging and translation reserves - unaudited

	Hedging reserve £000	Translation reserve £000	Total £000
Balance at 1 April 2008	–	5	5
Exchange differences on translation of foreign operations	–	(17)	(17)
Balance at 30 September 2008	–	(12)	(12)
Gain on cash flow hedges	179	–	179
Exchange differences on translation of foreign operations	–	(59)	(59)
Balance at 31 March 2009	**179**	**(71)**	**108**
Transfer to Income	(143)	–	(143)
Exchange differences on translation of foreign operations	–	40	40
Balance at 30 September 2009	**36**	**(31)**	**5**

Consolidated cash flow statement - unaudited

	Six months ended 30 September 2009 £000	2008 £000	Year ended 31 March 2009 £000
Net cash (outflow)/inflow from operating activities	**(1,500)**	(1,215)	1,438
Cash flow from investing activities			
Purchase of property, plant and equipment	**(21)**	(60)	(69)
Expenditure on intangible assets	**(91)**	(98)	(125)
Net cash used in investing activities	**(112)**	(158)	(194)
Cash flow from financing activities			
Repayment of finance lease obligations	**(7)**	(7)	(14)
Increase/(decrease) in bank overdrafts	**1,456**	1,604	(1,115)
Net cash from/(used in) financing activities	**1,449**	1,597	(1,129)
Net (decrease)/increase in cash and cash equivalents	**(163)**	224	115
Cash and cash equivalents at start of period	**194**	79	79
Effect of foreign exchange rate changes	**(4)**	4	–
Cash and cash equivalents at end of period	**27**	307	194

Notes to the interim financial report

1. Basis of preparation

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

As required by the Disclosure and Transparency Rules of the UK's Financial Services Authority, the condensed set of financial statements has been prepared by applying the accounting policies and presentation that were applied in the preparation on the Company's published consolidated financial statements for the year ended 31 March 2009, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The condensed interim financial statements for the six months ended 30 September 2009 and the comparative figures for the six months ended 30 September 2008 are unaudited and have not been reviewed by the Auditors. The summary financial statements for the year ended 31 March 2009 represent an abbreviated version of the Group's full financial statements for that year, on which the Auditors issued an unqualified audit report and which have been filed with the Registrar of Companies.

2. Earnings per share

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

	Six months ended 30 September		Year ended 31 March
	2009 £000	2008 £000	2009 £000
Earnings			
Net (loss)/profit attributable to the equity holders of the parent company	**(116)**	(175)	378

	Six months ended 30 September		Year ended 31 March
	2009 Number	2008 Number	2009 Number
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	**54,275,876**	54,275,876	54,275,876
Effect of dilutive potential ordinary shares relating to Share options	**5,426,550**	5,426,550	5,426,550
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**59,702,426**	59,702,426	59,702,426

3. Related party transactions

The related party transactions that occurred in the six months ended 30 September 2009 are not materially different in size or nature to those reported in the Company's Annual Report for the year ended 31 March 2009.

4. Availability of Interim Report

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