Registrar

CREIGHTONS plc

Report and Financial Statements
31 March 2003

Registered Number 1227964

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Directors, advisers and bankers

Directors

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

Registered Office

Water Lane
Storrington
West Sussex RH20 3DP
Registered in England & Wales No 1227964

Company Secretary

Nicholas DJ O'Shea BSc, ACMA

Auditors

Chantrey Vellacott DFK
10-12 Russell Square House
Russell Square
London
WC1B 5LF

Stockbrokers

Seymour Pierce Limited
Bucklersbury House
3 Queen Victoria Street
London EC4N 8EL

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA

Solicitors

Coole & Haddock
14 Carfax
Horsham
West Sussex
RH12 1DZ

Bankers

Barclays Bank PLC
1 Chapel Road
Worthing
West Sussex
BN11 1EX

Notice of meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at the Mill House Hotel, Mill Lane, Ashington, West Sussex, RH20 3BX on 19 December 2003 at 12.00 noon in order to consider and, if thought fit, pass the following resolutions:

1. To receive and consider the Company's accounts and reports of the directors and auditors for the year ended 31 March 2003.
2. To receive and consider the Directors' Remuneration Report for the year ended 31 March 2003.
3. To reappoint Mr O'Shea as a director, retiring by rotation under the provisions of Article 103 of the Articles of Association as a director of the Company.
4. To reappoint Chantrey Vellacott DFK as auditors and to authorise the directors to determine their remuneration.
5. 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 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, 15 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."
6. 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 4 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

   (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;

   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."

7. 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 2003); 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, such price being exclusive of advanced corporation tax, if any, payable by the Company.

By order of the board

Nicholas O'Shea
Company Secretary
26 September 2003

Water Lane
Storrington
West Sussex
RH20 3DP

Notes

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. Instruments appointing proxies must be lodged with the Company's Registrars, Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, HD8 0LA no later than 48 hours prior to the commencement of the meeting (along with any power of attorney or other authority under which the proxy is executed, or a notarially certified copy thereof). The completion of a form of proxy will not prevent a member who wishes to do so from attending and voting in person.

2. In order to attend and vote at this meeting (and for the purpose of enabling the Company to determine the number of votes they may cast), members must be entered on the Company's Register of Members at 10.00 am on 17 December 2003 (the "Specified Time"). Should the meeting be adjourned to a time not more than 48 hours after the Specified Time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. Should the meeting be adjourned to a longer period, then to be so entitled members must be entered on the Company's Register of Members at a time which is not more than 48 hours before the time fixed for the adjourned meeting, or if the Company gives notice of the adjourned meeting at the time specified in that notice.

3. The Register of Directors' Share Interest required under section 325 of the Companies Act 1985 will be available for inspection at the Company's registered office address during normal working hours from the date of this notice to 12 December 2003 inclusive and for at least 15 minutes prior to and during the Annual General Meeting.

Chairman's statement

Review of the year

This year has seen the Company continue to consolidate its manufacturing operation on the reduced Storrington site, ensuring that we achieve improved product costs through increased manufacturing efficiencies.

Towards the end of the year, the Directors became aware of an exceptional opportunity to expand the Company's operation in line with the policy of building a successful and profitable business. Nemesis Toiletries Ltd had been put into administration in February, and the Company made an offer to purchase some of the Potter and Moore Brands and Intellectual Property Rights that had therefore become available.

The Company's offer to the Administrator was accepted, and separately, a subsidiary of the Company has negotiated to take leases on some of the premises and purchase manufacturing plant and equipment used for the production of Potter and Moore products in Peterborough. These operations have been brought together in a new subsidiary of Creightons, Potter & Moore Innovations, which will operate the acquired business from the Peterborough site.

The two operations, Creightons based at Storrington and Potter & Moore Innovations based in Peterborough, will continue to operate separately, with their own marketing, selling and product development and innovation specialists so that they can continue to provide the highest quality of product and customer service to their respective clients. Although the Board will seek to achieve savings through synergies for non-customer facing functions, it is committed to achieving and maintaining a high standard of customer service and product quality.

Financial results

Consolidated Group Sales this year were £3,846,000 (2002: £4,421,000), including a contribution of £366,000 (2002: £nil) sales by the new business of Potter and Moore Innovations Ltd. The decline in sales through Creightons was almost wholly due to destocking as a consequence of changes in distribution and purchasing policies at one of the Company's largest customers which shortened its supply chain and reduced internal stock holdings. This resulted in a reduction in sales in the region of £1m.

The Company has continued to pursue low-cost producer status and limit overheads to the minimum required to provide customers with the quality of service and delivery they require. To this end, further additional excess manufacturing and warehousing capacity has been eliminated, with the facilities made available for third-party rental, thereby maximising as far as possible the Company's return on its assets.

The Potter and Moore Innovations trading consolidated into the Group's results contributed a profit of £76,000 to reduce the otherwise virtually flat Group operating loss to £23,000 (2002: £78,000 loss).

Current year developments

The Board intends to continue to operate the two businesses separately, whilst introducing cost saving and efficiency improvement measures similar to those that we instigated at Creightons when we took over from the previous management and Board. These proved very successful in reducing the Company's losses, focusing management and product development efforts into improved performance through elimination of unprofitable products and practices.

A number of new and potentially exciting business opportunities are currently being progressed. The Company is also continuing to seek new and innovative openings for joint ventures in marketing, retailing and manufacturing, such as the opportunity with Potter & Moore that came along last February. The Group continues to operate within its agreed funding facility.

The Board would like to thank all its employees for their continued hard work and dedication over the past year, and extend a warm welcome to the Potter & Moore Innovations employees based in Peterborough.

William McIlroy

Chairman

26 September 2003

Directors' report

Principal activities

The principal activity of the Group is 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 5.

Financial

The loss for the year is shown in the attached profit and loss account. The directors do not recommend the payment of a dividend *(2002: nil)*.

Research and development

The Group has a policy of continual product development, the costs of which are written off in the profit and loss account as they are incurred.

Directors

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

William O McIlroy (executive chairman)
Mary T Carney (non-executive)
Nicholas DJ O'Shea (non-executive)
Bernard JM Johnson (managing director)

Mr Johnson was appointed Managing Director of the Company, and of its subsidiary Potter & Moore Innovations Ltd, with effect from 23 September 2003.

The director retiring by rotation is Mr O'Shea. He is a Chartered Management Accountant, and has been the company secretary since 1998. A chemistry graduate, he has extensive experience in the toiletries and FMCG sectors, including senior financial management positions with Procter & Gamble and Scott Paper. He is also currently the finance director of a private company.

Directors' interests

The beneficial interests of the directors and their families in the shares of the Company at the beginning, or date of appointment if later, and end of the year were as follows:

	31 March 2003 1p ordinary shares		*1 April 2002 1p ordinary shares*	
	Shares	*Options*	*Shares*	*Options*
Mr McIlroy	13,916,000	1,628,275	11,000,000	—
Mr Johnson	3,744,569	1,628,275	2,744,569	—
Mr O'Shea	31,000	—	31,000	—

Mr McIlroy's holding noted above includes 13,450,000 (2002: 10,750,000) shares held in the name of Oratorio Developments Ltd, a private company of which Mr McIlroy is a director and controlling shareholder.

The share options detailed above were granted on 6 February 2003 to Messrs McIlroy and Johnson, the executive directors, in accordance with the rules of the existing executive share option scheme. The Company does not make grants of share options to non-executive directors. See note 21 for further details.

Substantial interests

At 25 September 2003, the following substantial interests, being 3% or more of the ordinary shares in issue, had been notified to the Company:

Mr WO McIlroy		
(incl Oratorio Developments Ltd)	13,916,000	25.64%
Jupiter Asset Management	4,825,000	8.89%
Mr BJM Johnson	3,744,569	6.90%
Mr B Dale	2,451,740	4.52%

Corporate governance

In June 1998, the London Stock Exchange published the Principles of Good Governance and Code of Best Practice ("the Combined Code") which embraces the work of the Cadbury, Greenbury and Hampel committees and became effective in respect of accounting periods ending on or after 31 December 1998. Your Board is committed to the principles of openness, integrity and accountability set out in the Combined Code and operates within the spirit of the code.

The Board of directors have complied throughout the year with the Combined Code subject to the following:

The directors consider that the Company is not sufficiently large to warrant the need for certain requirements of the Combined Code, and therefore the following exceptions arise:

- the Company has not created a separate nominations committee;
- the audit committee comprises only the two non-executive directors, whilst the Combined Code requires there to be three;
- there is no formal training for executive directors;
- the roles of chairman and chief executive are combined.

Going concern

The financial statements are prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. The Group currently meets its day to day working capital requirements through an overdraft facility, but is actively considering alternative means of funding, as indicated on page 19.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal controls

Both the audit and remuneration committees are composed of the two non-executive directors Ms Carney, who chairs both, and Mr O'Shea.

The Board has decided not to develop a formal risk management policy, since it is considered that the time and expense incurred would be wasted and an unnecessary use of the limited resources available to the Company. However, the Board are continuously reviewing the risks inherent in the Company's business, with the aim of protecting the interests of shareholders.

The Board has also considered the need for internal audit, but has decided that because of the size of the Group it cannot be justified.

The Board continues to monitor this situation as it considers its options.

Internal financial controls

The Board is responsible for the Group's system of internal financial controls and for reviewing its effectiveness. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board consider on a regular basis the comparison between actual, budget, and prior year financial performance. The executive directors report regularly during the year to the Board on overall financial performance, and on the effectiveness of cost and expenditure control. No significant payments may be made without the approval of at least one of the Directors.

The situation is under constant review as the Board considers its options.

Charitable donations

No donations were made during the year for charitable purposes in the United Kingdom (2002: nil).

Creditor payment policy

The Company does not follow any code or standard on payment practice as it is the Company's policy to settle creditors promptly on mutually agreed terms. The number of days' billings from suppliers outstanding at 31 March 2003 was 70 days (2002: 82 days).

Auditors

A resolution for the re-appointment of Chantrey Vellacott DFK as the auditors of the Company will be proposed at the annual general meeting.

By order of the Board

Nicholas O'Shea
Company Secretary

26 September 2003

Water Lane
Storrington
West Sussex
RH20 3DP

Directors' remuneration report

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002, which introduced a new duty on the directors of quoted companies in respect of the disclosure of directors' remuneration in relation to financial years ending on or after 31 December 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 auditors 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 A of the Combined Code, other than the composition of the Committee, which due to the size and composition of the Board of directors, comprises the two non-executive directors. In forming the remuneration policy, the committee has given full consideration to Section B of the Combined Code.

Unaudited information

Remuneration Committee

The board established a Remuneration Committee a number of years ago to determine the remuneration of directors of the company. The members of the committee are the two non-executive directors, Ms Carney (Chairman) and Mr O'Shea. In determining the directors' remuneration the committee consulted the executive chairman, Mr McIlroy.

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. At the last review during the first quarter of this year, the executive chairman Mr McIlroy was given a contract of employment with a fee of £10,000 per annum, and the executive director Mr Johnson had an increase in his salary effective 1 April 2003. Both Mr McIlroy and Mr Johnson were granted share options as a consequence of this review.

Neither Mr McIlroy nor Mr Johnson took his full salary and fees entitlement during the year.

Directors' performance bonus

Both executive directors' contracts provide for performance bonuses should the Company achieve profitability, and Mr McIlroy's also provides for a bonus should a successful sale of the Company's Toiletries business be achieved. As neither of these criteria were met in the year, no bonuses have been paid.

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 Company 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 Company 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 Company so disposed.

The contract for Mr Johnson's services as a manager provides for a performance bonus payment to Mr Johnson's employer (DFK International Consulting Group Ltd) should the Company 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 as an incentive to enhance shareholder value. These options become exercisable at 2.75p after 6 February 2006 once the Company's mid-market share price has been at least 6.0p for three consecutive days.

Pension arrangements

The company does not make any pension arrangements or contributions for 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 executive director is scheduled below:

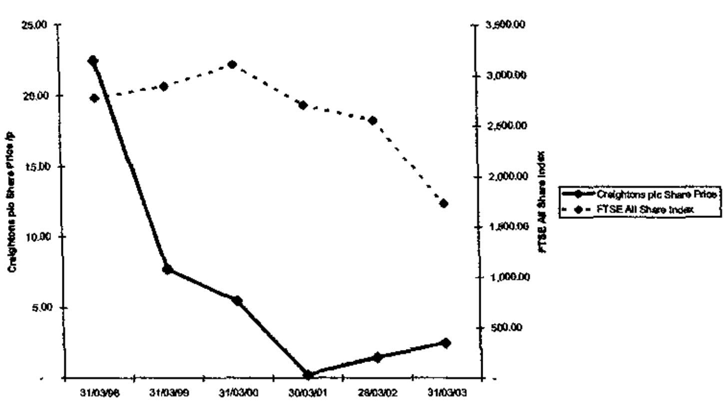
Name of Director	*Date of service contract*	*Date Contract last amended*	*Notice Period*
WO McIlroy (executive contract)	6 Feb 2003		12 months
WO McIlroy (director's contract with employer)	16 Jan 2002		12 months
BJM Johnson (director's contract)	16 Jan 2002		12 months
BJM Johnson (manager's contract with employer)	16 Jan 2002	20 March 2003	12 months
MT Carney (non-executive)	29 Nov 1999	1 Jan 2002	None
NDJ O'Shea (non-executive)	5 July 2001		None

Non-executive directors

The remuneration for non-executive directors is determined by the executive chairman. Non-executive directors do not participate in any performance bonus or share options schemes 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 2003 was 2.875p.

Audited Information

Directors' emoluments

	Salaries/ Fees £000s	*Benefits £000s*	*Total 2003 £000s*	*Total 2002 £000s*
WO McIlroy	0	0	0	0
MT Carney	8	0	8	9
BJM Johnson	54	0	54	13
NDJ O'Shea	14	0	14	9
Total	76	0	76	31

Share options

	At 1 April 2002	*At 1 April 2003*	*Exercise price*	*Date from which exercisable*	*Expiry Date*
WO McIlroy	—	1,628,275	2.75p	6 February 2006	5 February 2010
BJM Johnson	—	1,628,275	2.75p	6 February 2006	5 February 2010

Approval

This report was approved by the Board of Directors on 26th September 2003, and signed on its behalf by:

Nicholas O'Shea
Company Secretary
Remuneration Committee

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the group and of the profit or loss for that period. In preparing those statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Independent Auditors' Report to the Shareholders of Creightons plc

We have audited the financial statements of Creightons plc for the year ended 31 March 2003 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Cash Flows and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein. We have also audited the information in the Directors Remuneration Report that is disclosed as having been audited.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the auditable part of the Directors Remuneration Report in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

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 auditable part of the Directors Remuneration Report have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the group 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 or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, 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 Chairman's Statement, the Directors' Report (including Corporate Governance Statement) and the unaudited part of the Directors Remuneration 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.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 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 audited part of the Directors Remuneration Report.

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2003 and of the loss of the Group for the year then ended and
- the financial statements and the audited part of the Directors Remuneration Report have been properly prepared in accordance with the Companies Act 1985.

CHANTREY VELLACOTT DFK
Chartered Accountants
Registered Auditors
London

26 September 2003

Chantrey Vellacott DFK

Consolidated profit and loss account

For the year ended 31 March 2003

		2003		2002	
	Note	*£000*	*£000*	*£000*	*£000*
Turnover	2 & 3				
Continuing operations		3,480		4,421	
Acquisitions		366		—	
Total Turnover			3,846		4,421
Cost of sales			(2,203)		(2,892)
Gross profit			1,643		1,529
Operating expenses		(1,686)		(1,682)	
Other operating income		20		75	
Total operating expenses			(1,666)		(1,607)
Operating loss					
Continuing operations		(99)		(78)	
Acquisitions		76		—	
Group Operating Loss	3 & 4		(23)		(78)
Net interest payable	7		(59)		(70)
Loss on ordinary activities before taxation			(82)		(148)
Tax on loss on ordinary activities	8		—		—
Loss on ordinary activities after taxation			(82)		(148)
Retained loss for the year	18		(82)		(148)
Basic loss per share	9		(0.15p)		(0.29p)
Diluted loss per share	9		(0.14p)		(0.29p)

The Group had no gains or losses other than the above results.

There is no difference between the results shown above and their historical cost equivalents.

The notes on pages 19 to 30 form an integral part of these financial statements.

Consolidated balance sheet

At 31 March 2003

		2003		2002	
	Note	*£000*	*£000*	*£000*	*£000*
Fixed assets					
Tangible assets	10		1,813		1,895
Intangible asset	11		13		—
Goodwill	11		345		—
			2,171		1,895
Current assets					
Stocks	13	647		645	
Debtors	14	1,167		892	
Cash		9		16	
		1,823		1,553	
Creditors: amounts falling due within one year	15	(2,585)		(1,953)	
Net current liabilities			(762)		(400)
Total assets less current liabilities			1,409		1,495
Creditors: amounts falling due after more than one year	16		(—)		(4)
Net assets			1,409		1,491
Capital and reserves					
Called up share capital	17		543		543
Share premium account	18		1,229		1,229
Capital redemption reserve	18		18		18
Capital reserve	18		7		7
Special reserve	18		13		13
Profit and loss account	18		(401)		(319)
Equity shareholders' funds	19		1,409		1,491

The notes on pages 19 to 30 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 September 2003 and were signed on its behalf by:

Nicholas O'Shea
Director

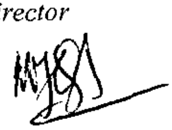
Company balance sheet
At 31 March 2003

		2003		2002	
	Note	*£000*	*£000*	*£000*	*£000*
Fixed assets					
Tangible assets	10		1,670		1,895
Intangible assets	11		13		—
Investments	12		60		35
			1,743		1,930
Current assets					
Stocks	13	468		645	
Debtors	14	878		892	
Cash		—		16	
		1,346		1,553	
Creditors: amounts falling due within one year	15	(1,751)		(1,988)	
Net current liabilities			(405)		(435)
Total assets less current liabilities			1,338		1,495
Creditors: amounts falling due after more than one year	16		(—)		(4)
Net assets			1,338		1,491
Capital and reserves					
Called up share capital	17		543		543
Share premium account	18		1,229		1,229
Capital redemption reserve	18		18		18
Special reserve	18		1,441		1,441
Profit and loss account	18		(1,893)		(1,740)
Equity shareholders' funds	19		1,338		1,491

The notes on pages 19 to 30 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 September 2003, and were signed on its behalf by:

Nicholas O'Shea
Director



Consolidated statement of cash flows

For the year ended 31 March 2003

	Note	2003 £000	2002 £000
Cash outflow from operating activities	24	(207)	(294)
Returns on investments and servicing of finance	25	(59)	(70)
Taxation		—	—
Capital expenditure and financial investments	25	(496)	1,190
Cash (outflow)/inflow before management of liquid resources and financing		(762)	826
Financing	25	726	(355)
(Decrease)/increase in cash in the year		(36)	471

Reconciliation of net cash flow to movement in net debt

	Note	2003 £000	2002 £000
(Decrease)/increase in cash in the year		(36)	471
Cash outflow from repayment of debt		16	425
		(20)	896
New loans		(742)	—
Movement in net debt in the year	26	(762)	896
Net debt at the start of the year		(1,038)	(1,934)
Net debt at the end of the year		(1,800)	(1,038)

The notes on pages 19 to 30 form an integral part of these financial statements.

Notes to financial statements for the year ended 31 March 2003

1. Accounting policies

Basis of preparation

The following accounting policies have been applied consistently in dealing with items considered material to the financial statements. The financial statements are prepared under the historical cost convention, modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards.

Going concern

The financial statements are prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons. The Group currently meets its day to day working capital requirements through an overdraft facility which was due for renewal on 30 May 2003. The Company and its bank have agreed that alternative sources of funding, including re-financing through invoice discounting, commercial mortgage or sale and lease back of assets should be considered.

On the basis of the current strategy, the Directors have prepared working capital projections which support their decision to prepare the accounts on a going concern basis.

Basis of consolidation

The group accounts consolidate the accounts of Creightons plc and its subsidiary undertakings. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Purchased goodwill arising on consolidation in respect of acquisitions before 5 April 1997, when FRS10 'Goodwill and intangible assets' was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal. Any purchased goodwill arising on consolidation in respect of acquisitions after 5 April 1997, is capitalised. Positive goodwill is amortised to nil by equal instalments over its estimated useful life.

In the Company's accounts, investments in subsidiary and associated undertakings are stated at cost less amounts written off. Dividends received and receivable are credited to the Company's profit and loss account to the extent that they represent a realised profit for the Company.

Fixed assets

Fixed assets are stated at cost with the exception that freehold property is stated at an open market valuation made on 30 September 1996.

Depreciation, calculated on the cost or valuation of fixed assets, less estimated residual value, is provided on a straight line basis over their expected useful lives at the following rates:

	% per annum
Freehold land	Nil
Freehold buildings	2
Leasehold properties	over the lease period
Plant and equipment	10
Fixtures and fittings	10
Computers	25
Motor vehicles	20

Goodwill

Purchased goodwill is amortised over 10 years on a straight-line basis.

Notes to financial statements for the year ended 31 March 2003

1. Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes an appropriate proportion of manufacturing overheads.

Research and development

Research and development expenditure is written off as incurred.

Leases

Assets acquired under hire purchase contracts are capitalised and depreciated over their estimated useful lives in accordance with the relevant depreciation policy. Future instalments under such contracts, net of finance charges, are included within creditors. The interest element of the obligation is allocated to accounting periods during the contract term on a straight-line basis.

Rental income and charges arising from operating leases are taken to the profit and loss account on a straight-line basis over the life of the lease.

Pensions

The Company contributes to money purchase personal pension plans for senior employees. Charges in respect of the plans are made to the profit and loss account in the year in which they fall due.

Currency translation

Assets and liabilities expressed in currencies other than sterling are translated at the rates of exchange ruling at the balance sheet date. Gains or losses arising from exchange differences are taken to the profit and loss account.

2. Turnover

The turnover and pre-tax loss are wholly attributable to the Group's principal activity, the creation and manufacture of toiletries and fragrances.

The geographical analysis of turnover by destination is as follows:

	Group	
	2003	*2002*
	£000	*£000*
United Kingdom	3,629	3,981
Europe	46	181
North America	102	138
Asia	52	60
Australasia	17	42
Rest of World	—	19
	3,846	4,421

Notes to financial statements for the year ended 31 March 2003

3. Analyses of Continuing Operations and Acquisitions

	2003			*2002*
	Continuing operations	*Acquisitions*	*Total*	*Total*
	£000	*£000*	*£000*	*£000*
Turnover	3,480	366	3,846	4,421
Cost of Sales	(2,046)	(157)	(2,203)	(2,892)
Gross Profit	1,434	209	1,643	1,529
Operating expenses	(1,553)	(133)	(1,686)	(1,682)
Other operating income	20	—	20	75
Total operating expenses	(1,533)	(133)	(1,666)	(1,607)
Operating profit / (loss)	(99)	76	(23)	(78)

Total results for the year ended 31 March 2002 were all in respect of continuing operations.

4. Operating loss

Operating loss is stated after charging:

	2003	*2002*
	£000	*£000*
Auditor's remuneration		
– audit	19	17
– non audit	—	3
Depreciation		
– owned assets	216	246
– leased assets	5	—
Operating lease rentals		
– plant and machinery	13	17
– buildings	20	—

5. Staff costs (including directors' remuneration)

Average number of employees

	2003	*2002*
	No	*No*
Management	5	7
Administration	7	10
Production	43	40
	55	57

	£000	*£000*
Wages and salaries	1,002	938
Social security costs	79	95
Pension contributions	6	9
	1,087	1,042

Notes to financial statements for the year ended 31 March 2003

6. Directors' remuneration

	2003 *£000*	*2002* *£000*
Salaries	76	31

Details of directors' emoluments, options issued and outstanding options are set out in the report on directors' remuneration.

7. Net Interest payable

	2003 *£000*	*2002* *£000*
On bank loans, overdrafts and other loans wholly repayable within five years	58	68
On hire purchase contracts	2	3
	60	71
Bank interest receivable	(1)	—
Other interest receivable	—	(1)
	59	70

8. Taxation

	2003 *£000*	*2002* *£000*
Current tax charge	—	—
Factors affecting the tax charge for the year		
(Loss) on ordinary activities before taxation	(82)	(148)
(Loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2002: 30%)	(25)	(44)
Effects of:		
Depreciation	66	73
Non-deductible expenses	1	1
Capital allowances	(10)	(11)
Tax losses utilised	(32)	(19)
	25	44
Current tax charge	—	—

9. Basic Loss per share

The calculation of the undiluted loss per share figure has been based on the loss after taxation of £82,000 (2002: £148,000) and 54,275,876 (2002: 52,158,719) ordinary shares, the weighted average number of shares in issue during the period. The calculation of the diluted loss per share is based on the basic loss per share, adjusted for the issue of shares on the assumed exercise of all dilutive options.

Notes to financial statements for the year ended 31 March 2003

10. Tangible fixed assets

Group

	Freehold land and buildings £000	*Plant equipment fixtures and motor vehicles £000*	*Total £000*
Cost or valuation			
At 1 April 2002	1,331	4,433	5,764
Additions	—	150	150
Disposals	(—)	(122)	(122)
At 31 March 2003	1,331	4,461	5,792
Depreciation			
At 1 April 2002	104	3,765	3,869
Charge for year	26	195	221
Disposals	(—)	(111)	(111)
At 31 March 2003	130	3,849	3,979
Net book value			
At 31 March 2003	1,201	612	1,813
At 31 March 2002	1,227	668	1,895

Freehold land and buildings were valued at open market value with vacant possession on 30 September 1996 by Stiles Harold Williams, a firm of independent consultant surveyors and valuers in accordance with the RICS Statements of Asset Valuation Practice and Guidance Notes.

Included within plant, equipment, fixtures and motor vehicles are assets held under hire purchase contracts with a net book value of £9,993 (2002: £32,265) on which £4,996 depreciation has been charged during the year (2002: £10,494).

Company

	Freehold land and buildings £000	*Plant equipment fixtures and motor vehicles £000*	*Total £000*
Cost or valuation			
At 1 April 2002	1,331	4,433	5,764
Additions	—	4	4
Disposals	(—)	(122)	(122)
At 31 March 2003	1,331	4,315	5,646
Depreciation			
At 1 April 2002	104	3,765	3,869
Charge for year	26	192	218
Disposals	(—)	(111)	(111)
At 31 March 2003	130	3,846	3,976
Net book value			
At 31 March 2003	1,201	469	1,670
At 31 March 2002	1,227	668	1,895

Notes to financial statements for the year ended 31 March 2003

10. Tangible fixed assets (continued)

If the freehold land and buildings had not been revalued, their amounts would have been:

	Group *£000*	*Company* *£000*
Cost		
At 1 April 2002 and at 31 March 2003	1,765	1,999
Depreciation based on cost		
At 1 April 2002	690	744
Charge for year	26	26
Disposal	—	—
At 31 March 2003	716	770
Historical cost book value		
At 31 March 2003	1,049	1,229
At 31 March 2002	1,075	1,255

Freehold land which is included above and amounts to £496,000 (2002: £496,000) has not been depreciated in the year.

11. Intangible fixed assets

	Licences *£000*	*Goodwill* *£000*
Cost		
At 1 April 2002	—	—
Additions	15	345
At 31 March 2003	15	345
Amortisation		
At 1 April 2002	—	—
Charge for year	2	—
At 31 March 2003	2	—
Net book value		
At 31 March 2003	13	345
At 31 March 2002	—	—

The additions to Licences in the year relate to the acquisition of various formulations.

The additions to Goodwill relate to the acquisition of the Potter & Moore Brands and Intellectual Property Rights on 7 March 2003. Due to the proximity of the acquisition to the year end and the immaterial amount involved, no amortisation charge has been made in the year to 31 March 2003.

12. Fixed asset investments

The Company owns the entire issued ordinary share capital of Potter & Moore Innovations Ltd (formerly Abbots 304 Ltd), Dalton Young Products Ltd, St James Perfumery Co Ltd, Crestol Ltd, The Haircare Studio Ltd, The Real Shaving Company Ltd (formerly Suavis Ltd) and Creighton's Naturally Ltd. These undertakings are registered in England and Wales and as at 31 March 2003, with the exception of Potter & Moore Innovations Ltd, all of them were dormant.

Notes to financial statements for the year ended 31 March 2003

13. Stocks

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Raw materials and containers	425	465	276	465
Bulk preparation	40	77	40	77
Finished goods	182	103	152	103
	647	645	468	645

14. Debtors

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Trade debtors	1136	810	740	810
Unpaid share capital	—	70	—	70
Owed by subsidiary companies	—	—	107	—
Prepayments and accrued income	31	12	31	12
	1,167	892	878	892

15. Creditors – due within one year

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Bank overdraft	1,063	1,034	1,063	1,034
Loans	742	—	50	—
Trade creditors	305	652	330	652
HP contracts	4	16	4	16
Other creditors including tax and social security	223	191	129	191
Amounts due to subsidiary companies	—	—	35	35
Accruals and deferred income	248	60	140	60
	2,585	1,953	1,751	1,988

The overdraft is secured by a charge on the freehold property.

Loans include the following amounts advanced to the Company and to Potter & Moore Innovations Limited by directors or companies controlled by directors of the Company.

	Group		Company	
	2003	2002	2003	2002
	£000	£000	£000	£000
Mr BJM Johnson	50	—	50	—
Whiskin Limited	692	—	—	—
	742	—	50	—

The loan from Mr Johnson was made to the company on 27 March 2003 and was repaid on 22 April 2003. This loan was unsecured and interest-free. The loan from Whiskin Ltd, a company of which Mr McIlroy is a director and controlling shareholder, was advanced to Potter & Moore Innovations Ltd in stages between 7 March 2003 and 31 March 2003. This loan is unsecured and accrues interest at 10% per annum.

Notes to financial statements for the year ended 31 March 2003

16. Creditors – due after one year

	Group		*Company*	
	2003	*2002*	*2003*	*2002*
	£000	*£000*	*£000*	*£000*
HP contracts	4	20	4	20

Obligations under HP contracts fall due as follows:

	Group		*Company*	
	2003	*2002*	*2003*	*2002*
	£000	*£000*	*£000*	*£000*
Amounts payable within one year	4	16	4	16
Amounts payable in two to five years	—	4	—	4

17. Called up share capital

	Ordinary shares of 1p each			
	2003		*2002*	
	£000	*No*	*£000*	*No*
Authorised	1,223	122,346,000	1,223	122,346,000
Allotted and fully paid	543	54,275,876	517	51,691,307
Allotted and unpaid	—	—	26	2,584,569
	543	54,275,876	543	54,275,876

Details of the share options outstanding are given in note 21.

18. Reserves

Group

	Share premium account £000	*Capital redemption reserve £000*	*Capital reserve £000*	*Special reserve £000*	*Profit and loss account £000*
At 1 April 2002	1,229	18	7	13	(319)
Retained loss for the year	—	—	—	—	(82)
At 31 March 2003	1,229	18	7	13	(401)

Company

	Share premium account £000	*Capital redemption reserve £000*	*Capital reserve £000*	*Special reserve £000*	*Profit and loss account £000*
At 1 April 2002	1,229	18	—	1,441	(1,740)
Retained loss for the year	—	—	—	—	(153)
At 31 March 2003	1,229	18	—	1441	(1,893)

At 31 March 2003 cumulative goodwill written off amounts to £2,575,000 (2002: £2,575,000).

Notes to financial statements for the year ended 31 March 2003

18. Reserves (continued)

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.

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.

19. Reconciliation of movements in shareholders' funds

	Group		*Company*	
	2003	*2002*	*2003*	*2002*
	£000	*£000*	*£000*	*£000*
Loss for the financial year	(82)	(148)	(153)	(148)
Issue of new shares	—	70	—	70
	(82)	(78)	(153)	(78)
At 1 April 2002	1,491	1,569	1,491	1,569
At 31 March 2003	1,409	1,491	1,338	1,491

20. Pension scheme

The Company and its principal trading subsidiary contribute to money purchase personal pension plans for senior employees. Charges in respect of the plans are made to the profit and loss account in the year in which they fall. Pension costs in the year amounted to £5,908 (2002: £8,458). There were no contributions prepaid or outstanding at the year end (2002: £Nil).

21. Share option scheme

The current share option scheme adopted on 27 October 1998 is open to any full time director or employee of the group. Options granted under the scheme are for nil consideration, and there is a limit to the aggregate subscription price of options under all schemes that may be granted to any one participant. Share options are normally exercisable between three and seven years from their date of grant, subject to specific company share price targets being achieved.

Date of grant of option	*Number of Ordinary shares*	*Period of exercise*	*Price*
February 2003	3,582,203	Feb 2006 to Feb 2010	2.75p

At 31 March 2003 the following options were outstanding under a previous scheme, although their exercise period has since lapsed:

Date of grant of option	*Number of Ordinary shares*	*Period of exercise*	*Price*
1986 approved scheme			
May 1992	2,500	May 1995 to May 2003	235p

Notes to financial statements for the year ended 31 March 2003

22. Operating Lease commitments

At 31 March 2003 there were annual commitments under operating leases as follows:

	2003 Land & Buildings		*2002 Land & Buildings*	
	Group	*Company*	*Group*	*Company*
	£000	*£000*	*£000*	*£000*
Payments due within one year for leases expiring				
Within one year	—	—	—	—
Between one and five years	155	—	—	—

23. Financial instruments

The financial instruments used by the group comprise cash resources, loans and bank overdrafts, hire purchase agreements and short term debtors and creditors arising from normal trading activities.

(a) *Interest rate risk*

Interest rate risk profile of financial liabilities, excluding short term debtors and creditors:

	Floating rate liabilities	*Fixed rate liabilities*
	£000	*£000*
Sterling	1,069	4

The maturity of financial liabilities is detailed in notes 15 and 16.

(b) *Currency risk*

The company trades only in Sterling and is not exposed to currency fluctuations.

(c) *Fair values*

The fair values of financial assets and liabilities are considered to be materially equivalent to their book value.

24. Reconciliation of operating loss to operating cash flows

	2003	*2002*
	£000	*£000*
Operating loss	(23)	(78)
Depreciation charges	221	246
Amortisation of intangible fixed assets	2	—
(Profit) on disposal of fixed assets	(3)	—
(Increase) in stocks	(2)	(66)
(Increase) in debtors	(275)	(96)
(Decrease) in creditors	(127)	(300)
Net cash (outflow) from operating activities	(207)	(294)

Notes to financial statements for the year ended 31 March 2003

25. Gross cash flows

	2003 £000	2002 £000
Returns on investments and servicing of finance		
Interest received	1	1
Interest paid	(58)	(60)
Interest element of HP payments	(2)	(11)
Net cash (outflow) for returns on investments and servicing of finance	(59)	(70)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(150)	(53)
Purchase of intangible fixed assets	(360)	—
Sale of property	—	1,240
Sale of other tangible fixed assets	14	3
Net cash (outflow)/inflow from capital expenditure and financial investments	(496)	1,190
Financing		
Issue of ordinary share capital	—	70
Loans	742	—
Repayment of amounts borrowed	—	(410)
Capital element of HP payments	(16)	(15)
Net cash inflow/(outflow) from financing	726	(355)

26. Analysis of changes in net debt

	At 31 March 2002 £000	Cash flows £000	At 31 March 2003 £000
Cash at bank and in hand	16	(7)	9
Overdrafts	(1,034)	(29)	(1,063)
	(1,018)	(36)	(1,054)
Debt due within one year	—	(742)	(742)
HP contracts	(20)	16	(4)
	(20)	(726)	(746)
Net debt	(1,038)	(762)	(1,800)

27. Parent Company's profit and loss

As permitted by section 230(4) of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements and its loss for the financial year amounted to £153,000 (2002: £48,000).

Notes to financial statements for the year ended 31 March 2003

28. Related Party Transactions

Loans were made during the year to the Company's wholly-owned subsidiary Potter & Moore Innovations Ltd by Whiskin Ltd, a company of which Mr McIlroy is a director and controlling shareholder. These loans, which are unsecured, were made in order that the Company and its subsidiary could meet initial costs incurred at Potter & Moore Innovations Ltd's commencement of trading, and to provide working capital for the purchase of trade goods and raw materials and for the payment of salaries. As at 31 March 2003, the amount outstanding on the loan account was £692,022. Interest accrues on the amount of the loan outstanding on a daily basis at 10% per annum.

During the year, Potter & Moore Innovations Ltd also purchased from Whiskin Ltd on an arms-length basis trade goods to the value of £102,830 and plant and equipment to the value of £145,700.

A loan of £50,000 was made by Mr Johnson to the Company on 27 March 2003 to provide the Company with additional working capital and was repaid on 22 April 2003. This loan was unsecured and interest-free.