

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, fund manager, solicitor, accountant or other appropriate independent financial adviser who is authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser.

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 Disposal of the DLKW Group

and

Notice of General Meeting

A Notice convening a General Meeting of the Company to be held at 9.30 a.m. on 13 July 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 9.30 a.m. on 11 July 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 Disposal 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 Disposal, 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 |
| Solicitors | Olswang LLP 90 High Holborn London WC1V 6XX |
| Auditor and Reporting Accountants | PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH |
| Communications | M:Communications Ltd 1 Ropemaker Street London EC2Y 9AW |
| Registrar | Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU |

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | |
|--|----------------------|
| | <i>2010</i> |
| Announcement of the Disposal | 28 June |
| Latest time and date for receipt of Forms of Proxy for the General Meeting to approve the Disposal | 9.30 a.m. on 11 July |
| General Meeting to approve the Disposal | 9.30 a.m. on 13 July |

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

28 June 2010

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

Dear Shareholder,

Proposed Disposal of the DLKW Group

1. Introduction

On 28 June 2010, your Board announced that Creston had entered into a conditional agreement with Lowe to sell the entire issued share capital of the DLKW Group, its advertising business, for a consideration of £28 million. The consideration is payable in cash on completion.

The Disposal 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 Disposal is being sought at a General Meeting of the Company to be held at 9.30 a.m. on 13 July 2010 at the offices of Olswang LLP, 90 High Holborn, London, WC1V 6XX. A notice of the General Meeting and of the Disposal 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 10 of this letter and on the Form of Proxy that accompanies this document. If the Disposal Resolution is passed at the General Meeting on 13 July 2010, then Closing is expected to take place on the following business day.

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

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 DLKW Group

Formed in 2000 and based in London, UK, the DLKW Group was acquired by Creston in 2005 and represents the Group's advertising agency. The group is comprised of three trading brands: DLKW (an advertising agency); Dialogue DLKW (a promotional agency); and The

Composing Room (a pre-press production company). These companies provide advertising, in-store marketing and design and promotional marketing services to clients in a variety of industries ranging from financial services to retail. For the year ended March 2010 the DLKW Group contributed revenue of £19.2 million, profit before tax of £3.1 million and had net assets of £1.1 million and gross assets of £11.8 million at the period end. Of the £19.2 million of revenue recorded by the DLKW Group, 26 per cent. was generated from the food and beverage sector, 18 per cent. from the financial services sector and 10 per cent. from consumer products retail.

3. Background to and reasons for the Disposal

The landscape for the off-line advertising market has gone through major upheaval in the last five years. The evolution and growth of the internet plus the proliferation of digital channels and communication technologies have caused, and are likely to continue to cause, major structural shifts in the marketing services industry.

The Directors believe that structural change driven by media fragmentation and the impact of the internet and digital channels on media consumption has caused a decline in mainstream mass audience advertising spend. In addition to this, the internet and digital channels have also allowed much greater opportunity for clients to track actual consumer behaviour and to target consumers with personal and relevant marketing messages, compared to the traditional advertising methods of mass communication. This targeting of messages in turn allows greater efficiency in marketing budgets plus more exact measurement of the return on investment for a client. An additional structural change to the industry is that consumers now have greater power over the reputation of a brand or company via channels such as social media, and can also decide when, where and how they want to consume marketing messages.

Due to these fundamental changes, the Board believes that conventional off-line advertising will continue to face significant challenges, regardless of how the economy performs.

In addition to the structural changes affecting the advertising sector, the Board has also considered the investment needs of the DLKW Group together with those of the Insight and Health divisions and of the remaining companies within the Communications division.

The DLKW Group has a largely domestic client base. The Board believes that the next stage of the DLKW Group's growth would be to seek to grow its international operations and client base. It is envisaged that to achieve this desired international growth the business would need offices in several geographies worldwide, requiring a disproportionate amount of investment by Creston. The Board believe that without this further investment in developing the DLKW Group's international operations outlined above, the DLKW Group will face challenges in competing effectively against large advertising agencies which can offer a global service.

The Directors believe that any investment made by Creston in growing the DLKW Group's international operations could be better utilised by the Continuing Group investing in the higher growth areas of market research, healthcare marketing and the remaining communication agencies, where there already is an international client base with a demand for an international footprint.

The consideration of £28 million represents a multiple of 9.0 times the DLKW Group's PBIT for the year to 31 March 2010.

4. Information on the Continuing Group

The Disposal of the DLKW Group is in line with the Group's previously established focus on "Insight and Communications for the 21st century". Upon completion of the Disposal, there will be no material change in the vision and strategy of Creston, and the Continuing Group will still

be structured around the three divisions of Insight, Communications and Health. The disposal will allow Creston to accelerate its investment in strengthening the Continuing Group and shaping it to allow it to more appropriately meet the needs of the fast-changing 21st century marketplace. The DLKW Group currently sits within the Communications division and post the Disposal, neither the division nor Creston will have any communications businesses focused on traditional off-line advertising. The Communications division will still offer communications both within the UK and internationally, but it will not be exposed to the decline in mainstream audiences and the reducing effectiveness of mass-audience advertising. On the contrary, the Directors believe that the division will be exposed to the growth of targeted personalised marketing, which has a greater measurable return on investment.

The estimated net cash proceeds of £27.6 million will significantly reduce Creston's current level of indebtedness and will provide a strong platform for developing and investing in the Continuing Group going forward. As at 31 March 2010 the Group had net debt of £24.9 million. The Continuing Group's development is expected to be through a mixture of acquisitive and organic growth and will be managed over a period of time to ensure appropriate levels of gearing for the Continuing Group.

5. Principal terms of the Disposal

- The DLKW Group will be sold to the Purchaser for a total consideration, payable in cash on Closing, of £28 million.
- The Seller will ensure that the DLKW Group has a minimum aggregate cash balance of £750,000 on Closing.
- The estimated net cash proceeds are £27.6 million (having deducted advisor fees).
- The Disposal Agreement contains customary representations and warranties of the Seller and Purchaser.
- The Disposal is conditional upon the passing of the Disposal Resolution by Shareholders at the General Meeting.
- A break fee of £280,000 is payable to the Purchaser if Creston does not comply with the undertakings given by it in relation to this Circular and the calling of the General Meeting and the Disposal Resolution is not passed.
- The Directors who are interested in shares have given irrevocable undertakings to the Purchaser to vote in favour of the Disposal Resolution at the General Meeting in respect of their beneficial holdings of Ordinary Shares.

The principal terms of the Disposal Agreement are set out in more detail in Part II (Principal terms of the Disposal Agreement) of this document.

6. Information on the Purchaser

Lowe is an international creative advertising and marketing solutions agency, headquartered in London, UK with 80 further offices worldwide. Lowe's offering includes television, digital, print, brand and experiential advertising across a variety of sectors such as the automobile industry and the beverage industry. Lowe provides a resource network that enables its customers to work with a number of specialist and communications companies. The company also monitors emerging trends analyses, category specific behaviour and attitudes, consumer behaviour and consumer insights.

The IPG Group of Companies Inc., the ultimate holding company of Lowe, is quoted on the New York Stock Exchange with a market capitalisation of £2.6 billion (\$3.9 billion) as at 24 June 2010.

The IPG Group of Companies Inc. is one of the world's largest advertising and marketing services holding companies, comprised of communication agencies around the world that deliver custom marketing solutions on behalf of their clients. These agencies cover the spectrum of marketing disciplines and specialties, from traditional services such as consumer advertising and direct marketing, to emerging services such as mobile and search engine marketing. With offices in over 100 countries and approximately 40,000 employees, these agencies develop marketing programs that build brands, influence consumer behaviour and sell products. Revenues are primarily derived from the planning and execution of advertising, marketing and communications programs in various media around the world.

7. Use of proceeds and financial effects of the Disposal on the Group

The estimated net cash proceeds arising from the Disposal are expected to be approximately £27.6 million.

In June 2008 Creston agreed a £40 million banking facility, which is made up of an amortising £15 million term loan and a £25 million revolving credit facility. At 31 March 2010 Creston had drawn balances against the term loan and revolving credit facility of £11.6 million and £13.0 million respectively (the £15 million term loan had amortised to £11.6 million by 31 March 2010). In addition, Creston had outstanding acquisition loan note commitments (secured against the revolving credit facility) of £3.1 million and a positive cash balance of £2.8 million.

The cash proceeds from the Disposal of £28.0 million will be used to repay the £11.6 million term loan and repay the balance drawn against the revolving credit facility which, as per the Company's management accounts for 31 May 2010, amounted to £11.0 million. The Directors' intention is to hold the remaining balance of the Disposal proceeds on deposit. An accrual in respect of the advisor fees associated with the Disposal of £0.4 million will be recognised and settled from available cash reserves post Disposal.

Following the Disposal, Creston's pro-forma debt will be reduced from £24.9 million as at 31 March 2010 to approximately £0.6 million.⁽¹⁾

The £11.6 million term loan will be cancelled leaving the Group with the £25 million revolving credit facility which will remain available until 31 March 2012.

Under the terms of the revolving credit facility, if the balance of the Disposal proceeds after repaying the term loan are not reinvested within six months from the date of the Disposal, then the revolving credit facility will be reduced by the Disposal proceeds received and not already applied to the term loan. Accordingly, if there was no reinvestment of the Disposal proceeds within this period, the revolving credit facility would be reduced to approximately £9.0 million, which would remain in place until 31 March 2012.

It is Creston's intention to use some or all of the £25 million revolving credit facility to fund further investment in the Continuing Group and further acquisitions which fit with Creston's future strategy, however, there is no certainty there will be any reinvestment within the six months.

As a result of the Disposal, a loss on disposal of approximately £3.2 million, plus an adjustment for the net assets of the DLKW Group at Closing, will be included in Creston's 2011 results. At 31 March 2010 Creston held assets (goodwill and intangible assets) in respect of the DLKW Group valued at £30.8 million. Creston will receive net proceeds of £27.6 million which will generate the loss of £3.2 million noted above.

Had the Disposal taken place on 31 March 2010, when the net assets of the DLKW Group were £1.1 million, a total loss on disposal of £4.3 million would have been recognised.

⁽¹⁾At 31 March 2010, Creston's pro forma debt of £0.6 million comprised pro forma loan notes of £3.1 million less pro forma cash reserves of £2.5 million.

Therefore, the Group's Net Assets would have reduced from £95.9 million to £91.6 million, as set out in Part V (Unaudited pro forma statement of net assets) of this document.

The Directors expect the Disposal to be dilutive to earnings per share.

The net debt figures in this paragraph 7 have been extracted from the unaudited pro forma statement of net assets for the Group set out in Part V (Unaudited pro forma statement of net assets) of this document.

8. Current trading and prospects

On 28 June 2010 Creston announced its preliminary results for the twelve months ended 31 March 2010. This announcement contained the following statement:

“On a macro level, we believe the economy will show only modest growth over the coming 12 months. On a micro level, the same advantages that have allowed the Group to outperform its sector during a challenging year position it well for a return to growth. The final quarter of the year saw an increase in new business for the companies in our Communications Division, which suffered from a sector-wide decline in new business during the first half of last year. The spend by our blue chip clients has held up strongly and is likely to continue to support performance in the year ahead.

We remain well placed to gain further market share as conditions improve, with our integrated offer and rapidly evolving digital capabilities delivering the solutions that clients demand. The new financial year has started in line with management's expectations. We are currently ahead of the same period last year and have been boosted by a number of high profile new business wins.”

9. 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 Disposal Resolution please refer to Part III (Risk factors) of this document.

10. 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 9.30 a.m. on 11 July 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 9.30 a.m. on 11 July 2010.

In person: please attend the General Meeting at 9.30 a.m. on 13 July 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 34 to 36 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.

11. Further information

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

12. Recommendation

The Board, having been so advised by Investec, is of the opinion that the Disposal 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 Disposal Resolution to be proposed at the General Meeting, as the Directors who are interested in shares have irrevocably undertaken 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 27 June 2010 (the latest practicable date prior to publication of this document).

Yours faithfully,

David Grigson
Non-executive Chairman

28 June 2010

PART II

PRINCIPAL TERMS OF THE DISPOSAL AGREEMENT

The Disposal Agreement was entered into on 25 June 2010 between the Seller and the Purchaser, and Creston and The IPG Group of Companies Inc. as guarantors, for the sale and purchase of the entire issued share capital of each of Newincco, Dialogue DLKW and The Composing Room. Newincco is the sole shareholder of DLKW.

The Disposal Agreement is conditional on the passing of the Disposal Resolution by Shareholders.

1.1 Consideration

The consideration for the sale and purchase of the Sale Shares is the sum of £28 million and will be paid to the Seller in cash in one instalment at Closing.

The Seller will ensure that the DLKW Group has a minimum aggregate cash balance of £750,000 on Closing.

1.2 Representations, warranties and indemnities

The Seller has 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 Disposal Agreement, the ownership of, and the ability to sell the Sale Shares, accounts and financial matters, contracts, legal and regulatory matters, litigation, the ownership of assets comprised in the DLKW Group, intellectual property and information technology matters, employees, pension matters, taxation and real estate matters. The Seller has agreed to indemnify the Purchaser against losses, and to pay its 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, dishonesty or wilful concealment) before the date falling six months and six years after the Closing Date for any warranties relating to tax and 31 March 2012 for any other warranties.

The aggregate liability of the Seller for all warranty claims and tax claims will not exceed the amount of the consideration. The Seller will not be liable for any warranty claim (excluding claims in respect of any of the tax warranties) unless a claim exceeds £10,000. The Seller will also have no liability for any warranty claim (excluding claims in respect of any of the tax warranties) unless and until warranty claims exceed £300,000 in aggregate (in which case the Seller will be liable for the full amount and not just the excess over £300,000).

1.3 Undertakings

The Seller has undertaken to use all reasonable endeavours to procure that the DLKW Group will carry on business in the normal course until Closing. The Seller will not be in breach of this undertaking save to the extent that it or Creston, as guarantor, has itself taken any action after execution of the Disposal Agreement which gives rise to that breach.

In addition, the Seller, on its own behalf and on behalf of the Continuing Group, has also given undertakings that, for a period of two years following the Closing Date, no member of the Continuing Group will:

- (i) supply services which compete with those provided by the DLKW Group in the ordinary course of its business to its clients within the 12 months immediately prior to the Closing Date;
- (ii) solicit the custom of any such client in competition with any member of the DLKW Group; and
- (iii) solicit certain key employees of the DLKW Group.

The Purchaser has given the same non compete and non solicitation undertakings to the Seller in respect of itself, the DLKW Group and members of the Purchaser's Group.

Nothing shall prevent members of the Continuing Group from continuing to provide services to clients which it may share with the DLKW Group.

1.4 Creston Guarantee and The IPG Group of Companies Inc. Guarantee

Under the terms of the Disposal Agreement, Creston will guarantee performance by the Seller of all its obligations under the Disposal Agreement and will indemnify the Purchaser against all losses suffered or incurred by it arising from a failure by the Seller to make payment to the Purchaser under the Disposal Agreement or through any of the guaranteed obligations becoming unenforceable, invalid or illegal. Nothing in the guarantee will require Creston to pay any greater sum to the Purchaser than the amount payable by the Seller.

The IPG Group of Companies Inc. will guarantee performance by the Purchaser of all its obligations under the Disposal Agreement, including the obligation to pay the purchase price on Completion, on similar terms to the guarantee given by Creston.

1.5 Termination

The Disposal Agreement may, at or prior to the Closing Date, be terminated:

- (i) by written notice given by the Purchaser, if before Closing the Seller is in material breach of the undertaking to procure that the DLKW Group shall carry on business in the normal course until Closing, which breach has a material adverse effect on the business of the DLKW Group (as presently carried on) taken as a whole or on the DLKW Group's ability to carry it on in substantially the same manner and, where that breach is capable of remedy, it is not remedied to the Purchaser's satisfaction; and
- (ii) automatically if the Disposal Resolution has not been passed on or before the Long Stop Date

1.6 Break Fee

A break fee of £280,000 is payable by the Seller to the Purchaser if Creston fails to comply with any of its undertakings to:

- publish this Circular within two Business Days of signature of the Disposal Agreement containing (i) a notice convening the General Meeting on the first practical Business Day that would satisfy the notice requirements under Creston's articles of association and applicable law and practice and (ii) a recommendation to Shareholders to vote in favour of the Disposal Resolution;
- ensure that the Directors give irrevocable undertakings to the Purchaser to vote in favour of the Disposal Resolution at the General Meeting in respect of their beneficial holdings of Ordinary Shares;
- put the Disposal Resolution to a vote at the General Meeting; and

- procure that the Directors do not withdraw or adversely modify their recommendation contained in this Circular to vote in favour of the Disposal Resolution and that the General Meeting is not adjourned beyond 31 July 2010;

and the Disposal Resolution is not passed on or before the Long Stop Date.

1.7 Governing law

The Disposal Agreement is governed by the law of England and Wales.

PART III

RISK FACTORS

This Part III addresses the risks known to Creston and the Directors to which the Group is exposed, which could materially and adversely affect the business, results of operations, cash flow, financial condition, turnover, profits, assets, liquidity or capital resources of the Group, 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 Disposal, 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 Creston and the Directors, or which Creston and the Directors currently deem immaterial, may also have an adverse effect on the financial condition or business of the Group and/or the Continuing Group and/or the DLKW Group.

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 Disposal

The following risks and uncertainties relate to the Disposal:

1.1 Liabilities and obligations of the Purchasers

The Disposal Agreement contains certain representations and warranties given by the Purchaser in favour of the Seller in relation to the Purchaser's corporate status and existence and authority to enter into the Disposal Agreement. The extent to which the Purchaser is required in the future to make payments under any of these representations and warranties is unpredictable. If, however, the Purchaser suffers financial distress, any payment due to the Seller under such representations and warranties may be put at risk.

1.2 Pre-Closing changes in the DLKW Group

During the period from signing of the Disposal Agreement on 25 June 2010 to Closing, events or developments may occur which could make the terms of the Disposal Agreement less attractive for Creston. The Seller will be required to complete the Disposal notwithstanding such events or developments. This may have an adverse effect on the business, financial condition and results of operations of the Group.

1.3 Conditions

Closing of the Disposal Agreement is conditional upon the approval of Shareholders. 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 Disposal Resolution, the Disposal will not be completed. If the Disposal does not complete, any of the risks and uncertainties set out in Section 2 of this Part III (Risk factors) may affect the Group's business and results.

1.4 The Continuing Group's operations will be less diversified

Following the Disposal, the Continuing Group's business will be less diversified. Weak performance in the remaining businesses, or in any particular part of these remaining businesses, may have a proportionately greater adverse impact on the financial condition of the Continuing Group.

2. Risks related to the Disposal not proceeding

If the Disposal does not proceed, the following risks and uncertainties may affect the Group's business and results.

2.1 Potentially disruptive effect on the Group

If the Disposal does not proceed, the Group's management and employees may be affected and key management or employees may choose to leave the Group. This may have a negative effect on the performance of the DLKW Group under Creston's ownership. To maintain shareholder value, Creston's management would be required to continue to allocate time and cost to the ongoing supervision and development of the DLKW Group.

2.2 Significantly weaker balance sheet

The Directors intend to use the net proceeds of sale to permanently pay down £11.6 million of bank borrowings, repay the balance drawn against the revolving credit facility which as per the Company's management accounts for 31 May 2010, amounted to £11.0 million, with the remaining balance of the Disposal proceeds being held on deposit and increasing the available cash balance. If the Disposal does not proceed, then the Group will be unable to follow this strategy, which may significantly weaken the financial position of the Group.

2.3 Inability to realise Shareholder value

The Board believes the Disposal is in the best interests of Shareholders taken as a whole and that it currently provides the best opportunity to realise attractive and certain value from the DLKW Group. If the Disposal does not complete, the Group's ability to deliver shareholder value, to deliver value from the DLKW Group or to implement the Group's stated strategy may be prejudiced.

2.4 Dependence on advertising revenues

The DLKW Group's business generates a significant amount of revenue from advertising campaigns, which are in turn dependent on consumer discretionary spend. Advertising spend is highly cyclical and can be significantly impacted by negative economic and sector sentiment. The DLKW Group has experienced declines in advertising revenue given the recent economic turbulence, however any further decline in advertising spend could have a material impact on the DLKW Group's and Creston's trading and financial performance.

3. Risks related to the Continuing Group's business

3.1 Dependency on key executives and certain employees

The Directors believe that the Continuing Group depends on the services of its key technical, sales, marketing and management personnel. The loss of the services of any of these persons could have a material adverse effect on the Continuing Group's business, results of operations and financial condition. The Directors believe that the Continuing Group's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified technical, sales, marketing and management personnel. Competition for such personnel can be intense, and the Continuing Group cannot give assurances that it will be able to attract or retain highly qualified technical, sales, marketing and management personnel in the future. The Continuing 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 Continuing 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.

3.2 Technology/Industry standards change

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

3.3 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 Continuing Group will operate. The Continuing 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, accounting and financial control, sales and marketing and other resources. If the Continuing Group is unable to manage its expansion effectively, its business and financial results could suffer.

3.4 Dependence upon key intellectual property

The Continuing Group's success depends in part on its ability to protect its rights in its intellectual property. The Continuing 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 Continuing Group's intellectual property without its authorisation.

Enforcing intellectual property rights can be difficult and expensive. To protect the Continuing Group's intellectual property, the Continuing 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 Continuing Group's business or adversely affect its revenue, financial condition and result of operations.

3.5 System Failures and Breaches of Security

The successful operation of the Continuing Group's business depends upon maintaining the integrity of the Continuing 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 Continuing 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 Continuing 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 Continuing Group. This could be harmful to the Continuing 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 Continuing 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 Continuing Group's business, results of operations and/or financial condition.

3.6 Financial resources

Although the Continuing Group does not have any requirement to raise additional capital within the next 12 months, the Continuing Group's growth and profitability beyond this period may be reliant on its ability to access capital for further development. The Continuing Group's capital requirements will depend on numerous factors, including its ability to maintain and expand its penetration of the markets in which it operates. If its capital requirements vary materially from its budget, this could restrict the development of the Continuing Group. Any additional equity fundraising on the capital markets beyond the next 12 months may be dilutive for existing shareholders and additional debt-based funding may bind the Continuing Group to further restrictive covenants and curb its operating activities. Whilst the Directors believe that the Continuing Group has scope to further develop its business, there is no certainty that the anticipated growth will be realised.

3.7 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 Continuing Group and the assumptions underlying these forward-looking statements. The Continuing Group uses the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "may", "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 Continuing 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 Continuing Group will operate in the future. These forward-looking statements speak only as of the date of this document. The Continuing 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 or the Disclosure and Transparency Rules, to reflect any change in the Continuing 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 Continuing Group, or persons acting on behalf of the Continuing Group, are expressly qualified in their entirety by the cautionary statements contained throughout this document. As a result of these risks, uncertainties and assumptions, a prospective investor should not place undue reliance on these forward looking statements.

4. Risks related to general economic conditions and the markets in which the Group operates

4.1 Economic conditions and the current economic downturn

The Directors believe that the Group could be sensitive to fluctuations in the UK and international economies. The Group's performance will depend, to a certain extent, on a number of factors outside the control of the Group, including political and economic conditions.

Factors which could indirectly affect the 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 Group and any downturn in the general macro-economic situation could have a significant adverse effect on the Group, its profits and share price.

4.2 Currency risk

The Group is exposed to the impact of currency fluctuations on its commercial transactions denominated in foreign currencies and its purchases in sterling of goods which are priced originally in foreign currencies. Exposures are primarily to the Euro. Adverse exchange rate movements could have a negative effect on the 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.

4.3 Interest rate fluctuations

The 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 Group. If the interest rate increases, this may potentially increase the interest charge for the Group.

4.4 Changes in tax laws or regulations, or their respective interpretations

The 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 Group and such changes could materially and adversely affect the 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.

4.5 Competition

The Directors believe that all of the Group's main operating companies face a significant competitor base. Actions by existing competitors or new entrants may place pressure on the Group's pricing margins and profitability. The Directors believe that some of the 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 Group. In response to a changing competitive environment and the actions of competitors, the 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 Group.

PART IV

FINANCIAL INFORMATION RELATING TO THE DLKW GROUP

The following financial information relating to the DLKW Group has been extracted, unless otherwise indicated, without material adjustment from the consolidation schedules underlying the audited financial statements of the Group for the three years ended 31 March 2009 and the published preliminary unaudited results of the Group for the year ended 31 March 2010. The financial statements of the Group are prepared in accordance with International Financial Reporting Standards (“IFRS”).

Shareholders should read the whole of this document and not rely on the summarised financial information contained in this section.

The financial information contained in this Part IV does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006. The consolidated statutory accounts of Creston in respect of the three years ended 31 March 2009 have been delivered to the Registrar of Companies. The auditors’ reports in respect of those statutory accounts for the three years were unqualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985. The consolidated statutory accounts of Creston in respect of the year ended 31 March 2010 have not yet been filed with the Registrar of Companies and the auditors have not yet issued their report in respect of those accounts.

PricewaterhouseCoopers LLP were the auditors for the Group in respect of the three years to 31 March 2009 and are the auditors in respect of the year ended 31 March 2010.

The historical income statements for the DLKW Group, prepared under IFRS for the four years to 31 March 2010, were as follows:

| | <i>Year ended 31 March 2010 IFRS (unaudited) £000</i> | <i>Year ended 31 March 2009 IFRS £000</i> | <i>Year ended 31 March 2008 IFRS £000</i> | <i>Year ended 31 March 2007 IFRS £000</i> |
|-------------------------------|---|---|---|---|
| Income Statement | | | | |
| Revenue | 19,240 | 22,102 | 22,840 | 23,857 |
| Operating costs | (16,132) | (18,505) | (19,056) | (19,686) |
| Operating profit | 3,108 | 3,597 | 3,784 | 4,171 |
| Finance income | — | — | 13 | 2 |
| Finance costs | (30) | (109) | (622) | (817) |
| Profit before taxation | <u>3,078</u> | <u>3,488</u> | <u>3,175</u> | <u>3,356</u> |

Notes

Taxation is calculated on a statutory basis for the purpose of the UK GAAP accounts of the DLKW Group which are prepared on a different basis to the Creston Group consolidated accounts. No tax allocation is performed for the purpose of the Group IFRS consolidation. As a result, it is not possible to provide a meaningful allocation of the Group tax charge for these periods.

The historical balance sheet for the DLKW Group, prepared under IFRS for the year ended 31 March 2010, was as follows:

| | 31 March 2010 IFRS (unaudited) £000 |
|--|--|
| Summary of Assets and Liabilities | |
| Non-current assets | |
| Property, plant and equipment | 381 |
| Deferred tax asset | 228 |
| | <u>609</u> |
| Current assets | |
| Inventories and work in progress | 1,357 |
| Trade and other receivables | 6,243 |
| Cash and short-term deposits | 3,637 |
| | <u>11,237</u> |
| Total Assets | 11,846 |
| Current liabilities | |
| Trade and other payables | (10,155) |
| Corporation tax payable | (566) |
| | <u>(10,721)</u> |
| Net assets | <u><u>1,125</u></u> |

PART V

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The unaudited consolidated pro forma statement of net assets set out below has been prepared to illustrate the effect of the Disposal on the consolidated net assets of Creston at 31 March 2010 as if the Disposal had taken place at 31 March 2010.

The information, which is produced for illustrative purposes only, by its nature addresses a hypothetical situation and therefore does not represent the actual financial position of the Group.

The unaudited pro forma net assets statement is compiled on the basis set out below from the unaudited consolidated balance sheet of Creston as at 31 March 2010 and from the financial information for DLKW set on out in Part IV of this document and in accordance with the requirements of Listing Rule 13.3.3R.

| | <i>Adjustments</i> | | | | <i>Pro forma net assets</i> |
|---------------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------------------|
| | <i>Group</i> | <i>DLKW</i> | <i>Goodwill</i> | <i>Net</i> | |
| | <i>(Note 1)</i> | <i>(Note 2)</i> | <i>(Note 3)</i> | <i>(Note 4)</i> | |
| | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> | <i>£000</i> |
| Non-Current Assets | | | | | |
| Intangible assets | | | | | |
| – Goodwill | 119,081 | — | (30,533) | — | 88,548 |
| – Other | 1,551 | — | (250) | — | 1,301 |
| Property, plant and equipment | 2,065 | (381) | — | — | 1,684 |
| Financial assets – available for sale | 550 | — | — | — | 550 |
| Deferred tax asset | 766 | (228) | — | — | 538 |
| | <u>124,013</u> | <u>(609)</u> | <u>(30,783)</u> | <u>—</u> | <u>92,621</u> |
| Current Assets | | | | | |
| Inventories and work in progress | 2,937 | (1,357) | — | — | 1,580 |
| Trade and other receivables | 32,346 | (6,243) | — | — | 26,103 |
| Cash and short-term deposits | 2,778 | (3,637) | — | 3,400 | 2,541 |
| | <u>38,061</u> | <u>(11,237)</u> | <u>—</u> | <u>3,400</u> | <u>30,224</u> |
| Current Liabilities | | | | | |
| Trade and other payables | (35,884) | 10,155 | — | (400) | (26,129) |
| Corporation tax payable | (2,398) | 566 | — | — | (1,832) |
| Obligations under finance leases | (8) | — | — | — | (8) |
| Bank overdraft, loans and loan notes | (27,687) | — | — | 24,600 | (3,087) |
| Financial liability | (135) | — | — | — | (135) |
| | <u>(66,112)</u> | <u>10,721</u> | <u>—</u> | <u>24,200</u> | <u>(31,191)</u> |
| Net Current Liabilities | <u>(28,051)</u> | <u>(516)</u> | <u>—</u> | <u>27,600</u> | <u>(967)</u> |
| Non-current liabilities | | | | | |
| Obligations under finance leases | (8) | — | — | — | (8) |
| | <u>(8)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(8)</u> |
| Net Assets | <u>95,954</u> | <u>(1,125)</u> | <u>(30,783)</u> | <u>27,600</u> | <u>91,646</u> |

Notes

1. The financial information of the Group has been extracted, without material adjustment, from the published unaudited preliminary financial information of the Group for the year ended 31 March 2010.
2. The financial information of the DLKW Group has been extracted without material adjustment from the historical financial information on the DLKW Group set out in Part IV of this document.
3. The adjustment reflects the write off for goodwill of £30.5 million and of other intangible assets relating to the brand name of £0.3 million arising on consolidation of DLKW within the Group. These amounts have been extracted without material adjustment from the underlying accounting records of the Group as at 31 March 2010.
4. The adjustments reflect the cash proceeds of £28.0 million to be received from the Disposal less associated costs of the Disposal of approximately £0.4 million (disclosed as Trade and other payables). These net cash proceeds of £27.6 million will be used to repay the £11.6 million term loan and the £13.0 million drawn against the revolving credit facility (the aggregated £24.6 million shown under Bank overdraft, loans and loan notes). The remaining £3.4 million will be held on deposit (shown under Cash and short-term deposits).
5. No account has been taken of the trading results of the Continuing Group or the DLKW Group for the period since 31 March 2010.
6. It is not possible to quantify the actual loss on disposal since this calculation is dependent on the value of the net assets in the DLKW Group at Closing. Had the disposal taken place on 31 March 2010, the loss on disposal would have been £4.3 million, being net proceeds of £27.6 million, less goodwill and intangibles of £30.8 million less net assets of £1.1 million.

PART VI

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



PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

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

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

28 June 2010

Dear Sirs

Creston plc (the “Company”)

We report on the pro forma net assets statement (the “**Pro forma net assets statement**”) set out in Part V of the Company’s Circular dated 28 June 2010 (the “**Circular**”) which has been prepared on the basis described in Part V of the Circular, for illustrative purposes only, to provide information about how the proposed disposal of the DLKW Group (as defined in the Circular) might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the unaudited preliminary financial information for the year ended 31 March 2010. This report is required by item 13.3.3R of the Listing Rules of the UK Listing Authority (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 net assets statement in accordance with item 13.3.3R of 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 net assets statement and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma net assets statement, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

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 net assets statement 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 net assets statement 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 net assets statement 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 (Additional information) 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 7930 9757. The principal legislation under which the Company operates is the Companies Act 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 | 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 |

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 pages 43 to 45 of the annual report and accounts of the Company for the financial year ended 31 March 2009, which are incorporated by reference into this document.

Andrew Dougal and David Marshall were re-appointed by shareholders as non-executive Directors of the Company for a further three-year period to the Company's annual general meeting in 2012 at the Company's annual general meeting held on 2 September 2009.

3.3 *Directors' interests in Ordinary Shares*

As at the close of business on 27 June 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 27 June 2010, 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 27 June 2010, 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 27 June 2010, 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 27 June 2010, 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 | 32,414 | 27/07/2007 | 27/07/2010 |
| Don Elgie | 3,242 | 31/01/2010 | 27/07/2010 |
| 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 |
| Barrie Brien | 9,310 | 27/07/2007 | 27/07/2010 |
| Barrie Brien | 931 | 31/01/2010 | 27/07/2010 |
| 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 |

4. Key Individuals of the DLKW Group

The names and principal functions of the key individuals of the DLKW Group are set out below:

| <i>Name</i> | <i>Position</i> |
|----------------|-----------------------------|
| Greg Delaney | Chairman |
| Tom Knox | Joint CEO |
| Richard Warren | Joint CEO |
| George Prest | Executive Creative Director |
| Ziad Aslam | Finance Director |
| Charlie Snow | Director of Strategy |
| James Pool | Managing Director |

5. Major Shareholders

In so far as is known by the Company at the close of business on 27 June 2010 (being the latest practicable date prior to the publication of this document) the following persons (other than 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> |
|---------------------------------------|--------------------------------------|---|
| BT Pension Scheme Trustees Limited | 4,316,060 | 7.03% |
| Artemis Investment Management Limited | 4,059,634 | 6.61% |
| Majedie Asset Management | 3,815,522 | 6.22% |
| AXA Framlington Investment Mangement | 3,356,045 | 5.47% |
| Western Selection P.L.C. | 3,000,000 | 4.89% |
| Hermes Pensions Management | 2,961,344 | 4.82% |
| Panagaea One Management LLC | 2,658,288 | 4.33% |
| Gartmore Investment Limited | 2,529,522 | 4.12% |
| Standard Life Investments Ltd | 2,505,334 | 4.08% |
| Mr D H Elgie | 1,938,479 | 3.16% |

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 Continuing Group have been entered into by any member of the Continuing 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 Continuing Group which contain provisions under which any member of the Continuing Group has any obligation or entitlement which is material to the Continuing Group as at the date of this document.

6.1.1 Disposal Agreement

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

6.1.2 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 DLKW Group

No contracts (other than contracts entered into in the ordinary course of business) which are, or may be, material to the DLKW Group have been entered into by the DLKW 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 the DLKW Group which contain provisions under which the DLKW Group has any obligation or entitlement which is material to the DLKW Group as at the date 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 on page 79 of the annual report and accounts of the Company for the financial year ended 31 March 2009;

7.1.2 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; and

7.1.3 the related party transactions information in relation to the Company set out on page 74 of the annual report and accounts of the Company for the financial year ended 31 March 2007.

7.2 Save as disclosed below, the Continuing Group has not entered into any related party transactions during the period from 1 April 2009 up to 27 June 2010 (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 27 June (being the latest practicable date prior to the publication of this document). Since 1 April 2009, total fees of £75,308 were paid to or incurred in respect of City Group P.L.C., £37,808 for the provision of secretarial services and £37,500 for the services of Mr D C Marshall.

8. Financial and trading position

8.1 *The Continuing Group*

There has been no significant change in the financial or trading position of the Continuing Group since 31 March 2010, the date to which the latest published unaudited financial information on the Company was prepared.

8.2 *The DLKW Group*

There has been no significant change in the financial or trading position of the DLKW Group since 31 March 2010, the date to which the latest published unaudited financial information on the Company was prepared.

9. Litigation

9.1 *The Continuing Group*

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

9.2 *The DLKW Group*

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

10. Working Capital

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

11. Consents

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.

PwC has given and has not withdrawn its written consent to the inclusion in this document of its report on the unaudited pro forma financial information set out in Part VI (Accountant's report on the unaudited pro forma statement of net assets) in the form and context in which it appears.

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 2009 | | |
| • Terms of service contracts (page 43 to 45) | Paragraph 3.2 of Part VII | 25 |
| • Related party transactions (page 79) | Paragraph 7.1 of Part VII | 28 |
| 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 | 28 |
| Annual report and accounts of the Company for the financial year ended 31 March 2007 | | |
| • Related party transactions (page 74) | Paragraph 7.1 of Part VII | 29 |

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 2007, 2008 and 2009;
- 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:

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|--|--|
| 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 |
| 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 |
| Closing | the completion of the Disposal in accordance with the terms of the Disposal Agreement |
| Closing Date | the date of completion of the Disposal in accordance with the terms of the Disposal Agreement |
| Companies Act 2006 | the Companies Act 2006, as amended |
| Continuing Group | Creston and its subsidiaries, excluding the DLKW Group |
| CREST | the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations) |
| DLKW | DLKW Limited, a company incorporated in England and Wales with registered number 01286253 whose registered office is at 30 City Road, London, EC1Y 2AG |
| DLKW Group | Newincco and its wholly owned subsidiary, DLKW, Dialogue DLKW and The Composing Room |
| Dialogue DLKW | Dialogue DLKW Limited, a company incorporated in England and Wales with registered number 04973749 |
| 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 |
| Disposal | the proposed disposal of the DLKW Group pursuant to the Disposal Agreement |
| Disposal Agreement | the agreement for the sale and purchase of the entire issued share capital of Newincco, Dialogue DLKW and The Composing Room dated 25 June 2010 between (1) |

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|---------------------------------------|--|
| | the Seller (2) the Purchaser (3) Creston and (4) The IPG Group of Companies Inc. |
| Disposal Resolution | the ordinary resolution to approve the Disposal set out in the Notice of General Meeting |
| EMI Scheme | the Creston plc Enterprise Management Incentive Scheme |
| Euroclear | Euroclear UK & Ireland Limited, the operator of CREST |
| Executive Creston Director | an executive director of Creston |
| 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 9.30 a.m. on 13 July 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, including the DLKW Group |
| 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 |
| Long Stop Date | 31 July 2010 |
| LTIP | the Creston plc Long Term Incentive Plan |
| Newincco | Newincco 996 Limited, a company incorporated in England and Wales with registered number 7258457 |
| Non-Executive Creston Director | a non-executive director of Creston |
| 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 |
| PBIT | profit before interest and tax |
| PwC | PricewaterhouseCoopers LLP, whose registered office is at 1 Embankment Place, London, WC2N 6RH and registered number is OC303525 |
| Purchaser or Lowe | Lowe & Partners Limited a company incorporated in England and Wales with registered number 00680779 |
| Register of Members | the register of members of Creston |

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| Regulations | the Uncertificated Securities Regulations 2001 (SI 2001 No.3755) |
| Sale Shares | the entire issued share capital of Newincco, Dialogue DLKW and The Composing Room |
| Seller | DLKW Holdings Limited, a company incorporated in England and Wales with registered number 03904314 |
| 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 |
| The Composing Room | The Composing Room Limited, a company incorporated in England and Wales with registered number 01828303 |
| 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 |

References to “£” and “p” or “pence” are to pounds sterling and pence being the lawful currency of the United Kingdom.

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 9:30 a.m. on 13 July 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 disposal of Newincco 996 Limited, Dialogue DLKW Limited and The Composing Room as described in the circular to Shareholders of the Company dated 28 June 2010 of which this Notice forms part (the "**Circular**") on the terms and conditions of the share purchase agreement dated 25 June 2010 between (1) Lowe & Partners Limited, (2) DLKW Holdings Limited, (3) Creston plc and (4) The IPG Group of Companies Inc. (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 disposal, 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.

28 June 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 9.30 a.m. on 11 July 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 25 June 2010 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 61,377,338 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 27 June 2010 are 61,377,338.
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 provider(s), 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 9.30 a.m. on 11 July 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/