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If you sell or transfer or have sold or transferred all of your Ordinary Shares, please forward this document, with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through or to whom the sale or transfer was effected for delivery to the purchaser or transferee. If you sell or transfer or have sold or otherwise transferred only part of your holding of Ordinary Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected as to the action you should take.

CRESTON PLC

*(Incorporated and registered in England and Wales under the Companies Acts 1908 to 1917
with registered number 210505)*

Proposed Acquisition of the Cooney/Waters Businesses and Notice of General Meeting

A Notice convening a General Meeting of the Company to be held at 12.00 p.m. on 15 December 2010 at the offices of Olswang LLP, 90 High Holborn, London, WC1V 6XX is set out at the end of this document. Whether or not you attend the General Meeting in person, please complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Company's Registrar no later than 12.00 p.m. on 13 December 2010, being 48 hours before the time appointed for the holding of the General Meeting.

No person has been authorised to give any information or make any representations other than those contained in the document and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

Investec Investment Banking, a division of Investec Bank plc, which is authorised and regulated by the Financial Services Authority, is acting for Creston plc and for no one else in connection with the Acquisition and will not be responsible to anyone other than Creston plc for providing the protections afforded to customers of Investec Investment Banking or for affording advice in relation to the Acquisition, the contents of this document or any transaction, arrangement or other matter referred to in this document.

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DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	David Grigson (<i>Non-executive Chairman</i>) Don Elgie (<i>Chief Executive Officer</i>) Barrie Brien (<i>Chief Operating and Financial Officer</i>) David Marshall (<i>Non-executive Director</i>) Andrew Dougal (<i>Non-executive Director</i>) Malcolm Wall (<i>Non-executive Director</i>)
Company Secretary	City Group P.L.C. 30 City Road London EC1Y 2AG
Registered Office	30 City Road London EC1Y 2AG
Sponsor and Stockbroker	Investec Bank plc 2 Gresham Street London EC2V 7QP
US Counsel	Davis & Gilbert LLP 1740 Broadway New York NY 10019
Solicitors	Olswang LLP 90 High Holborn London WC1V 6XX
Auditor and Reporting Accountants	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registrar	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2010

Announcement of the Acquisition	30 November
Latest time and date for receipt of Forms of Proxy for the General Meeting to approve the Acquisition	12.00 p.m. on 13 December
General Meeting to approve the Acquisition	12.00 p.m. on 15 December

Notes:

Future dates are indicative only and are subject to change by the Company, in which event details of the new times and dates will be notified to the Financial Services Authority and where appropriate Shareholders.

References to times in this document are to London time.

PART I

LETTER FROM THE CHAIRMAN OF CRESTON PLC

CRESTON PLC

(Incorporated and registered in England and Wales under registered number 210505)

Directors:

David Grigson *(Non-executive Chairman)*
Don Elgie *(Chief Executive Officer)*
Barrie Brien *(Chief Operating and Financial Officer)*
David Marshall *(Non-executive Director)*
Andrew Dougal *(Non-executive Director)*
Malcolm Wall *(Non-executive Director)*

Registered Office:

30 City Road
London
EC1Y 2AG

30 November 2010

To: All Shareholders and, for information only, holders of options

Dear Shareholder,

Proposed Acquisition of the Cooney/Waters Businesses

1. Introduction

On 30 November 2010, your Board announced that C Waters Acquisition and Alembic Acquisition, both US subsidiaries of Creston, had entered into a conditional agreement with Cooney/Waters to acquire substantially all of the assets and certain specified liabilities and the healthcare public relations business of Cooney/Waters and substantially all of the assets and certain specified liabilities and the healthcare advocacy business of Alembic Health, Cooney/Waters' wholly owned subsidiary (together the "Cooney/Waters Businesses"), both based in the United States of America, for a consideration of up to £19.5 million (\$30.8 million). £5.9 million (\$9.4 million) will be payable in cash on Closing and up to a maximum of £13.5 million (\$21.4 million) in additional earn-out cash consideration which will be payable in 2013 and 2015, such payments to be calculated by reference to the performance of the Cooney/Waters Businesses since the Closing Date.

The Acquisition is of sufficient size relative to that of the Group to constitute a Class 1 transaction under the Listing Rules and is therefore conditional upon, *inter alia*, the approval of Shareholders.

Your approval of the Acquisition is being sought at a General Meeting of the Company to be held at 12.00 p.m. on 15 December 2010 at the offices of Olswang LLP, 90 High Holborn, London, WC1V 6XX. A notice of the General Meeting containing the Resolution to be considered at the General Meeting is set out at the end of this document. A summary of the action you should take is set out in Section 9 of this letter and on the Form of Proxy that accompanies this document. If the Resolution is passed at the General Meeting on 15 December 2010, then Closing is expected to take place shortly thereafter.

The purpose of this document is (i) to provide you with information on the Acquisition, (ii) to explain the background to and reasons for the Acquisition and why the Board believes the Acquisition is in the best interests of Creston and its Shareholders as a whole and (iii) to recommend that you vote in favour of the Acquisition.

Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter.

2. Information on the Cooney/Waters Businesses

Formed in 1992 and based in New York, United States of America, Cooney/Waters is an independent healthcare communications agency with a track record of delivering award-winning campaigns to an international client base. With a staff of approximately 50 people, Cooney/Waters provides a full range of public relations and public affairs services across a number of therapeutic areas to healthcare, pharmaceutical and biotechnology enterprises throughout the world.

Within a broad health and medical communications offering, Cooney/Waters specialises in strategic marketing, public education, advocacy relations, professional outreach, health science communication, corporate reputation building and policy and issues management programmes.

The Cooney/Waters Group's clients range from government enterprises to industrial and non-profit organisations. Notable clients include Abbott Fund, the Coca-Cola Company, Purdue Pharma, Sanofi Pasteur and UCB, Inc.. The Cooney/Waters Businesses' top six clients by revenue accounted for approximately 96 per cent. of the total revenue generated in the year ended 31 December 2009. The Cooney/Waters Businesses' largest client, whom they have worked with for over 18 years, represented approximately 44 per cent. of total revenue in the same period. For this client, however, Cooney/Waters services ten separate accounts each of which has a separate budget holder. The Cooney/Waters Businesses' second largest client, which represented approximately 26 per cent. of total revenues over the same period, is an entity that has historically been funded by a number of pharmaceutical companies, one of whom is the Cooney/Waters Businesses' largest client. Cooney/Waters services eight separate accounts for this client.

For the year ended December 2009 the Cooney/Waters Businesses recorded revenue of \$12.3 million (£7.6 million), a loss before tax of \$0.9 million (£0.6 million) (which includes the payment of \$4.9 million (£3.0 million) relating to director emoluments, constituting annual salary and bonus payments (the latter representing the majority of the charge)) and gross assets of \$8.5 million (£5.3 million) at the period end. The Cooney/Waters Businesses' underlying operating margins are broadly in line with those of Creston's other healthcare agencies.

Cooney/Waters is one of the highest ranked independent healthcare PR agencies in the US by O'Dwyers, and in April 2010 was named Healthcare Agency of the Year by *The Holmes Report*, a leading communications industry publication.

Cooney/Waters' subsidiary Alembic Health represents approximately one third of the revenues of the Cooney/Waters Businesses. Alembic Health was formed in 2008 to specialise in health advocacy communications, informing public policy to advance public health. The Directors believe that the increasing complexity and evolving nature of healthcare policy and practice in the US and globally makes health advocacy an important area of growth for the Cooney/Waters business. Alembic Health, whilst wholly owned, operates separately from the other Cooney/Waters divisions. Recent notable campaigns include: working with the National Foundation for Infectious Diseases on comprehensive educational and promotional activities designed to increase awareness in the US among healthcare providers and consumers about the severity of influenza and the benefits of immunisation; and with the National Meningitis Association on a campaign across the US to raise awareness of meningococcal disease and reinforce the importance of vaccination.

Cooney/Waters has a history of working with Creston through Creston's subsidiary, Red Door Communications, which provides similar services and expertise of a similar calibre to international clients in the UK. Cooney/Waters' areas of expertise are closely aligned with those of Red Door Communications and the Directors believe the two businesses are culturally compatible. In 2008, the two companies (together with 6 others) formed The Health Collective Network, a multinational group of 10 specialist consultancies set up to develop and manage healthcare communication programmes across international markets. The

collaboration has resulted in a number of new international client opportunities for both firms including supporting medical and science communication and new programming in 2009 for Therakos Photopheresis (a Johnson & Johnson company).

3. Background to and reasons for the Acquisition

Since 2009 Creston has been investing in its Health division to complement its existing Insight and Communications divisions. The Directors believe that the acquisition of the Cooney/Waters Businesses will enhance strategically the Group's offering as well as providing a number of additional benefits. One key benefit of the Acquisition is the ability of the Cooney/Waters Businesses and Creston Health to share knowledge and expertise on the contrasting regulatory systems of Europe and the US, and the different approaches to pharmaceutical marketing that the Directors believe these systems require. By combining these skills, the Directors believe that the Enlarged Group will benefit from enhanced capabilities in healthcare communications. In addition, the Directors believe that there are both operational and synergistic benefits to be gained from the inclusion of the Cooney/Waters Businesses within the Group.

Since forming the Health division in April 2009, the existing Insight and Communications divisions have benefitted from its expertise in the field of healthcare communications. The division has continued to perform above management's expectations in a recessionary environment and a consolidating healthcare industry. In the financial year ended 31 March 2010, the Health division generated revenue growth of 5 per cent. whilst continuing to build its capabilities through the development of innovative new offerings in areas such as medical education, social media and digital marketing.

Whilst the Health division continues to benefit from commercial success in its domestic market, the Directors believe that in addition to raising the profile of the Health division, the Acquisition will create a specialist healthcare communications platform in the two key Western markets of the UK and the US, generating new business opportunities within both agencies and across the Enlarged Group. In addition, the Directors believe that the Acquisition will enable the Enlarged Group to capitalise on its innovative offering and to compete more efficiently and more effectively for global contracts.

This offering is seen as increasingly important in a consolidating industry where fewer, larger clients require both tailored, local solutions and global reach from their consultancies despite increasing economic pressures.

Accordingly, in line with Group strategy, the Directors believe that an international footprint in healthcare communications is necessary to deliver enhanced levels of growth in this rapidly evolving industry.

4. Principal terms of the Acquisition

- Under the terms of the Acquisition Agreement:
 - C Waters Acquisition has agreed to acquire substantially all of the business and assets of Cooney/Waters and certain specified assets of Alembic Health;
 - Alembic Acquisition has agreed to acquire substantially all of the business and assets of Alembic Health that are not directly acquired by C Waters Acquisition; and
 - C Waters Acquisition and Alembic Acquisition will assume certain specified liabilities. Liabilities not being assumed include US\$0.3 million (£0.2 million) of income tax liabilities and US \$1.0 million (£0.6 million) of other liabilities as detailed in note 3 of the Unaudited Pro Forma Statement of Net Assets in Part V of this document.

- The purchase price will be an amount up to US \$30,750,000 depending on the financial results of the Cooney/Waters Businesses, to be paid in three instalments.
- The first instalment of the purchase price is US \$9,360,000 and is payable on the Closing Date. The second instalment will be calculated by reference to a multiple of 3.5 times C Waters Acquisition and Alembic Acquisition's combined average annual earnings before interest and taxes during the period from the Closing Date to 31 March 2013 and will not exceed US \$10,000,000. The third and final instalment will be calculated by reference to a multiple of between 5.0 and 5.5 times C Waters Acquisition and Alembic Acquisition's combined average annual earnings before interest and taxes during the period from the Closing Date to 31 March 2015 and when aggregated with the first and second instalments will not exceed the overall cap on the purchase price of US \$30,750,000.
- Closing is conditional, *inter alia*, on the passing of the Resolution by the Shareholders, and Cooney/Waters and Alembic Health not having suffered any event which has a material adverse effect on the Cooney/Waters Businesses.
- The Acquisition Agreement contains a number of representations, warranties and indemnities which are customary for a transaction of this nature.
- Undertakings have been given by Cooney/Waters and Alembic Health that they will carry on business as normal until the Closing Date. Cooney/Waters and Alembic Health will ensure that the Cooney/Waters Businesses have a minimum aggregate cash balance of \$700,000 and net assets balance of US \$900,000 on Closing. In the event that either the cash balance is below \$700,000 or the net assets balance is below \$900,000 then C Waters Acquisition and Alembic Acquisition will be reimbursed by Cooney/Waters and Alembic Health for the shortfall. Where either there is excess cash over \$700,000 or excess net assets over \$900,000 then such excess will become payable to Cooney/Waters and Alembic Health with any payment capped at \$3,400,000, such payment being funded by the excess cash balance acquired.
- Creston has agreed to guarantee the obligations of C Waters Acquisition and Alembic Acquisition to pay the purchase price and to indemnify Cooney/Waters and Alembic Health in the case of a breach of warranty or covenant by C Waters Acquisition or Alembic Acquisition.

The principal terms of the Acquisition Agreement are set out in more detail in Part II of this document.

5. Directors, management and employees of the Cooney/Waters Businesses

Creston attaches great importance to the skills and experience of the long serving existing management and employees of the Cooney/Waters Businesses. Lenore Cooney, founder and Chief Executive Officer, and each of the key individuals of the Cooney/Waters Businesses (detailed in paragraph 4 of Part VII) have agreed to enter into new employment contracts with C Waters Acquisition and Alembic Acquisition subsequent to Closing. In addition, under the terms of the Acquisition Agreement, C Waters Acquisition and Alembic Acquisition agreed to adopt an incentive plan under which they will pay up to \$4.3 million (£2.7 million) in cash to certain key employees of C Waters Acquisition and Alembic Acquisition (excluding Lenore Cooney) as an additional employment incentive. Payments under the plan will be calculated by reference to the earnings of the Cooney/Waters Businesses and paid in 2013 and 2016 to those participants who are still employees at that time. Any payments made to participants in 2013 will be capped at \$1,000,000 (£633,000) in aggregate and any payments made to participants in 2016 will be capped at \$3,250,000 (£2,057,000) in aggregate. The estimated total amount payable to key employees under the incentive plan is \$3,025,000 (£1,915,000) (which the Directors believe currently represents the most likely amount to be paid) and is included as an adjustment to 'Trade and other payables' within non-current liabilities in the

unaudited pro forma statement of net assets for the Group set out in Part V of this document. Directors of Creston may not participate in the plan.

Upon Completion, it is intended that Timothy Bird (Executive Vice President and General Manager of Cooney/Waters) will join the Creston Health management committee to enable the Enlarged Group to exploit collaborative opportunities in client accounts and service offerings.

6. Financial effects of the Acquisition on the Group

The Board believes that the Acquisition will be earnings enhancing for the Enlarged Group in the first full financial year following Closing. This statement is not meant or intended to be a profit forecast, and should not be interpreted to mean that the earnings per share of Creston following the Acquisition will necessarily match or exceed the historical published earnings per share.

The table below summarises the financial performance of Cooney/Waters for the three years ended 31 December 2009, which has been extracted without material adjustment from the information contained in Part IV of this document:

<i>Year ended 31 December</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Revenue	10,105	10,239	12,329
Profit/(Loss) before interest and taxation	1,442	1,056	(934)
Profit/(Loss) for the year	1,510	969	(1,091)
Gross assets	6,704	8,686	8,456

The loss before interest and tax for the year ended 31 December 2009 of \$0.9 million was significantly less than the profits recorded in the two preceding years ended 31 December 2007 and 31 December 2008, primarily as a result of the \$4.9 million of director emoluments (2007: \$1.5 million; 2008: \$1.8 million) paid by Cooney/Waters during the period.

The initial payment of £5.9 million (\$9.4 million), payable on Closing, will be funded from Creston's existing £25 million committed bank facilities which at 30 September 2010 were undrawn. It is anticipated that the future consideration payments will be funded by the Enlarged Group's future operating cash flows. The Directors believe that the Enlarged Group will be able to obtain tax relief in the US on the majority of the consideration payments over 15 years.

At 30 September 2010 the Group had net assets of £95.4 million and net cash of £0.2 million. Following the Acquisition, the pro forma net assets of the Enlarged Group as at 30 September 2010 would have been £92.7 million and pro forma net debt of £2.4 million. If the estimated contingent deferred consideration liabilities, which are due over the next five years, of £8.9 million are included (which the Directors believe currently represents the most likely amount to be paid), the pro forma net debt increases to £11.3 million. The above pro forma net assets, net cash and net debt figures in this paragraph 6 have been extracted from the unaudited pro forma statement of net assets for the Group set out in Part V of this document. The Board remains committed to controlling the Enlarged Group's net debt position and ensuring the Acquisition's impact on the Enlarged Group does not exceed the gearing levels previously set by the Board.

7. Current trading and prospects

On 30 November 2010 the Group announced its interim results for the six months ended 30 September 2010. This announcement contained the following statement:

"After a particularly strong revenue performance in the first half of the year, there is positive momentum across the Group and the new business pipeline remains active. During the second

half, anticipated new business wins are expected to offset tightening public sector research and marketing budgets which, although minimal, will have some impact on the Group.

Our second half is traditionally our strongest period. With continuing new business successes, the upside from investments in the first half and the proposed acquisition of Cooney/Waters, we believe we are well positioned for the period ahead.”

8. Risk factors

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Resolution please refer to Part III of this document.

9. Action to be taken

Please vote on the resolution to be proposed at the General Meeting electronically or by post or by attending the General Meeting in person or by proxy.

Electronically: if you are a corporate or individual member of CREST, please vote through CREST in accordance with the procedures set out in the CREST Manual. Other Shareholders can vote electronically by logging in at www.capitashareportal.com and following the on-screen instructions. If you have not previously registered to use the Shareholder Portal you will need to do so first; you will require your Investor Code (“IVC”) which is printed on the enclosed Form of Proxy. Your vote must be received before 12.00 p.m. on 13 December 2010.

By post: please complete and return the enclosed postage prepaid Form of Proxy card by post or in person so that it is received by Capita Registrars, the Company’s Registrar, at PXS, 34 Beckenham Road, Beckenham, BR3 4TU as soon as possible and in any event by 12.00 p.m. on 13 December 2010.

In person: please attend the General Meeting at 12.00 p.m. on 15 December 2010 at the offices of Olswang LLP, 90 High Holborn, London, WC1V 6XX or send your duly appointed proxy to vote for you.

Full details of how to vote or appoint a proxy to vote for you are set out in the Notice of General Meeting on pages 53 to 55 of this document. The completion of your Form of Proxy or electronic vote will not preclude you from attending the meeting in person. Even if you attend the meeting, please complete and return a Form of Proxy or vote electronically. A proxy need not be a member of the Company.

10. Further information

Your attention is drawn to the further information set out in Part VII of this document.

11. Recommendation

The Board, who has received financial advice from Investec, is of the opinion that the Acquisition is in the best interests of the Company and Shareholders as a whole. In providing advice to the Board, Investec has taken into account the Board’s commercial assessments.

Accordingly, the Board unanimously recommends that you vote in favour of the Resolution to be proposed at the General Meeting, as the Directors who are interested in shares intend to do in respect of their own beneficial holdings, which amount in aggregate to 2,277,821 Ordinary Shares and represent approximately 3.71 per cent. of Creston’s issued share capital as at 29 November 2010 (the latest practicable date prior to publication of this document).

Yours faithfully,

David Grigson
Non-executive Chairman
30 November 2010

PART II

PRINCIPAL TERMS OF THE ACQUISITION AGREEMENT

The Acquisition Agreement was entered into on 29 November between: Cooney/Waters; Cooney/Waters' wholly-owned subsidiary, Alembic Health; Lenore Cooney, the sole shareholder of Cooney/Waters; C Waters Acquisition; Alembic Acquisition; and Creston, as guarantor of C Waters Acquisition and Alembic Acquisition.

The Acquisition Agreement is conditional on the passing of the Resolution by the Shareholders and certain other conditions set out in paragraph 1.9 below.

1.1 Assets Acquired

Under the terms of the Acquisition Agreement C Waters Acquisition will acquire substantially all of the business and assets of Cooney/Waters and certain specified assets of Alembic Health and Alembic Acquisition will acquire substantially all of the business and assets of Alembic Health that are not directly acquired by C Waters Acquisition. Liabilities not being assumed include US \$0.3 million (£0.2 million) of income tax liabilities and US \$1.0 million (£0.6 million) of other liabilities as detailed in note 3 of the Unaudited Pro Forma Statement of Net Assets in Part V of this document. Each of C Waters Acquisition and Alembic Acquisition will assume only those liabilities which have been specifically disclosed in the Acquisition Agreement. All other liabilities of Cooney/Waters and Alembic Health, including tax liabilities and liabilities arising prior to Closing, will be retained by Cooney/Waters and Alembic Health.

1.2 Purchase Price

The purchase price for the Acquisition will be an amount of up to US \$30,750,000 and will be paid in cash in three instalments.

On the Closing Date, C Waters Acquisition and Alembic Acquisition will pay in aggregate the sum of US \$9,360,000 to Cooney/Waters and Alembic Health.

The second instalment of the purchase price will be an amount equal to 3.5 times C Waters Acquisition and Alembic Acquisition's average annual combined earnings before interest and taxes ("EBIT") during the period commencing on the Closing Date and ending on 31 March 2013 less the \$9,360,000 initial instalment. The second instalment is payable within 15 business days of agreement by C Waters Acquisition and Alembic Acquisition and Cooney/Waters of C Waters Acquisition and Alembic Acquisition's financial results for the year ended 31 March 2013. The maximum amount payable under the second instalment will not exceed US \$10,000,000.

The third and final instalment of the purchase price will be an amount equal to the difference between (A) the product of the combined average annual EBIT of C Waters Acquisition and Alembic Acquisition during the period from the Closing Date to 31 March 2015, multiplied by an applicable multiple of between 5 and 5.5 (which will be determined based upon the growth rate of the business) less (B) the sum of the \$9,360,000 initial purchase price instalment, and the second instalment. The third instalment is payable within 15 business days of agreement by C Waters Acquisition and Alembic Acquisition and Cooney/Waters of C Waters Acquisition and Alembic Acquisition's financial results for the year ended 31 March 2015 and will be calculated based upon C Waters Acquisition and Alembic Acquisition's average annual combined EBIT during the period commencing on the Closing Date and ending on 31 March 2015. The maximum amount payable under the third instalment will not exceed such sum as, when aggregated with the first and second instalment of the purchase price, does not exceed the overall cap on the purchase price of US \$30,750,000.

Cooney/Waters and Alembic Health will ensure that the Cooney/Waters Businesses have minimum net assets of US \$900,000 and a minimum aggregate cash balance of US \$700,000 on Closing.

1.3 Representations, warranties and indemnities

Cooney/Waters, Alembic Health and Lenore Cooney have given a number of representations, warranties and indemnities which are customary for a transaction of this nature.

These warranties include, without limitation, warranties relating to the power and ability to enter into the Acquisition Agreement, the ownership of, and the ability to sell the assets that are being transferred under the Acquisition Agreement, accounts and financial matters, contracts, legal and regulatory matters, litigation, intellectual property and information technology matters, employees, employee benefit matters, taxation and real estate matters. Each of Cooney/Waters, Alembic Health and Lenore Cooney have agreed to indemnify C Waters Acquisition and Alembic Acquisition, on a joint and several basis, against all losses, and to pay their reasonable legal expenses, arising from a breach of these warranties.

These warranties will survive Closing but are subject to time limits so that written notice must be provided of any claim (other than any claim which is a consequence of fraud or willful concealment) before the date falling two and half years after the Closing Date, other than claims for certain warranties, including those relating to authority, taxes and employment benefit matters which are subject to the applicable statute of limitations in New York (which is typically six years for contract claims).

The aggregate liability of Lenore Cooney for all warranty claims will not exceed the aggregate proceeds that she receives from the transaction. There is no financial limit on the indemnification obligations of Cooney/Waters or Alembic Health. None of Cooney/Waters, Alembic Health or Lenore Cooney will have liability for any warranty claim (excluding claims in respect of certain warranty claims such as those relating to authority, taxes or employment benefit matters) unless and until warranty claims exceed US \$50,000 in aggregate, in which case Cooney/Waters, Alembic Health and Lenore Cooney will be liable for the excess over US \$50,000.

Each of C Waters Acquisition and Alembic Acquisition will be permitted to set off any obligation to pay future installments of the purchase price to Cooney/Waters and Alembic Health against any sums owing to them by Cooney/Waters, Alembic Health or Lenore Cooney.

C Waters Acquisition and Alembic Acquisition have given customary representations, warranties and indemnities as to their good standing and ability to enter into the Acquisition Agreement.

1.4 Undertakings

Each of Cooney/Waters and Alembic Health has undertaken that during the period from the execution of the Acquisition Agreement until the Closing Date, they will carry on the Cooney/Waters Businesses in the normal course. In addition, during this period, Cooney/Waters and Alembic Health have agreed that they will not enter into any negotiations with or solicit any offers from third parties to acquire an interest in the Cooney/Waters Businesses.

1.5 Restrictive Covenant Agreement

Lenore Cooney, as the sole shareholder of Cooney/Waters, has entered into a restrictive covenant agreement with C Waters Acquisition and Alembic Acquisition under which she has agreed that, for a period of five years following Closing or two years following termination of her employment with C Waters Acquisition and Alembic Acquisition (whichever is later), she

will not engage or be interested in any business that competes with C Waters Acquisition or Alembic Acquisition.

1.6 Creston Guarantee

Under the terms of the Acquisition Agreement, Creston has agreed to guarantee all obligations of C Waters Acquisition and the Alembic Acquisition to pay the purchase price and to indemnify Cooney/Waters and Alembic Health on breach of warranty or on any failure to comply with the terms of the Acquisition Agreement.

1.7 Termination

The Acquisition Agreement will automatically terminate in the event the Shareholders do not pass the Resolution.

In addition, the Acquisition Agreement, may, at or prior to the Closing Date, be terminated:

- (i) by mutual consent of C Waters Acquisition and Alembic Acquisition and Cooney/Waters,
- (ii) by written notice given by C Waters Acquisition and Alembic Acquisition, if before Closing Cooney/Waters, Alembic Health or Lenore Cooney is in material breach of any of their respective undertakings, including the obligation that Cooney/Waters and Alembic Health operate the Cooney/Waters Businesses in the normal course, and such breach, if capable of remedy, is not remedied within five days of receipt of written notice, or
- (iii) by written notice given by Cooney/Waters or Alembic Health if C Waters Acquisition or Alembic Acquisition is in material breach of any of their respective obligations, and such breach, if capable of remedy, is not remedied within five days of receipt of written notice.

1.8 Condition to Close

Cooney/Waters and Alembic Health's obligation to complete the Acquisition is conditional on the passing of the Resolution. C Waters Acquisition and Alembic Acquisition's obligation to complete the Acquisition is conditional on the passing of the Resolution and certain other customary conditions, including the condition that Cooney/Waters and Alembic Health shall not have suffered any event that alone or in the aggregate constitute a material adverse effect on their businesses.

1.9 Governing law

The Acquisition Agreement is governed by the law of the State of New York of the United States of America.

PART III

RISK FACTORS

This Part III addresses the risks known to Creston and the Directors to which the Group, the Acquisition and the Cooney/Waters Businesses are exposed, which could materially and adversely affect the business, results of operations, financial condition, turnover, profits and assets of the Group, the Enlarged Group and the Cooney/Waters Businesses, as appropriate. In such cases, the market price of the Ordinary Shares may decline and investors may lose all or part of their investment. Prior to voting on the Acquisition, Shareholders should consider these risks fully and carefully, together with all other information set out in this document.

Additional risks and uncertainties currently unknown to the Group and the Directors, or which the Group and the Directors currently deem immaterial, may also have an adverse effect on the financial condition or business of the Group and/or the Enlarged Group and/or the Cooney/Waters Businesses.

The Directors consider the following risks to be the most significant for investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in order of priority.

1. Risks related to the Acquisition

1.1 Pre-Closing changes in the Cooney/Waters Businesses

During the period from signing of the Acquisition Agreement on 29 November 2010 to Closing, events or developments may occur which could make the terms of the Acquisition Agreement less attractive for Creston. C Waters Acquisition and Alembic Acquisition may be required to complete the Acquisition notwithstanding such events or developments. This may have an adverse effect on the business, financial condition and results of operations of the Group.

1.2 Conditions and transaction costs

Closing of the Acquisition Agreement is conditional upon, *inter alia*, the approval of Shareholders (see paragraph 1.8 of Part II of this document for a summary of the conditions). There can be no assurance that this condition will be satisfied and that Closing will take place. In the event Shareholders do not approve the Resolution, the Acquisition will not be completed. Shareholders should be aware that the Company will be required to pay certain transaction fees and costs amounting to approximately £650,000, even if the Acquisition is not approved or does not otherwise complete. In these circumstances, these costs would reduce the level of cash within Creston's business.

1.3 Currency risk associated to the Acquisition

Creston is exposed to a currency risk arising from the potential difference between the US Dollar/Sterling exchange rate at Closing and that upon the first earn-out consideration installment in 2013 and the second such installment in 2015. While in part mitigated by the natural hedge arising from the expected profits generated by the Cooney/Waters Businesses in the performance periods to March 2013 and March 2015 held in US Dollars, there is a risk that significantly divergent exchange rates over the above mentioned periods could have a negative effect on the Enlarged Group's financial condition. As the consideration is payable in US Dollars, if Sterling weakens against the US Dollar in the periods to March 2013 and March 2015, Creston will need to pay a greater level of Sterling to satisfy the US Dollar earn-out consideration.

1.4 Material adverse change

Completion of the Acquisition is conditional, *inter alia*, on the confirmation that the Cooney/Waters Businesses shall not have suffered any event that alone or in the aggregate

constitute a material adverse change. If such an adverse change does occur in the period to Closing, Creston may decide to terminate the Acquisition but will be required to pay certain transaction fees and costs. In this circumstance, similar to 1.2 above, these costs would reduce the level of cash within Creston's business.

1.5 *Difficulties integrating the Acquisition*

The Cooney/Waters Businesses' accounting and financial reporting systems and procedures are not currently of a standard comparable with Creston and as such they will need to be updated and the business fully integrated with those of Creston. There is a risk that this integration could take longer than expected which may impact the profitability of the Enlarged Group. In addition to the expected operational benefits of the Acquisition, Creston believes that it can achieve synergistic benefits. There is a risk that such benefits will fail to materialise, or that they may be lower than have been previously estimated, which may also impact the profitability of the Enlarged Group. The process for the integration of the Cooney/Waters Businesses' operations is expected to commence immediately on Completion of the Acquisition.

1.6 *Dependency on key executives and certain employees*

The Directors believe that the operational benefits to be derived from integrating the Cooney/Waters Businesses into the Group depends on the services of certain of its sales, marketing and management personnel. The loss of the services of any of these persons could have a material adverse effect on the Enlarged Group's business, results of operations and financial condition. The Directors believe that the Enlarged Group's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified sales, marketing and management personnel. Competition for such personnel can be intense, and the Enlarged Group cannot give assurances that it will be able to attract or retain highly qualified sales, marketing and management personnel in the future. The Enlarged Group's inability to attract and retain the necessary technical, sales, marketing and management personnel may adversely affect its future growth and profitability. It may be necessary for the Enlarged Group to increase the level of remuneration paid to existing or new employees to such a degree that its operating expenses could be materially increased.

1.7 *Dependency on key clients*

The Cooney/Waters Businesses' top six clients by revenue accounted for approximately 96 per cent. of the total revenue generated in the year ended 31 December 2009. The Cooney/Waters Businesses' largest client, whom they have worked with for over 18 years, represented approximately 44 per cent. of total revenue in the same period. For this client, however, Cooney/Waters service ten separate accounts each of whom has a separate budget holder. The Cooney/Waters Businesses' second largest client, which represented approximately 26 per cent. of total revenues over the same period, is an entity that has historically been funded by a number of pharmaceutical companies, one of whom is the Cooney/Waters Businesses' largest client. Cooney/Waters services eight separate accounts for this client. If any of these top six clients were to terminate existing contracts or cease the using the services provided by the Cooney/Waters Businesses, then this could have an adverse effect on the financial performance of the Cooney/Waters Businesses.

2. Risks related to the Enlarged Group's business

2.1 *Technology/Industry standards change*

The markets for the Enlarged Group's services are characterised by rapidly changing technology, evolving industry standards and increasingly sophisticated customer requirements. Changing customer requirements and the introduction of services embodying new technology and the emergence of new industry standards may render the Enlarged

Group's existing services obsolete and unmarketable and may exert downward pressure on the pricing of existing services. It is critical to the success of the Enlarged Group that it is able to anticipate changes in technology or in industry standards and to successfully develop and introduce new, enhanced and competitive services on a timely basis. The Enlarged Group cannot give assurances that it will successfully develop new services or enhance and improve its existing services or that new services and enhanced and improved existing services will achieve market acceptance or that the introduction of new services or enhancing existing services by others, or changing customer requirements, will not render the Enlarged Group's services obsolete. The Enlarged Group's potential inability to develop services that are competitive in technology and price and that meet customer needs could have a material adverse effect on the Enlarged Group's business, financial condition or results of operations.

2.2 Growth management

The Directors anticipate that further significant expansion of its operations will be required to address the anticipated growth in the markets in which the Enlarged Group will operate. The Enlarged Group's future success will depend in part on its ability to manage this anticipated expansion. Such expansion is expected to place significant demands on management, support functions, sales and marketing and other resources. If the Enlarged Group is unable to manage its expansion effectively, its business and financial results could suffer.

2.3 Dependence upon key intellectual property

The Enlarged Group's success depends in part on its ability to protect its rights in its intellectual property. The Enlarged Group relies upon various intellectual property protections, including copyright, trademarks, trade secrets and contractual provisions, to preserve its intellectual property rights. Despite these precautions, it may be possible for third parties to obtain and use the Enlarged Group's intellectual property without its authorisation.

Enforcing intellectual property rights can be difficult and expensive. To protect the Enlarged Group's intellectual property, the Enlarged Group may become involved in litigation which, even if successful, could result in substantial expense, divert the attention of its management, cause significant delays, materially disrupt the conduct of the Enlarged Group's business or adversely affect its revenue, financial condition and result of operations.

2.4 System Failures and Breaches of Security

The successful operation of the Enlarged Group's business depends upon maintaining the integrity of the Enlarged Group's computer, communication and information technology systems. However, these systems and operations are vulnerable to damage, breakdown or interruption from events which are beyond the Enlarged Group's control, such as fire, flood and other natural disasters; power loss or telecommunications or data network failures; improper or negligent operation of the Enlarged Group's system by employees, or unauthorised physical or electronic access; and interruptions to internet system integrity generally, as a result of attacks by computer hackers or viruses or other types of security breaches. Any such damage or interruption could cause significant disruption to the operations of the Enlarged Group. This could be harmful to the Enlarged Group's business, financial condition and reputation and could deter current or potential customers from using its services.

There can be no guarantee that the Enlarged Group's security measures in relation to its computer, communication and information systems will protect it from all potential breaches of security, and any such breach of security could have an adverse effect on the Enlarged Group's business, results of operations and/or financial condition.

2.5 Financial resources

The Enlarged Group has sufficient capital to fund its organic growth opportunities for the next twelve months. Any growth and development beyond this envisaged organic growth over the

next twelve months may be reliant on its ability to access capital. If any additional equity fundraising was required, it might be dilutive for Shareholders and additional debt-based funding may bind the Enlarged Group to restrictive covenants and curb its operating activities. Whilst the Directors believe that the Enlarged Group has scope to further develop its business, there is no certainty that the anticipated growth will be realised.

2.6 Performance of the Cooney/Waters Businesses

Subsequent to completion of the Acquisition, certain factors may contribute to the performance of the Cooney/Waters Businesses not meeting the expectations of Creston's management. These factors include, *inter alia*, the potential termination of existing contracts with the Cooney/Waters Businesses by third parties, the loss of key staff within the Cooney/Waters Businesses and adverse changes in the competitive environment in which the Cooney/Waters Businesses operate. This may result in Creston's management being required to allocate additional time and cost to the ongoing supervision and development of the Cooney/Waters Businesses. This reallocation of resource may adversely affect the other companies within the Enlarged Group and therefore weaken both the financial position and trading performance of the Enlarged Group.

2.7 Forward-looking statements

Certain statements contained in this document may constitute forward-looking statements. Forward-looking statements include statements concerning the plan, objectives, goals, strategies and future operations and performance of the Enlarged Group and the assumptions underlying these forward-looking statements. The Enlarged Group uses the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "may", "might", "will", "should" and any similar expressions to identify forward-looking statements. Any such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Enlarged Group or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Enlarged Group will operate in the future. These forward-looking statements speak only as of the date of this document. The Enlarged Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein, save as required to comply with any legal or regulatory obligations under the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules, to reflect any change in the Enlarged Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. All subsequent written or oral forward-looking statements attributable to the Enlarged Group, or persons acting on behalf of the Enlarged Group, are expressly qualified in their entirety by the cautionary statements contained throughout this document. As a result of these risks, uncertainties and assumptions, Shareholders should not place undue reliance on these forward looking statements.

3. Risks related to general economic conditions and the markets in which the Enlarged Group will operate

3.1 Economic conditions and the current economic downturn

The Directors believe that the Enlarged Group could be sensitive to fluctuations in the UK, US and other international economies. The Enlarged Group's performance will depend, to a certain extent, on a number of factors outside the control of the Enlarged Group, including political and economic conditions. Factors which could indirectly affect the Enlarged Group's prospects could include, *inter alia*, gross domestic product growth, unemployment rate, consumer confidence, credit conditions, interest rates, taxation, regulatory changes, oil prices and terrorist attacks. Each of these factors could have an indirect adverse effect on the

financial performance of the Enlarged Group and any downturn in the general macro-economic situation could have a significant adverse effect on the Enlarged Group, its profits and share price.

3.2 *Currency risk*

The Enlarged Group is exposed to the impact of currency fluctuations on its commercial transactions denominated in foreign currencies and its purchases in sterling and US dollars of goods which are priced originally in foreign currencies. Exposures are primarily to the Euro and US dollar. Adverse exchange rate movements could have a negative effect on the Enlarged Group's business, financial condition, operating results or shareholder funds. Contracted transactional exposures are partly hedged by the Group. Forecast transactional exposures are reviewed and hedged by the Group on a case by case basis. Hedging is achieved using forward foreign exchange contracts.

3.3 *Interest rate fluctuations*

The Enlarged Group is exposed to changes in interest rates in terms of servicing its borrowing. The extent of any interest movements will be determined by economic and political factors and bank decisions outside the control of the Enlarged Group. If the interest rate increases, this may potentially increase the interest charge for the Enlarged Group.

3.4 *Changes in tax laws or regulations, or their respective interpretations*

The Enlarged Group is subject to the effect of future changes in tax legislation and practice in the United Kingdom and any other tax jurisdiction affecting the Company or any other company within the Enlarged Group and such changes could materially and adversely affect the Enlarged Group's ability to achieve its business objectives, decrease the post-tax returns to Shareholders, affect the taxation liabilities of Shareholders in relation to Ordinary Shares and limit the level of dividend the Company is able to pay.

3.5 *Competition*

The Directors believe that all of the Enlarged Group's main operating companies face significant competitors. Actions by existing competitors or new entrants may place pressure on the Enlarged Group's pricing, margins and profitability. The Directors believe that some of the Enlarged Group's competitors may have access to some or all of the following advantages: greater financial resources, greater purchasing economies and lower cost bases giving them a competitive advantage over the Enlarged Group. In response to a changing competitive environment and the actions of competitors, the Enlarged Group's businesses may from time to time make certain pricing, service or marketing decisions that could have a material effect on the revenues, results of operations and financial condition of the Enlarged Group.

PART IV

FINANCIAL INFORMATION RELATING TO COONEY/WATERS

(A) ACCOUNTANT'S REPORT ON THE FINANCIAL INFORMATION



PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

The Directors
Creston plc
16 Charles II Street
London
SW1Y 4QU

Investec Bank plc (the “**Sponsor**”)
2 Gresham Street
London
EC2V 7QP

30 November 2010

Dear Sirs

Cooney/Waters Inc. and its subsidiaries (the “Cooney/Waters Group”)

We report on the Cooney/Waters Group financial information set out in Part IV(B) below (the “**Financial Information**”). The Financial Information has been prepared for inclusion in the Circular dated 30 November 2010 (the “**Circular**”) of Creston plc (the “**Company**”) on the basis of the accounting policies set out in Note 2 to the Financial Information. This report is required by item 13.5.21R of the Listing Rules and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Financial Information gives a true and fair view, for the purposes of the Circular and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the Cooney/Waters Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 Information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Financial Information gives, for the purposes of the Circular dated 30 November 2010, a true and fair view of the state of affairs of the Cooney/Waters Group as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union and has been prepared in a form that is consistent with the accounting policies adopted in the Company's latest annual accounts.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

(B) FINANCIAL INFORMATION RELATING TO THE COONEY/WATERS GROUP

Consolidated Income Statements for the years ended 31 December 2007, 2008 and 2009

		2007	2008	2009
	Notes	\$'000	\$'000	\$'000
Turnover (Billings)		<u>15,339</u>	<u>14,855</u>	<u>17,063</u>
Revenue	4	10,105	10,239	12,329
Operating Costs	5	<u>(8,663)</u>	<u>(9,183)</u>	<u>(13,263)</u>
Profit/(loss) before finance income, finance costs and taxation	6	1,442	1,056	(934)
Finance income	8	126	36	10
Finance costs	8	–	(25)	(25)
Profit/(loss) before taxation		1,568	1,067	(949)
Taxation	9	<u>(58)</u>	<u>(98)</u>	<u>(142)</u>
Profit/(loss) for the financial year		<u>1,510</u>	<u>969</u>	<u>(1,091)</u>

The results are not necessarily indicative of the results for future periods since the historical funding structure does not reflect the future funding structure.

Consolidated Statements of Comprehensive Income for the years ended 31 December 2007, 2008 and 2009

		2007	2008	2009
	Notes	\$'000	\$'000	\$'000
Profit/(loss) for the financial year		<u>1,510</u>	<u>969</u>	<u>(1,091)</u>
Total comprehensive income/(loss) for the year		<u>1,510</u>	<u>969</u>	<u>(1,091)</u>

Consolidated Balance Sheets as at 31 December 2007, 2008 and 2009

	Notes	2007 \$'000	2008 \$'000	2009 \$'000
Assets				
Non-current assets				
Property, plant and equipment	11	305	262	149
Trade and other receivables	13	196	198	198
		<u>501</u>	<u>460</u>	<u>347</u>
Current assets				
Work in progress		429	386	38
Trade and other receivables	13	3,893	4,797	2,703
Cash and cash equivalents	14	1,881	3,043	5,368
		<u>6,203</u>	<u>8,226</u>	<u>8,109</u>
Liabilities				
Current liabilities				
Trade and other payables	15	(1,943)	(3,611)	(5,268)
Income tax payable	16	(185)	(249)	(302)
		<u>(2,128)</u>	<u>(3,860)</u>	<u>(5,570)</u>
Net current assets		<u>4,075</u>	<u>4,366</u>	<u>2,539</u>
Total assets less current liabilities		<u>4,576</u>	<u>4,826</u>	<u>2,886</u>
Non-current liabilities				
Trade and other payables	15	(1,497)	(1,003)	(504)
		<u>(1,497)</u>	<u>(1,003)</u>	<u>(504)</u>
Net assets		<u><u>3,079</u></u>	<u><u>3,823</u></u>	<u><u>2,382</u></u>
Shareholders' equity				
Called up share capital	17	–	–	–
Share premium		50	50	50
Capital contribution	18	2,257	2,257	2,257
Retained earnings		5,523	6,267	4,826
Treasury shares		(4,751)	(4,751)	(4,751)
Total equity		<u><u>3,079</u></u>	<u><u>3,823</u></u>	<u><u>2,382</u></u>

**Consolidated Statements of Changes in Shareholders' Equity for the years ended
31 December 2007, 2008 and 2009**

	<i>Called up Share Capital \$'000</i>	<i>Share Premium \$'000</i>	<i>Capital Contribution \$'000</i>	<i>Treasury Shares \$'000</i>	<i>Total Retained Earnings \$'000</i>	<i>Shareholders' Equity \$'000</i>
Changes in Equity for 2007						
At 1 January 2007	–	50	2,257	(4,751)	4,143	1,699
Profit for the financial year	–	–	–	–	1,510	1,510
Dividends (note 10)	–	–	–	–	(130)	(130)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007 and 1 January 2008	<u>–</u>	<u>50</u>	<u>2,257</u>	<u>(4,751)</u>	<u>5,523</u>	<u>3,079</u>
Changes in Equity for 2008						
Profit for the financial year	–	–	–	–	969	969
Dividends (note 10)	–	–	–	–	(225)	(225)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008 and 1 January 2009	<u>–</u>	<u>50</u>	<u>2,257</u>	<u>(4,751)</u>	<u>6,267</u>	<u>3,823</u>
Changes in Equity for 2009						
Loss for the financial year	–	–	–	–	(1,091)	(1,091)
Dividends (note 10)	–	–	–	–	(350)	(350)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	<u>–</u>	<u>50</u>	<u>2,257</u>	<u>(4,751)</u>	<u>4,826</u>	<u>2,382</u>

**Consolidated Cash Flow Statements for the years ended
31 December 2007, 2008 and 2009**

	<i>Notes</i>	<i>2007</i> \$'000	<i>2008</i> \$'000	<i>2009</i> \$'000
Cash flows from operating activities				
Cash generated from operations	21	193	1,520	2,779
Income tax paid		(38)	(28)	(84)
Net cash inflow from operating activities		155	1,492	2,695
Cash flows from investing activities				
Financial income		126	36	10
Purchase of property, plant and equipment		(167)	(116)	(5)
Net cash (outflow)/inflow from investing activities		(41)	(80)	5
Cash flows from financing activities				
Finance costs		–	(25)	(25)
Dividends paid		(130)	(225)	(350)
Net cash outflow from financing activities		(130)	(250)	(375)
Net (decrease)/increase in cash and cash equivalents		(16)	1,162	2,325
Cash and cash equivalents at 1 January		1,897	1,881	3,043
Cash and cash equivalents at 31 December	14	<u>1,881</u>	<u>3,043</u>	<u>5,368</u>

Notes

1. General information

Cooney/Waters Group, Inc. (“the Cooney/Waters Group”) is a medical and health related public relations group offering a range of services to its clients, who all operate in the healthcare sector.

The Cooney/Waters Group was incorporated under the laws of the State of New York, commenced business in September 1992 and is domiciled in the United States of America. The Cooney/Waters Group’s headquarters are located at 90 Fifth Avenue, New York, NY, 10011.

2. Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The accounting policies are consistent with those adopted in the financial statements of Creston plc for the year ended 31 March 2010, the most recent audited financial statements of the Group.

Basis of preparation

The Cooney/Waters Group’s financial information has been prepared for the purposes of the Circular in accordance with the requirements of the Listing Rules and in accordance with this basis of preparation.

This basis of preparation describes how the financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS as adopted by the EU”) as applied by the Cooney/Waters Group. This financial information has been prepared under the historical cost convention.

No IFRS 1 reconciliations to show the impact of first time adoption of IFRS as adopted by the EU have been presented on the basis that the Cooney/Waters Group has not previously prepared financial statements.

The preparation of financial information in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Cooney/Waters Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are disclosed within this note under the heading significant judgements, key assumptions and estimates.

Basis of consolidation

The Cooney/Waters Group financial information consolidates that of Cooney/Waters and of its subsidiary undertaking drawn up to 31 December 2007, 2008 and 2009.

Subsidiaries are entities that are directly or indirectly controlled by the Cooney/Waters Group. Control exists where the Cooney/Waters Group has the power to govern the financial and operating policies of the entity.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the basis for subsequent measurement in accordance with the Cooney/Waters Group accounting policies. The results of subsidiaries

acquired in the period are included in the income statement from the date that control is transferred to the Cooney/Waters Group.

New Standards, amendments and interpretations

(a) New and amended standards adopted by the Cooney/Waters Group

These consolidated financial statements have been prepared for the purposes of the Circular in accordance with the requirements of the Listing Rules, and in accordance with the basis of preparation set out above. Accordingly, all accounting standards applicable as at 31 December 2009 have been applied to all years presented.

Standards which became applicable to the Cooney/Waters Group during 2009 were:

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of 'non-owner changes in equity' in the statement of changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Under the revised standard, entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Cooney/Waters Group has elected to present two statements: an income statement and a statement of comprehensive income.
 - IFRS 8, 'Operating segments' replaces IAS 14, 'Segment reporting', and requires a 'management approach' to be adopted, under which segment information is presented on the same basis as that used for internal reporting purposes.
- (b) The following amendments, new standards and IFRICS are effective in 2009 but are not relevant to the Cooney/Waters Group's financial information:

Improvements to International Financial Reporting Standards 2009 were issued in July 2009 amending the following standards: IFRS 2 'Share-based payment', IFRS 5 'Non-current assets held for sale and discontinued operations', IFRS 8 'Operating segments', IAS 1 'Presentation of financial statements', IAS 7 'Statement of Cash Flows', IAS 17 'Leases', IAS 18 'Revenue', IAS 36 'Impairment of Assets', IAS 38 'Intangible assets', IAS 39 'Financial Instruments: Recognition and Measurement', IFRIC 9 'Reassessment of Embedded Derivatives' and IFRIC 16 'Hedges of a Net Investment in a Foreign Operation'.

- (c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Cooney/Waters Group:
- IAS 24 (Revised), 'Related party disclosures';
 - IFRS 9, 'Financial instruments';
 - Amendments to IFRIC 14 'Prepayments of a minimum funding requirement';
 - IFRIC 17, 'Distribution of non-cash assets to owners';
 - IFRIC 18, Transfers of assets from customers; and
 - IFRIC 19, 'Extinguishing financial liabilities with equity instruments'.

The Cooney/Waters Group does not consider that these Standards and Interpretations will have a significant impact on the financial information of the Cooney/Waters Group.

Amendments to International Financial Reporting Standards 2010 were issued in May 2010. The effective dates vary standard by standard. Initial indications are that adoption of these amendments will not impact the Cooney/Waters Group's financial information.

Revenue

Revenue derived from project fees is recognised on each contract in proportion to the level of services performed. The level of services performed is assessed based on the relevant criteria including time or proportion of costs incurred.

Turnover (Billings)

Turnover represents amounts recognised as Revenue plus all charges paid to external suppliers where they are retained to perform part or all of a client assignment.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. The cost of work in progress is the invoiced cost of goods and services supplied by outside parties for jobs in production.

Net realisable value is based on estimated invoice value less further costs expected to be incurred to completion. No element of profit is included in the valuation of work in progress.

Property, plant and equipment

All property, plant and equipment is stated at historical cost (or fair value on acquisition where appropriate) less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less the estimated residual value of each asset evenly over its expected useful economic life, as follows:

Leasehold property	Period of the lease
Fixtures, fittings and equipment	5 years

Current taxation

Cooney/Waters, a subchapter S corporation, is a pass-through entity for tax purposes for all applicable jurisdictions. As a pass-through entity, the income tax is attributable to the owners and any income tax amounts due to or from each jurisdiction are classified as transactions with the owners.

Leases

Leases that do not transfer significant risk and reward are classified as operating leases and the payments made under them are charged to the income statement on a straight-line basis over the lease term. Lease incentives are spread over the term of the lease.

Pension costs

Retirement benefits to employees are provided by defined contribution schemes that are funded by the Cooney/Waters Group and employees. Payments are made to pension trusts that are financially separate from the Cooney/Waters Group. These costs are charged against profits as incurred.

Financial instruments

Financial assets and financial liabilities are recognised on the Cooney/Waters Group's balance sheet when the Cooney/Waters Group becomes a party to the contractual provisions of the instrument. Issue costs are offset against the proceeds of such instruments.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Long term receivables

Long term receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Discounting is not applied.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Impairment of receivables

A provision for impairment of trade receivables is established when there is objective evidence that the Cooney/Waters Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'operating costs' in the income statement.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Equity

Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Cooney/Waters Group after deducting all of its liabilities. The Cooney/Waters Group has only one class of shares in existence.

Dividends

Dividends distributed to the Cooney/Waters Group's shareholders are recognised as a liability in the Cooney/Waters Group's financial statements in the period in which the dividends are approved by the Cooney/Waters Group's shareholders.

Determination and presentation of operating segments

The Cooney/Waters Group determines and presents operating segments based on the information that internally is provided to the executive management team, the body which is considered to be the Cooney/Waters Group's Chief Operating Decision Maker ("CODM").

An operating segment is a component of the Cooney/Waters Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Cooney/Waters Group's other components. An operating segment's operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. Critical accounting judgments

The Cooney/Waters Group makes estimates and judgements concerning the future and the resulting estimates may, by definition, vary from the related actual results. The Cooney/Waters Directors considered the critical accounting estimates and judgements used in the financial statements and concluded that the main areas are as follows:

Recoverability of work in progress and accrued income

The Cooney/Waters Group incurs costs on behalf of clients from third parties. The Cooney/Waters Group also accrues income for time spent on projects where this has not been billed. At each balance sheet date, management will assess the recoverability of these balances based on discussions with the client and comparing to the budget schedule. A judgement will then be made as to whether a provision is required or whether costs need to be written off.

4. Segmental analysis

The Cooney/Waters Group has determined that it only has one operating and reportable segment. The Cooney/Waters Group assesses the performance of that segment based on a measure of revenue and profit/(loss) before interest and taxation.

All significant assets and liabilities are located within the United States of America.

The segmental information is therefore presented in the Income Statement and Balance Sheet and has not been reproduced here.

Major Customers

A limited number of customers have accounted for a substantial proportion of the Cooney/Waters Group's revenue. The following table summarises those customers whose revenues represented more than 10 per cent. of the total revenues for each of the financial years.

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Revenue			
Company A	3,555	3,606	5,562
Company B	2,729	2,574	3,199
Company C	-	1,259	-
Company D	1,138	-	-

5. Operating costs

	2007	2008	2009
	\$'000	\$'000	\$'000
Staff costs (note 7)	5,705	6,606	10,666
Depreciation – owned assets	136	159	118
Other expenses	2,822	2,418	2,479
	<u>8,663</u>	<u>9,183</u>	<u>13,263</u>

Changes in work in progress of \$(389,000), \$43,000 and \$348,000 for 2007, 2008 and 2009 respectively are reflected in charges paid to external suppliers. These movements do not form part of operating costs, but instead form part of the difference between turnover (billings) and revenue.

6. Profit/(loss) before finance income, finance costs and taxation

	2007	2008	2009
	\$'000	\$'000	\$'000
Profit/(loss) before finance income, finance costs and taxation is stated after charging/(crediting):			
Movement in provision for impairment of trade receivables	(25)	–	–
Operating leases – land and buildings	498	759	872
– plant and machinery	56	56	56
	<u>56</u>	<u>56</u>	<u>56</u>

7. Employees and director

	2007	2008	2009
	\$'000	\$'000	\$'000
Staff costs for the group during the year			
Wages and salaries	5,196	5,998	9,906
Social security costs	244	291	390
Pension Costs	265	317	370
	<u>5,705</u>	<u>6,606</u>	<u>10,666</u>

	2007	2008	2009
	number	number	number
Average number of persons (including executive director) employed by business group			
Director	1	1	1
Administration	6	7	7
Client service and planning	31	34	37
	<u>38</u>	<u>42</u>	<u>45</u>

	2007 \$'000	2008 \$'000	2009 \$'000
Key management compensation			
Wages and salaries	2,584	2,879	6,104
Social security costs	67	75	121
Pension Costs	156	153	150
	<u>2,807</u>	<u>3,107</u>	<u>6,375</u>

The key management figures given above include the Cooney/Waters director and other officers who form part of the executive management team. They are considered to be key management as they are responsible for making strategic decisions for the business.

	2007 \$'000	2008 \$'000	2009 \$'000
Director's emoluments			
Aggregate emoluments	1,450	1,800	4,850
	<u>1,450</u>	<u>1,800</u>	<u>4,850</u>

The company contributed \$36,936 in 2007, \$36,441 in 2008 and \$34,450 in 2009 as pension contributions for the director.

8. Finance costs and income

	2007 \$'000	2008 \$'000	2009 \$'000
Finance costs:			
Other interest payable	–	25	25
Finance costs	<u>–</u>	<u>25</u>	<u>25</u>
Finance income:			
Bank interest	126	36	10
Finance income	<u>126</u>	<u>36</u>	<u>10</u>

9. Taxation

	2007 \$'000	2008 \$'000	2009 \$'000
Analysis of charge			
Current tax	58	98	142
	<u>58</u>	<u>98</u>	<u>142</u>

Given the taxation status of the company, as explained below, it has not been deemed appropriate or necessary to present a tax reconciliation.

As an S-corporation, profits in the Cooney/Waters Group are deemed to flow through to the shareholder for federal tax purposes. The Cooney/Waters Group is therefore not liable to US federal tax.

New York State imposes a flat rate charge for S-corporations of \$3,000. New York City does impose corporation tax on S-corporations which is charged as the higher of two calculations:-

- 1) 8.85 per cent of taxable profit
- 2) Taxable profit plus officer compensation less \$40,000 multiplied by 30 per cent and then multiplied by 8.85 per cent

The reason for the \$142,000 tax charge in 2009 despite the \$937,000 loss before tax, is because of the \$4.9 million emoluments paid to the company director. This therefore increased the tax charge under calculation 2 above.

10. Dividends

	<i>2007</i> \$'000	<i>2008</i> \$'000	<i>2009</i> \$'000
Dividends of \$1,750 (2008: \$1,125; 2007: \$650) per share – declared and paid in the year	130	225	350
	<u>130</u>	<u>225</u>	<u>350</u>

No other dividends have been proposed and remain unpaid in respect of the years presented.

11. Property, plant and equipment

	<i>Leasehold improvements</i> \$'000	<i>Fixtures, fittings and equipment</i> \$'000	<i>Total</i> \$'000
Cost			
At 1 January 2007	163	635	798
Additions	90	77	167
At 31 December 2007 and 1 January 2008	<u>253</u>	<u>712</u>	<u>965</u>
Additions	–	116	116
At 31 December 2008 and 1 January 2009	<u>253</u>	<u>828</u>	<u>1,081</u>
Additions	–	5	5
At 31 December 2009	<u>253</u>	<u>833</u>	<u>1,086</u>
Depreciation			
At 1 January 2007	23	501	524
Charge for the year	82	54	136
At 31 December 2007 and 1 January 2008	<u>105</u>	<u>555</u>	<u>660</u>
Charge for the year	97	62	159
At 31 December 2008 and 1 January 2009	<u>202</u>	<u>617</u>	<u>819</u>
Charge for the year	51	67	118
At 31 December 2009	<u>253</u>	<u>684</u>	<u>937</u>
Net book value			
At 31 December 2007	<u>148</u>	<u>157</u>	<u>305</u>
At 31 December 2008	<u>51</u>	<u>211</u>	<u>262</u>
At 31 December 2009	<u>–</u>	<u>149</u>	<u>149</u>

12. Subsidiary undertakings

At 31 December 2009 Cooney/Waters' subsidiary undertaking was:

	<i>Nature of operations</i>	<i>Percentage holding</i>	<i>Country of incorporation</i>	<i>Class of share capital held</i>
Alembic Health Communications Inc.	Trading	100%	USA	Ordinary

The subsidiary undertaking listed above has been consolidated in the Cooney/Waters Group's financial information.

Alembic Health Communications Inc. was newly incorporated on 7 May 2008. No goodwill arose on the acquisition and no net assets, other than the share capital, were acquired.

13. Trade and other receivables

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Current			
Trade receivables	3,847	4,648	2,682
Other receivables	15	8	2
Prepayments and accrued income	31	141	19
	<u>3,893</u>	<u>4,797</u>	<u>2,703</u>

The trade receivables balance was not deemed to be impaired at any of the dates noted and accordingly there was no provision for the impairment of trade receivables as at 31 December 2007, 2008 and 2009.

The ageing analysis of trade receivables is as follows:

	<i>Carrying value as at 31 December</i>	<i>Neither past due nor impaired</i>	<i>Past due but not impaired</i>	
	<i>\$'000</i>	<i>\$'000</i>	<i>Up to 3 months</i>	<i>3 to 6 months</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
2007	3,847	696	2,342	809
2008	4,648	2,491	1,771	386
2009	2,682	813	1,488	381

Past due amounts are not considered impaired where collection is still considered likely.

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Non-current			
Other receivables	196	198	198
	<u>196</u>	<u>198</u>	<u>198</u>

Other receivables comprise a rent deposit for the property at 90 Fifth Avenue, New York, NY.

14. Cash and cash equivalents

	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Cash at bank and in hand	<u>1,881</u>	<u>3,043</u>	<u>5,368</u>

15. Trade and other payables

	2007 \$'000	2008 \$'000	2009 \$'000
Trade payables	278	33	13
Other payables	499	499	499
Accruals	309	440	2,167
Deferred income	857	2,639	2,589
	<u>1,943</u>	<u>3,611</u>	<u>5,268</u>
	2007 \$'000	2008 \$'000	2009 \$'000
Non-current			
Other payables	1,497	1,003	504
	<u>1,497</u>	<u>1,003</u>	<u>504</u>

An agreement dated 10 October 2006 was made between the Cooney/Waters Group and Wendy Waters, Executrix of the Estate of Beth Waters Finston, to purchase Beth Waters Finston's interest and the Estate's interest in the Company for \$4,751,000.

The balance of the amount due to the Estate is being paid in five equal annual payments of \$499,000, with interest of \$25,000 payable with each annual payment and is disclosed above within other payables.

16. Current income tax payable

	2007 \$'000	2008 \$'000	2009 \$'000
Current income tax liabilities	<u>185</u>	<u>249</u>	<u>302</u>

17. Called up share capital

	2007 \$'000	2008 \$'000	2009 \$'000
Authorised			
1,000 Ordinary shares of \$1 each	<u>1</u>	<u>1</u>	<u>1</u>
	2007 \$'000	2008 \$'000	2009 \$'000
Allotted, called-up and fully paid			
200 Ordinary shares of \$1 each	<u>–</u>	<u>–</u>	<u>–</u>

18. Reserves

Other reserves comprises a capital contribution of \$2,257,000, made on 21 July 2006 by the director and sole shareholder, Lenore Cooney.

19. Financial instruments

The risk factors that the Cooney/Waters Group faces are listed below. These are reviewed and monitored by the senior management team.

Interest Rate Risk

There is no interest rate risk as the Cooney/Waters Group does not have any borrowings and it has been in a positive cash position for the period covered by this financial information. The interest payable of \$25,000 in 2008 and 2009 in respect of the other payables balance (see note 15) was a fixed annual sum and therefore not exposed to fluctuations in the interest rate.

Currency risk

There is no currency risk as all transactions are denominated in US dollars.

Liquidity Risk

Cooney/Waters' cash deposits are highly liquid. Cooney/Waters seeks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Trade receivables balances are with blue chip companies and no impairment provisions have been required for any of the years presented. Liquidity does not therefore pose a high risk for the Cooney/Waters Group. Refer to note 13 for the ageing of the trade receivables balance.

Credit Risk

Financial instruments that potentially subject the Cooney/Waters Group to concentrations of credit risk consist principally of cash and cash equivalent accounts with financial institutions. The balances in these accounts from time to time may exceed the federal depository insurance coverage limit of \$250,000.

Credit risk also arises from credit exposures to customers, including outstanding receivables and committed transactions. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

At 31 December 2009, major clients include Sanofi Pasteur, UCB, Abbott Fund, National Meningitis Association and National Foundation for Infectious Diseases who are deemed to be of high credit quality. These major clients provide approximately 85 per cent. of total fee income. Accounts receivable from these clients were approximately \$2,170,659 at 31 December 2009.

Capital Risk Management

Capital comprises of share capital, share premium and retained earnings. There is one shareholder and profit distributions are managed to ensure the capital structure is maintained.

Cooney/Waters' objectives when managing capital are to safeguard Cooney/Waters' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Cooney/Waters may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets (see note 18 of the financial information for details of the capital contribution).

Financial assets	2007	2008	2009
	\$'000	\$'000	\$'000
Cash at bank and in hand	1,881	3,043	5,368
Weighted average interest rate	4%	2%	6%
Financial liabilities	2007	2008	2009
	\$'000	\$'000	\$'000
Trade payables	278	33	13
Other payables	1,996	1,502	1,003

The fair values of the financial assets and liabilities are estimated to be equivalent to their book values.

Trade and other payables in the table above are analysed as follows:

	2007	2008	2009
	\$'000	\$'000	\$'000
Amounts due			
within one year	777	532	512
within 1 to 2 years	499	499	504
within 2 to 5 years	998	504	–
	<u>2,274</u>	<u>1,535</u>	<u>1,016</u>

20. Financial commitments

At 31 December future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	2007	2008	2009
	\$'000	\$'000	\$'000
Operating leases: land and buildings			
Within one year	715	563	659
Later than one year and less than five years	563	–	1,156
	<u>1,278</u>	<u>563</u>	<u>1,815</u>
Operating leases: other			
Within one year	55	46	56
Later than one year and less than five years	46	35	85
	<u>101</u>	<u>81</u>	<u>141</u>

On 1 August 2006 Cooney/Waters entered into a three-year lease for the company's premises at 90 Fifth Avenue, NY which has been extended to 31 August 2012. The annual rent of \$404,000 which increases 2.5 per cent. on each anniversary of the rent commencement date.

Cooney/Waters entered into a three-year lease agreement at 141 Fifth Avenue, NY which was extended to 30 September 2012. Annual rent payable under the lease in respect of the premises shall be at the annual rate of \$220,000 with an annual increase of 3 per cent.

21. Cash flow from operating activities

Reconciliation of operating profit to cash generated from operating activities

	2007	2008	2009
	\$'000	\$'000	\$'000
Profit/(loss) for the financial year	1,510	969	(1,091)
Taxation	58	98	142
Profit/(loss) before taxation	1,568	1,067	(949)
Finance costs	–	25	25
Finance income	(126)	(36)	(10)
Profit/(loss) before finance income, finance costs and taxation	1,442	1,056	(934)
Depreciation of property, plant and equipment	136	159	118
(Increase)/decrease in Work in progress	(389)	43	348
Increase/(decrease) in Trade and other receivables	3,178	(906)	2,094
(Decrease)/increase in Trade and other payables	(4,174)	1,168	1,153
Cash generated from continuing operations	193	1,520	2,779

22. Retirement benefit obligations

The Cooney/Waters Group sponsors a 401(k) defined contribution plan covering all eligible employees.

Contributions made by the Cooney/Waters Group are discretionary and determined annually by the compensation committee of the board of directors. The total expense relating to these plans in the current year was \$370,000 (2008: \$317,000, 2007: \$265,000). At 31 December 2009 contributions of \$370,000 (2008: \$317,000, 2007: \$265,000) were outstanding.

23. Ultimate controlling party

The Cooney/Waters Group is controlled by the sole shareholder Lenore Cooney.

24. Related party transactions

Other than the director emoluments disclosed in note 7, there were no related party transactions.

PART V

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The following unaudited pro forma statement of net assets for the Enlarged Group has been prepared on the basis of the notes set out below to illustrate the effect of the Acquisition on the net assets of Creston as if it had been completed on 30 September 2010.

The pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, the pro forma statement addresses a hypothetical situation and does not, therefore, represent the Enlarged Group's actual financial position. The unaudited pro forma statement of net assets is compiled on the basis set out below from the interim consolidated balance sheet of the Company as at 30 September 2010. The pro forma financial information has been prepared on the basis set out in the notes below and in accordance with Annex II to the Prospectus Directive Regulation.

	<i>Creston plc Consolidated Net Assets at 30 Sept 2010 (Note 1) £000</i>	<i>The Cooney/ Waters Group Net Assets at 31 December 2009 (Note 2) £000</i>	<i>Adjustments</i>		<i>Pro forma Net assets £000</i>
			<i>Transaction adjustments (Note 3) £000</i>	<i>Payment of Consideration and Transaction Costs (Note 4) £000</i>	
Non-Current Assets					
Intangible assets					
Goodwill	88,548	–	–	12,485	101,033
Other	1,148	–	–	–	1,148
Property, plant and equipment	1,754	93	–	–	1,847
Trade and other receivables	550	123	–	–	673
Deferred tax asset	533	–	–	–	533
	<u>92,533</u>	<u>216</u>	<u>–</u>	<u>12,485</u>	<u>105,233</u>
Current Assets					
Inventories and work in progress	1,842	24	–	–	1,866
Trade and other receivables	22,914	1,679	–	–	24,593
Cash and short-term deposits	232	3,334	–	–	3,566
	<u>24,988</u>	<u>5,037</u>	<u>–</u>	<u>–</u>	<u>30,025</u>
Total Assets	<u>117,521</u>	<u>5,253</u>	<u>–</u>	<u>12,485</u>	<u>135,259</u>
Current Liabilities					
Trade and other payables	(19,503)	(3,272)	310	(750)	(23,215)
Corporation tax payable	(2,593)	(188)	188	–	(2,593)
Obligations under finance leases	(7)	–	–	–	(7)
Bank overdraft, loans and loan notes	(30)	–	–	(5,924)	(5,954)
	<u>(22,133)</u>	<u>(3,460)</u>	<u>498</u>	<u>(6,674)</u>	<u>(31,769)</u>

	<i>Adjustments</i>				<i>Pro forma Net assets £000</i>
	<i>Creston plc Consolidated Net Assets at 30 Sept 2010 (Note 1) £000</i>	<i>The Cooney/ Waters Group Net Assets at 31 December 2009 (Note 2) £000</i>	<i>Transaction adjustments (Note 3) £000</i>	<i>Payment of Consideration and Transaction Costs (Note 4) £000</i>	
Net Current Assets/(Liabilities)	2,855	1,577	498	(6,674)	(1,745)
Non-current liabilities					
Trade and other payables	–	(313)	313	(1,915)	(1,915)
Provisions for liabilities and charges	–	–	–	(8,852)	(8,852)
Obligations under finance leases	(8)	–	–	–	(8)
	<u>(8)</u>	<u>(313)</u>	<u>313</u>	<u>(10,767)</u>	<u>(10,775)</u>
Net Assets	<u>95,380</u>	<u>1,480</u>	<u>811</u>	<u>(4,956)</u>	<u>92,714</u>

Notes

(1) The consolidated net assets of Creston as at 30 September 2010 have been extracted without material adjustment from its unaudited interim results for the six months ended 30 September 2010.

(2) The consolidated net assets of the Cooney/Waters Businesses have been extracted from the 31 December 2009 financial information of Cooney/Waters in Part IV (B).

The financial information has been converted at a rate of £1:\$1.61 being the closing rate of exchange as at 31 December 2009.

(3) Under the terms of the acquisition agreement, Creston is acquiring the trade and certain net assets of the Cooney/Waters Businesses and not the Cooney/Waters Group in its entirety. The below adjustments have been made to the proforma statement of net assets for those liabilities which are not being acquired:

	£
Net assets as at 31 December 2009	1,480
Add back:	
Income tax payable	188
Other payables	623
Adjusted net assets as at 31 December 2009	<u>2,291</u>

(4) For the purposes of the pro forma statement of net assets, the difference between consideration and the adjusted net assets of the Cooney/Waters Businesses is shown as intangible assets amounting to £12,210,000 and is calculated as follows:

	£'000
Estimated consideration payable for the Cooney/Waters Businesses	14,776
Adjusted net assets of Cooney/Waters Businesses	<u>(2,291)</u>
Intangible assets	<u>12,485</u>

The estimated consideration of £14,776,000 has been calculated in accordance with the provisions of the Asset Purchase Agreement as set out in paragraph 4 of Part I. This amount represents Management's current best estimate of the total consideration payable and has been converted at an exchange rate of £1:\$1.58.

The estimated consideration of £14,776,000 is to be funded as follows: £5,924,000 from the draw-down of existing revolving credit facilities (recognised under 'Bank overdraft, loans and loan notes') and £8,852,000 as a provision for deferred contingent consideration (recognised under 'Provisions for liabilities and charges').

The provision for deferred contingent consideration of £8,852,000 (\$13,986,000) equates to the estimate of all future contingent consideration payments due (interim and final), calculated in accordance with the provisions within the Asset Purchase Agreement.

The adjustment to 'Trade and other payables' within current liabilities of £750,000, represents amounts payable for estimated expenses in relation to the Acquisition, which are assumed to be charged through the Income Statement.

The adjustment to 'Trade and other payables' within non-current liabilities of £1,915,000 (\$3,025,000), represents the best estimate of the amounts payable to key employees under the incentive plan, the details of which are as set out in paragraph 5 of part I. This amount will be charged through the Income Statement of the Group.

- (5) No adjustment has been made to deferred contingent consideration payable to discount the future potential payments to present value.

The acquisition agreement also stipulates that the acquired cash balance must be no less than £443,500 (\$700,000) and the acquired net assets must be no less than £570,000 (\$900,000) and that any excess over this amount will become payable to the seller, with any payment capped at £2,152,000 (\$3,400,000). No adjustment has been made to account for this potential consideration adjustment as it is dependent on the value of net assets in Cooney/Waters at closing.

- (6) No account has been taken of any fair value adjustments to the net assets of the Cooney/Waters Businesses on acquisition by Creston, that might be required to be recognised in the Enlarged Group's next published financial statements.
- (7) No account has been taken of the trading of the Creston Group since 30 September 2010 nor the Cooney/Waters Group since 31 December 2009.
- (8) Following the Acquisition, the pro forma net debt of the Enlarged Group as at 30 September 2010, would have been £2.4 million. If the deferred consideration liabilities, which are due over the next five years, of £8.9 million are included, the pro forma net debt increases to £11.3 million.

PART VI

ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS



PricewaterhouseCoopers LLP
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The Directors
Creston plc
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Investec Bank plc (the "Sponsor")
2 Gresham Street
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EC2V 7QP

30 November 2010

Dear Sirs

Creston plc (the "Company")

We report on the pro forma statement of net assets (the "**Pro forma statement of net assets**") set out in Part V of the Company's circular dated 30 November (the "**Circular**") which has been prepared on the basis described in the notes to the Pro forma statement of net assets, for illustrative purposes only, to provide information about how the proposed acquisition of the Cooney/Waters Businesses might have affected the statement of net assets presented on the basis of the accounting policies adopted by the Company in preparing the unaudited interim financial information for the period ended 30 September 2010. This report is required by item 13.3.3R of the Listing Rules and is given for the purpose of complying with that Listing Rule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro forma statement of net assets in accordance with item 13.3.3R of the Listing Rules of the UK Listing Authority (the "**Listing Rules**").

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules as to the proper compilation of the Pro forma statement of net assets and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma statement of net assets with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma statement of net assets has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- (a) the Pro forma statement of net assets has been properly compiled on the basis stated;
and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PART VII

ADDITIONAL INFORMATION

1. Responsibility statement

The Directors, whose names are set out in paragraph 3.1 of this Part VII below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

The Company was incorporated and registered in England and Wales on 19 December 1925 as a public company limited by shares under the Companies Acts 1908 to 1917 with registered number 210505. The legal and commercial name of the Company is Creston plc. The registered office and principal place of business of the Company is at 30 City Road, London, EC1Y 2AG. The telephone number of the Company's registered office is +44 (0) 20 7448 8950. The principal legislation under which the Company operates is the Companies Act 2006 and the regulations made thereunder.

3. Directors, their service contracts and interest in Ordinary Shares

3.1 *The Directors and their respective positions are as follows:*

David Grigson	<i>Non-Executive Chairman</i>
Don Elgie	<i>Chief Executive Officer</i>
Barrie Brien	<i>Chief Operating and Financial Officer</i>
David Marshall	<i>Non-Executive Director</i>
Andrew Dougal	<i>Non-Executive Director</i>
Malcolm Wall	<i>Non-Executive Director</i>

The business address of each of the Directors is 16 Charles II Street, London, SW1Y 4QU.

3.2 *Directors' service agreements and terms of appointment*

Your attention is drawn to the details of the significant terms of the service agreements and letters of appointment between the Company and the Directors set out on page 42 of the annual report and accounts of the Company for the financial year ended 31 March 2010, which are incorporated by reference into this document.

Don Elgie, Barrie Brien, Malcom Wall, Andrew Dougal and David Marshall were re-appointed by Shareholders as Directors of the Company for a further year at the Company's annual general meeting held on 1 September 2010. David Grigson was appointed as non-executive Chairman by the Shareholders for a one year period at the Company's annual general meeting held on 1 September 2010.

3.3 *Directors' interests in Ordinary Shares*

As at the close of business on 29 November 2010 (being the latest practicable date prior to the publication of this document), the beneficial interests of the directors of the Company and their connected persons (as defined in sections 252 to 255 of the Companies Act 2006) in the issued share capital of the Company which (i) have been notified by each Director or connected person to the Company or (ii) are holdings of a

connected person which would, if the connected person were a director be required to be disclosed under (i) above and the existence of which is known to the Director or could with reasonable diligence be ascertained are as follows:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
David Grigson	10,000	0.02%
Don Elgie	1,938,479	3.16%
Barrie Brien	289,889	0.47%
David Marshall	0	0.00%
Andrew Dougal	15,000	0.02%
Malcolm Wall	24,453	0.04%

3.4 **Directors' interests in Creston Share Schemes**

3.4.1 *EMI Scheme*

As at the close of business on 29 November 2010 (being the latest practicable date prior to publication of this document), options over Ordinary Shares granted under the EMI Scheme to the Directors, which are exercisable subject to time vesting provisions and the satisfaction of applicable performance targets (which relate to both the Group and the relevant option holder), remained outstanding as follows:

<i>Name</i>	<i>Ordinary Shares subject to option</i>	<i>Exercise Price per Ordinary Share (p)</i>	<i>Earliest exercise date</i>	<i>Latest Exercise date</i>
Barrie Brien	70,422	142	30/09/2007	30/09/2014

No further options are proposed to be granted under the EMI Scheme.

3.4.2 *Sharesave Scheme*

As at the close of business on 29 November 2010 (being the latest practicable date prior to publication of this document), no options over Ordinary Shares have been granted to the Directors under the Sharesave Scheme which are outstanding.

3.4.3 *Unapproved Plan*

As at the close of business on 29 November 2010 (being the latest practicable date prior to publication of this document), options over Ordinary Shares granted under the Unapproved Plan to the Directors, which are exercisable subject to either time vesting provisions or the satisfaction of applicable performance targets based on the Company's headline diluted earnings per share growth compared to the average diluted earnings per share growth of a comparator group, remained outstanding as follows:

<i>Name</i>	<i>Ordinary Shares subject to option</i>	<i>Exercise Price per Ordinary Share (p)</i>	<i>Earliest exercise date</i>	<i>Latest Exercise date</i>
Don Elgie	140,060	95	29/01/2004	29/01/2011
Don Elgie	382,380	110	16/10/2006	16/10/2013
Don Elgie	60,657	114	17/10/2006	17/10/2013
Don Elgie	91,145	113	03/11/2006	03/11/2013
Don Elgie	46,752	139	05/07/2007	04/07/2014
Don Elgie	67,477	142	30/09/2007	30/09/2014
Don Elgie	487,280	155	31/03/2008	31/03/2015
Don Elgie	24,231	165.5	31/03/2009	31/08/2015
Don Elgie	20,078	165.5	31/03/2009	31/08/2015
Barrie Brien	150,000	142	31/03/2008	30/09/2014

No further options are proposed to be granted under the Unapproved Plan.

3.4.4 LTIP

The LTIP was implemented as a replacement to the EMI Scheme and the Unapproved Plan and is operated for senior management. Under the LTIP, participants are awarded contingent rights to receive Ordinary Shares, subject to the satisfaction of performance targets to be measured over a three year period from grant. As at the close of business on 29 November 2010 (being the latest practicable date prior to publication of this document), awards over Ordinary Shares granted under the LTIP remained outstanding as follows:

<i>Name</i>	<i>Ordinary Shares subject to award</i>	<i>Award grant date</i>	<i>Award Vesting date</i>
Don Elgie	314,609	03/04/2008	03/04/2011
Don Elgie	31,461	30/01/2010	03/04/2011
Don Elgie	575,215	15/07/2009	15/07/2012
Don Elgie	57,521	30/01/2010	15/07/2012
Don Elgie	203,201	14/07/2010	14/07/2013
Barrie Brien	151,479	03/04/2008	03/04/2011
Barrie Brien	15,148	30/01/2010	03/04/2011
Barrie Brien	282,854	15/07/2009	15/07/2012
Barrie Brien	28,286	30/01/2010	15/07/2012
Barrie Brien	99,921	14/07/2010	14/07/2013

4. Key Individuals of the Cooney/Waters Businesses

The names and principal functions of the key individuals of the Cooney/Waters Businesses are set out below:

<i>Name</i>	<i>Position</i>
Lenore Cooney	Founder and Chief Executive Officer
Timothy Bird	Executive Vice President and General Manager
Sherri Michelstein	Executive Vice President; President of Alembic Health
Fred Lake	Executive Vice President
Lisa Wiess	Executive Vice President

5. Major Shareholders

In so far as is known by the Company at the close of business on 29 November 2010 (being the latest practicable date prior to the publication of this document) the following persons (other than the Directors) were interested, directly or indirectly, in three per cent, or more of the Company's issue ordinary share capital:

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
Ruffer LLP	4,755,000	7.75%
BT Pension Scheme Trustees Limited	4,316,060	7.04%
Artemis Investment Management Limited	4,059,634	6.62%
Majedie Asset Management	3,815,522	6.22%
Western Selection P.L.C	3,000,000	4.89%
Hermes Pensions Management	2,961,344	4.83%
AXA Framlington Investment Management	2,783,978	4.54%
Gartmore Investment Limited	2,529,522	4.12%
Standard Life Investments Ltd	2,505,334	4.08%
Universities Superannuation Scheme	1,915,000	3.12%

6. Material contracts

6.1 *The Company*

Save as disclosed in this paragraph, no contracts (other than contracts entered into in the ordinary course of business) which are, or may be, material to the Group have been entered into by any member of the Group within the two years immediately preceding the date of this document and no other contracts (other than contracts entered into in the ordinary course of business) have been entered into by any member of the Group which contain provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

6.1.1 *Acquisition Agreement*

Details of the Acquisition Agreement are set out in Part II of this document.

6.1.2 *DLKW disposal agreement*

A share purchase agreement dated 25 June 2010 between (1) DLKW Holdings Limited ("**DLKW Holdings**") (2) Lowe & Partners Limited ("**Lowe & Partners**") (3) Creston Plc and (4) The Interpublic Group of Companies Inc., whereby DLKW Holdings disposed of the entire issued share capital of Newincco 996 Limited, Dialogue DLKW Limited and The Composing Room Limited (together the "**DLKW Group**") for a consideration of £28 million which was payable in cash on closing. On closing DLKW Holdings was to ensure that the DLKW Group had a minimum aggregate cash balance of £750,000. The agreement was conditional on shareholder approval, which was obtained at a general meeting of the Company on 13 July 2010. The obligations of DLKW Holdings were guaranteed by the Company and the obligation on Lowe & Partners to pay the purchase price was guaranteed by The Interpublic Group of Companies Inc.. The share purchase agreement contains certain standard representations, warranties and indemnities given by DLKW Holdings in favour of Lowe & Partners. The warranties expire on 31 March 2012 and the maximum aggregate liability for all warranty claims and claims under the tax indemnity is capped at the consideration. DLKW Holdings entered into undertakings not to compete with the services provided by the DLKW Group or to solicit customers or employees of the DLKW Group for a period of 2 years. Lowe & Partners entered into an undertaking not to solicit employees of the Group for a period of 2 years. These undertakings are customary for a transaction of this nature. The share purchase agreement is governed by the laws of England and Wales.

6.1.3 *Cash Box Placing Agreement*

A placing agreement dated 7 July 2009 (the "**Placing Agreement**") between the Company and Investec Bank plc ("**Investec Bank**"), whereby Investec Bank agreed to use its reasonable endeavours as agent for the Company to procure subscribers for the 5,576,100 placing shares at a placing price of 60p per Ordinary Share. Investec Bank received a placing commission of £100,370, excluding standard deductions. The Placing Agreement contains certain standard undertakings and warranties given by the Company in favour of Investec Bank and a standard indemnity given by the Company in favour of Investec Bank. These undertakings, warranties and indemnities are appropriate from the Company's perspective for an agreement of this nature, Investec Bank's closing obligations were conditional on, amongst other things, admission having incurred not later than 8:00 a.m. on 10 July 2009. Investec Bank would have been able to terminate the Placing Agreement before admission in the event of, amongst other things, a breach of the Company's obligations under the Placing Agreement and on the occurrence of certain "*force majeure*" events. The Placing Agreement is governed by the laws of England and Wales.

6.2 ***The Cooney/Waters Businesses***

Save as disclosed in this paragraph, no contracts (other than contracts entered into in the ordinary course of business) which are, or may be, material to the Cooney/Waters Businesses have been entered into by Cooney/Waters or Alembic Health within the two years immediately preceding the date of this document and no other contracts (other than contracts entered into in the ordinary course of business) have been entered into by Cooney/Waters or Alembic Health which contain provisions under which Cooney/Waters or Alembic Health has any obligation or entitlement which is material to the Cooney/Waters Businesses as at the date of this document.

6.2.1 *Acquisition Agreement*

Details of the Acquisition Agreement are set out in Part II of this document.

7. **Related Party Transactions**

7.1 Your attention is drawn to the following disclosures which are incorporated by reference into this document:

7.1.1 the related party transactions information in relation to the Company set out in page 80 of the annual report and accounts of the Company for the financial year ended 31 March 2010;

7.1.2 the related party transactions information in relation to the Company set out on page 79 of the annual report and accounts of the Company for the financial year ended 31 March 2009; and

7.1.3 the related party transactions information in relation to the Company set out on page 90 of the annual report and accounts of the Company for the financial year ended 31 March 2008.

7.2 Save as disclosed below, the Group has not entered into any related party transactions during the period from 1 April 2010 up to 29 November (being the latest practicable date prior to the publication of this document):

7.2.1 Mr D C Marshall is a Director of City Group P.L.C. and Western Selection P.L.C. which held 3,000,000 Ordinary Shares at 29 November (being the latest practicable date prior to the publication of this document). Since 1 April 2010 total fees of £38,245 were paid to or incurred in respect of City Group P.L.C., £18,245 for the provision of secretarial services and £20,000 for the services of Mr D C Marshall.

8. **Financial and trading position**

8.1 ***The Group***

There has been no significant change in the financial or trading position of the Group since 30 September 2010, the date to which the latest unaudited financial information on the Group was published.

8.2 ***The Cooney/Waters Businesses***

There has been no significant change in the financial or trading position of the Cooney/Waters Businesses since 31 December 2009, the date to which the financial information on the Cooney/Waters Group set out in Part IV of this document was prepared.

9. Litigation

9.1 *The Group*

No member of the Group is, or has been, involved in any governmental, legal, or arbitration proceedings (nor is the Company aware that any such proceedings are pending or threatened by or against any member of the Group) which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position or profitability.

9.2 *The Cooney/Waters Businesses*

The Cooney/Waters Businesses are not, nor have been, involved in any governmental, legal, or arbitration proceedings (nor is the Company aware that any such proceedings are pending or threatened by or against the Cooney/Waters Businesses) which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Cooney/Waters Businesses' financial position or profitability.

10. Working Capital

The Company is of the opinion that, taking into account available bank and other facilities the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next twelve months following the date of publication of this document.

11. Consents

11.1 Investec has given and has not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which it appears.

11.2 PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the inclusion of its report on the financial information set out in Part IV of this document and its report on the unaudited pro forma financial information set out in Part VI of this document in the form and context in which they appear.

12. Information incorporated by reference

The following information has been incorporated by reference into this document:

<i>Information incorporated by reference</i>	<i>Destination of the incorporation in this document</i>	<i>Page number</i>
Annual report and accounts of the Company for the financial year ended 31 March 2010		
● Terms of service contracts (page 42)	Paragraph 3.2 of Part VII	43
● Related party transactions (page 80)	Paragraph 7.1 of Part VII	47
Annual report and accounts of the Company for the financial year ended 31 March 2009		
● Related party transactions (page 79)	Paragraph 7.1 of Part VII	47
Annual report and accounts of the Company for the financial year ended 31 March 2008		
● Related party transactions (page 90)	Paragraph 7.1 of Part VII	47

This information can be accessed by Shareholders at the Company's website, www.creston.com. A copy of each document listed above has been filed with the FSA.

13. Documents available for inspection

Copies of the documents listed below will be available for inspection at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX during business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to and including the date of the General Meeting:

- 13.1 the memorandum and articles of association of the Company;
- 13.2 the published audited consolidated accounts of the Company for the financial years ended 31 March 2008, 2009 and 2010;
- 13.3 the Share Purchase Agreement;
- 13.4 the written consents referred to in paragraph 11 above; and
- 13.5 this document and the Form of Proxy.

PART VIII

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

Acquisition	the proposed acquisition of substantially all of the business and assets of Cooney/Waters and Alembic Health and the assumption of certain specified liabilities relating to the Cooney/Waters Businesses pursuant to the Acquisition Agreement;
Acquisition Agreement	the agreement relating to the Acquisition;
Alembic Acquisition	Alembic Acquisition LLC, an indirect subsidiary of Creston incorporated in Delaware with registered number 4898254 whose registered office is at 160 Greentree Drive, Suite 101, Dover, DE19904;
Alembic Health	Alembic Health Communications, Inc., a New York corporation whose registered office is at 90th 5th Avenue, 8th Floor, New York, NY10011;
Board	the board of directors of Creston;
business day	any day, other than a Saturday, Sunday or public or bank holiday, on which banks are generally open for business in the City of London;
C Waters Acquisition	C Waters Acquisition LLC, an indirect subsidiary of Creston incorporated in Delaware with registered number 4898257 whose registered office is at 160 Greentree Drive, Suite 101, Dover, DE 19904;
Closing	the completion of the Acquisition in accordance with the terms of the Acquisition Agreement;
Closing Date	the date of completion of the Acquisition in accordance with the terms of the Acquisition Agreement;
Companies Act 2006	the Companies Act 2006, as amended;
Cooney/Waters	Cooney/Waters Group, Inc., a New York corporation whose registered office is at 104 5th Avenue, New York, NY10011;
Cooney/Waters Businesses	the healthcare and public relations business and substantially all of the assets and certain specified liabilities of Cooney/Waters and the Healthcare advocacy business and substantially all of the assets and certain specified liabilities of Alembic Health;
Cooney/Waters Director	Lenore Cooney;
Cooney/Waters Group	Cooney/Waters and its subsidiaries;
CREST	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations);

Creston or Company	Creston plc, a company incorporated in England and Wales with registered number 210505 whose registered office is at 30 City Road, London, EC1Y 2AG
Creston Share Schemes	the EMI Scheme, the Sharesave Scheme, the Unapproved Plan and the LTIP;
Directors	the members of the board of directors of Creston;
Disclosure and Transparency Rules	the disclosure and transparency rules made by the Financial Services Authority in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UK Listing Authority's publication of the same name;
EMI Scheme	the Creston plc Enterprise Management Incentive Scheme;
Enlarged Group	Creston and its subsidiaries, including the Cooney/Waters Businesses;
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST;
Form of Proxy	the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting;
General Meeting	the general meeting of the Company convened by the Notice of General Meeting to be held at 12.00 p.m. on 15 December 2010 at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX or any reconvened meeting following any adjournment thereof;
Group	Creston and its subsidiaries, excluding the Cooney/Waters Businesses;
Investec	Investec Bank plc whose registered office is at 2 Gresham Street, London, EC2V 7QP and registered number is 489604;
Listing Rules	the rules and regulations made by the Financial Services Authority in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UK Listing Authority's publication of the same name;
London Stock Exchange	London Stock Exchange plc;
LTIP	the Creston plc Long Term Incentive Plan;
Notice of General Meeting	the notice of General Meeting set out at the end of this document;
Ordinary Shares	ordinary shares of 10 pence each in the capital of the Company;

Prospectus Rules	the rules and regulations made by the Financial Services Authority in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UK Listing Authority's publication of the same name;
PricewaterhouseCoopers LLP	PricewaterhouseCoopers LLP, whose registered office is at 1 Embankment Place, London, WC2N 6RH and registered number is OC303525;
Red Door Communications	Red Door Communications Limited, a subsidiary of Creston;
Regulations	the Uncertificated Securities Regulations 2001 (St 2001 No. 3755);
Resolution	the ordinary resolution to approve the Acquisition set out in the Notice of General Meeting;
Shareholders	holders of Ordinary Shares, and Shareholder shall be construed accordingly;
Sharesave Scheme	the Creston plc 2004 Sharesave Scheme;
subsidiary and subsidiary undertaking	have the meanings given to them in the Companies Act 2006;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
UK Listing Authority	the Financial Services Authority acting in its capacity as the competent authority for listing purposes under Part VI of the Financial Services and Markets Act 2000;
Unapproved Plan	the Creston plc Unapproved Share Option Plan; and
US	the United States of America.

References to "£" and "p" or "pence" are to pounds sterling and pence being the lawful currency of the United Kingdom. References to "\$" are to dollars being the lawful currency of the United States of America.

Headings are included in this document for convenience only and do not affect its interpretation.

All references to legislation in this document are to English legislation unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

CRESTON plc

(incorporated and registered in England and Wales under number 210505)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of Creston plc will be held at 12.00 p.m. on 15 December 2010 at the offices of Olswang LLP, 90 High Holborn, London, WC1V 6XX. You will be asked to consider and pass the resolution below which will be proposed as an Ordinary Resolution:

Ordinary Resolution

1. THAT the proposed acquisition of the business and assets of Cooney/Waters and Alembic Health Communications as described in the circular to Shareholders of the Company dated 30 November 2010 of which this Notice forms part (this "Circular") on the terms and conditions of the asset purchase agreement dated 29 November 2010 between (1) C Waters Acquisition LLC (2) Alembic Acquisition LLC (3) Cooney/Waters Group Inc. (4) Alembic Health Communications Inc. (5) Lenore Cooney and (6) the Company (a summary of which is described in Part II of the Circular) is hereby approved and that the Directors of the Company be and are hereby authorised to do such things as they may in their absolute discretion consider necessary or desirable in order to implement and complete the acquisition, subject to such immaterial amendments, modifications, variations, waivers or extensions thereto as the Directors of the Company (or any duly authorised committee thereof) may in their absolute discretion think fit.

30 November 2010

By order of the Board

City Group plc, Company Secretary

Registered Office: 30 City Road, London, EC1Y 2AG

Registered in England and Wales No. 210505

Notes

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice, if you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras; lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday).
2. In order to be valid, an appointment of proxy (together with any authority under which it is executed, or a notarised copy of the authority) must be returned by one of the following methods:
 - in hard copy form by post, by courier or by hand to Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom;
 - via www.capitashareportal.com by logging in and selecting the 'Proxy Voting' link, if you have not previously registered for electronic communications, you will first be asked to register as a new user, for which you will require your investor code ("IVC") (which can be found on the enclosed proxy form); or
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in paragraph 9 below;

and in each case must be received by the Company not less than 48 hours before the time of the meeting.

3. The return of a completed proxy form, other such instrument or any CREST Proxy instruction (as described in paragraph 9 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting, If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company (the 'Register of Members') at 6.00 p.m. on 13 December 2010 (or, in the event of any adjournment, on the date which is not more than two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. As at 29 November 2010 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 61,337,338 ordinary shares, carrying one vote each. Therefore the total voting rights in the Company as at 29 November 2010 are 61,337,338.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service providers), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 12.00 p.m. on 13 December 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time, in this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001,
12. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

13. Any shareholder attending the meeting has the right to ask questions. The company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.
14. A copy of this notice, and other information required by s311A of the Companies Act 2006, can be found at www.creston.com/news-and-resources/Press-releases.

