CORAL PRODUCTS PLC

ANNUAL REPORT AND ACCOUNTS 2013

Contents

Financial Highlights

	2013	**2012**
Revenue	**£17.3m**	£17.3m
Underlying earnings before interest, tax and depreciation (EBITDA)	**£1.59m**	£1.21m
Operating profit/(loss)	**£0.50m**	£(0.30)m
Profit/(loss) before taxation	**£0.35m**	£(0.37)m
Basic earnings/(loss) per share	**1.08p**	(1.16)p
Net assets per ordinary share	**20.6p**	20.8p
Gearing	**45.8%**	23.3%

Chairman's Statement

I am pleased to report that, in the face of challenging market conditions, the Group has made a return to an overall profit for the past financial year with EBITDA having shown significant growth. This was the middle year of our three year strategic plan of improvement, and progress has continued to be made as the Group reduces its exposure to media packaging by developing other markets.

This was the first full year of integration of the results of our reselling and distributing business, Interpack Limited. The costs of converting our existing facilities and upgrading to BRC standards and accreditations have now been completed and we expect the benefits from this new range of products to increase over the coming years. Interpack has recently added to its experienced sales and marketing team as it looks to further increase sales in the current period.

Sales volumes overall were maintained at the previous year's level belying the fact that the Group continued to diversify into more added value products resulting in improved gross margins (24.6% compared to 22.1% last year). This will continue to be our strategy and a number of new product areas are being assessed to this end.

Sales of media packaging products were adversely impacted by the difficult economic backdrop with consumer discretionary spending remaining subdued and by the discontinuance of a leading high street retailer. The distributor companies have only recently been able to recover and rebuild stocks. Further, the exceptionally poor weather particularly in the period through Easter pushed back food container orders, in particular for ice-cream and salads, and lowered our expectations for this period. However, the Group did benefit from the overall sales mix being focussed on sales of higher value products.

Trade moulding revenues showed a small increase and a number of products are being moulded for new customers. A recent order has been placed which is expected to produce significant additional revenue over the next 12 months.

Revenue from media products, having been on target until early in 2012, fell towards the latter stages of the financial year, as announced earlier this year. Overall however, our customers expect that volumes will be largely maintained and we remain committed to the sector.

Recycling product sales remained fairly constant over the year as a whole. The revenues were affected by local authorities' ability to determine their available spend and policy towards waste management. This area is significant to the Group and we continue to commit resources to developing products and partnerships with logistic distributors.

In addition to the introduction of a range of new packaging products in the year, the Group also completed the purchase of the freehold of its production facility in Haydock. Whilst this has initially increased the debt levels and gearing of the Group, there will be rental savings of £250,000 per annum in future financial years.

Revenue and Profits

Group revenue remained constant for the year at £17,279,000 (2012: £17,309,000). Improved margins on more added value products increased gross profit by 11% to £4,249,000 (2012: £3,826,000). EBITDA showed further strong growth to increase to £1,588,000 (2012: £1,212,000). Overheads in the group were maintained at 2012 levels with the increase representing the inclusion of Interpack for a full year.

Group underlying operating profit was £496,000 (2012: £250,000). Finance costs were £146,000 (2012: £65,000) and there was a credit for taxation of £77,000 (2012: £nil) resulting in a profit after tax of £427,000 (2012: loss of £369,000) to be added to reserves.

Cash and Finances

Cash flow generated from operating activities before taxation and working capital movements was £1,588,000 compared to £658,000 generated in the previous financial year. Net proceeds from the equity placing of £447,000 were used in conjunction with a new bank term loan of £1.4 million to fund the purchase of the freehold property at a cost of £1,949,000. Capital expenditure in the year on plant refurbishment and tooling for new recycling container products was £698,000.

Earnings per share

The underlying earnings per share, which, in the opinion of the Directors, best reflects the performance of the Group, has increased significantly to 1.08p (2012: 0.58p). Basic earnings per share rose to 1.08p (2012: loss of 1.16p).

Dividend

The Board proposes a final dividend of 0.5p per share to be paid on 17 October 2013 to shareholders on the register at the close of business on 19 July 2013.
A final divdend of 0.5p per share for the year ended 30 April 2012 was paid on 17 October 2012.

Outlook

Whilst, as previously announced, the Group experienced poor trading conditions particularly in the second half of the year, the investments that have been made are starting to yield benefits and are expected to result in a further year of solid growth.

We believe the opportunity exists for us to create a significant plastic moulding business and we remain confident in our ability to implement our strategic vision and improve business performance to increase our customer base and market share and drive financial results over the medium term.

Joe Grimmond
Chairman
5 August 2013

Managing Director's Operating Review

Operationally, the Group performed satisfactorily during the year with on-going focus on diversification into food containers. The major operational event was the introduction of a range of manufactured food containers at Haydock to be sold by our wholly owned subsidiary, Interpack. This followed our strategic plan of diversification into markets with more growth potential and better margin products.

Trading

The trading conditions remained difficult throughout the financial year with high raw material prices and low customer confidence. In particular, media packaging sales were affected with fewer retail stockists and reduced order levels. As such, it is pleasing to report that Group sales remained at £17.3 million in the year as we managed to replace the falling media with increased sales, principally in food containers. During the year, both existing and new product lines for food containers were successfully integrated into the production facilities in Haydock. We are now in a position to service the demand requirements of Interpack for these products and expect production to increase substantially in the coming year.

Food container sales increased from £3.3 million to £5.4 million as they became a large focus for the Group. We announced in April that the extended cold weather had impacted on the sales of food containers in the last two months, in particular, on the launch of the new ice-cream food packaging products. This has since been reversed and sales of these products are now ahead of the targets set for this financial year. We are most pleased with the progress we have made in successfully diversifying production into these containers which has given the Group a firm strategy for growth by removing supply and capacity restraints. Interpack has recently increased its sales team and is confident that it now has the ability to service more customers and larger order volumes than previously.

Media sales did fall below expectations as was announced in February. The loss of a number of high street stores specialising in media sales had a significant effect on sales. The market has recently settled down and is still predicted to offer us a good level of business for a number of years whilst we rebalance away from this sector.

The Group's recycling division was affected by local authority cuts which led to uncertainty and a downturn in public spending. The reduced number of contracts in the marketplace also had an inevitable tendency to make pricing more competitive than ever. This affected the year's turnover but the sector still has inherent growth for the future as governments will be required to set much greater recycling targets on consumers.

Trade moulding sales continued to perform at previous levels. We have, however, gained a number of new customers and are forecasting for improvement in the coming year.

Business Developments

In October the Company announced that it had received confirmation by the Court to enable it to cancel its share premium account and capital redemption reserve and credit the same amount to distributable reserves. This will enable the Company to continue its dividend policy subject to, inter alia, its future earnings.

In December the Company purchased the freehold property in Haydock for a consideration of £1.9 million including costs of purchase. This purchase was funded by a £1.4 million term loan together with a share placing of 3.8 million shares at 12.5p each and will save £250,000 per annum in net rent payable.

Managing Director's Operating Review

continued

Management and Staff

The Group's employees are its key asset as their skills and commitment provide the solid base that is important in delivering our future success.
I would like to express my appreciation to our employees for their hard work and commitment to maintain high standards within the business.

Outlook

Our business objectives remain the same as we look to support our on-going media products whilst recognising the need to build markets and re-position our business in other products with growth potential.

Following the steps taken over the past two years we now have much greater confidence of future success. There is no doubting that economic recovery is still fragile and has affected consumer spending but there are indications that the worst is now behind us. Our product range is more substantial and our efforts to focus on food containers and trade moulding are beginning to show success that we can build upon for the future.

Warren Ferster
Managing Director
5 August 2013

Financial Review

Income Statement
Revenues for the year ended 30th April 2013 remained constant at £17.3 million. Of this, food container sales increased to £5.4 million (2012: £3.3 million) whilst media sales fell from £10.5 million in 2012 to £8.1m this year. This was the result of the Group's policy of rebalancing sales from media products into other markets with growth potential.

With gross margins increasing in the year due to increased sales of higher contribution products, this resulted in an underlying operating profit of £496,000 (2012: £250,000). Underlying earnings before interest, tax, depreciation and amortisation increased to £1.59 million (2012: £1.21 million). Profit before tax and after the exceptional costs rose to £350,000 (2012: loss of £369,000).

The total dividend for the year is to be maintained at 0.5p resulting in a dividend cover of 2.2 times earnings for the year. Basic underlying earnings per share for the year increased by 86% to 1.08 pence (2012: 0.58 pence).

Taxation
Taxation in the period amounted to a credit of £77,000 (2012: £nil) due mainly to group losses brought forward being available to offset the taxable profit.

Balance Sheet
Group shareholders' funds grew by £0.7 million to £8.6 million (2012: £7.9 million), with net assets per share decreasing to 20.6 pence (2012: 20.8 pence). The purchase of the freehold property and manufacturing facility was satisfied by a term loan of £1.4 million and a share placing of £447,000. The loan is repayable over 10 years with £175,000 being repaid over the first five months followed by equal repayments of the remainder.

The Company was successful in applying to the Court to have an amount of £6,984,000 cancelled from its share premium account and capital redemption reserve and replaced with the same value in distributable reserves.

Cash Flow
Operating cash flows before movements in working capital were £1.59 million (2012: £0.66 million). This was largely used to pay down trade creditors. The Group net debt increased by £2.1 million to £4.0 million (2012: £1.9 million) with the level of gearing rising from 23.3% to 45.8%. The Group has a mix of secured borrowing facilities totalling £2.45 million in addition to £1.25 million of term loan and £150,000 of an unsecured director's loan. The term loan is repayable over 10 years with £142,000 payable over the next financial year. The borrowing facilities are held with Barclays Bank plc and the Group continues to enjoy a positive relationship with its bank and has recently agreed a further renewal to cover the period to May 2014.

Borrowing facilities are monitored against the Group's forecast requirements and the Group mitigates financial risk by staggering the maturity of borrowings and by maintaining undrawn committed facilities.

Net Debt
The Group paid all loans and finance lease liabilities in line with original terms. Net debt including amounts owed on debtor based facilities increased by £2.1 million to £3.95 million.

Treasury Policies
The Group operates a conservative set of treasury policies to ensure that no unnecessary risks are taken with the Group's assets.

No investments other than cash are currently permitted. Where appropriate there may be balances held in euros, but only as part of the Group's overall hedging activity.

The Group can be affected by movements in exchange rates due to raw material prices being established in foreign currencies and on its export sales. The Group is mainly affected by movements between sterling and euro but has the ability to hedge any exposure on its sales by purchasing raw materials in euros. Thus it is able to mitigate partly its currency risks and the impact of foreign currency movements during the year on operating profit was not significant.

Financial Review

continued

Cash deposits and financial transactions give rise to credit risk in the event that counterparties fail to perform under the contract. The Group regularly monitors the credit ratings of its counterparties and controls the amount of credit risk by adhering to limits set by the board. The Group maintains debtor levels within the limits unless it has strong grounds for allowing increases. As a consequence of these controls, the probability of material loss is considered to be at an acceptable level. There were no significant bad debts during the year.

Key Performance Indicators

The Board uses a range of financial and non-financial indicators to monitor performance in line with its business strategy. These indicators are chosen to assess both current performance and the strength of the Group to sustain and enhance future performance. The financial indicators which are monitored at Board meetings on a regular basis are as follows:

	2013	2012
Group revenue	**£17.3m**	£17.3m
Gross margin	**24.6%**	22.1%
Underlying operating profit/(loss)	**£496,000**	£250,000
Underlying EBITDA	**£1,588,000**	£1,213,000
Underlying EPS	**1.08p**	0.58p
Gearing	**45.8%**	23.3%

The non-financial indicators include customer satisfaction, product quality, employee attraction and retention, number of reportable accidents, and energy use and savings.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

The EBITDA measures the earnings for the Group before the amounts required to depreciate fixed assets, amortise intangible assets and provide for interest and tax. It is regarded by the Board as a useful indication of amounts generated by the business. There was a significant rise in EBITDA to £1,588,000 in 2013 from £1,212,000 in 2012.

Management of Financial Risk

The Groups funding facilities were reviewed in June 2013. The Group operated within its facilities and met the conditions of the contracts throughout the year.

During the year the Group negotiated a 10 year term loan secured on its freehold property. This enabled the funding costs to match revenue streams over the medium to long term.

To manage short term cash flow the Board review monthly cash forecasts and sensitivity analyses. The Group is affected by any sudden volatility in polymer prices but mitigates this risk by holding pricing agreements with its major customers.

The Group mitigates the risk of customer claims by ensuring raw material polymers used are the best available for each product and that if recycled polymers are used they are from reliable and reputable sources.

Stephen Fletcher

Finance Director

5 August 2013

Directors and Advisers

Non-executive Directors

Joe Grimmond*, *Chairman and Non-executive*
Joe was appointed in March 2011. He was previously Chief Executive of James Dickie plc and Chairman of Widney plc. Joe was appointed as non-executive Chairman at the AGM in 2011.

Jonathan Lever LL.B, FCA*, *Senior Non-executive*
Jonathan, aged 76, was the former senior partner of a North West firm of Chartered Accountants which he founded in 1965. He was appointed Finance Director on flotation in February 1995 and retired as Finance Director in 1997.

** Member of the audit and remuneration committees.*

Executive Directors

Warren Ferster**, *Managing Director/Chief Executive*
Warren, aged 63, has been involved in the plastics industry for over thirty five years. He is involved in all aspects of the business but has particular responsibility for raw material purchasing and strategic planning. He has been a Director since September 1990.

*** Member of the remuneration committee.*

Stuart Ferster, *Production Director*
Stuart, aged 57, is involved in the day to day supervision of production and maintenance operations. He is responsible for the purchasing and introduction of new plant and equipment into the company's operations. He has been a Director since September 1990.

Stephen Fletcher MA, FCA, *Finance Director and Company Secretary*
Stephen, aged 56, is a Chartered Accountant and responsible for all aspects of the finance function, together with the company's IT systems, and has certain purchasing responsibilities. He joined the company in September 2002 after holding a similar position with Worthington Group plc. He was also appointed Company Secretary in October 2006.

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Directors’ Report

The Directors present their annual report and financial statements for the year ended 30 April 2013.

Results and dividends

The results for the year are set out on page 18. This shows a Group profit after taxation of £427,000 (2012: loss of £369,000).

A dividend of 0.5p per share in respect of the year ended 30 April 2012 was paid on 17 October 2012. The amount of this dividend was £190,678.

A final dividend of 0.5p (2012: 0.5p) per share is recommended in respect of the year ended 30 April 2013 to be paid on 17 October 2013 to shareholders on the register at the close of business on 19 July 2013. This has not been included within creditors as it was not approved before the year end.

A review of the Group’s activities for the year end and its future prospects is set out in the Chairman’s Statement, Managing Director’s Operating Review and Financial Review.

Principal activity

The principal activity of the Company and its subsidiaries is the manufacture of plastic injection moulded products and the reseller and distributor of a range of food packaging products. The Group also operates as a trade moulder for other UK Companies. It has been in operation since 1990, became a fully listed plc in 1995 and moved to the AIM market in 2011.

Directors

Full details of the directors of the Company are given on page 8, all of whom served throughout the period.

In accordance with the Articles of Association, Joe Grimmond and Jonathan Lever are the directors retiring by rotation and offering themselves for re-election at the AGM.

Directors’ interests in the shares of the Company

The beneficial interests of the Directors in the shares of the Company were as follows:

	Ordinary shares of 1p each 30th April 2013 Number	Ordinary shares of 1p each 30th April 2012 Number
Joe Grimmond	**5,033,337**	4,978,357
Warren Ferster	**3,143,181**	3,143,181
Stuart Ferster	**3,298,367**	3,298,367
Stephen Fletcher	**72,000**	72,000
Jonathan Lever	**150,000**	150,000
	11,696,885	11,641,905

In addition to the above interests, the Coral Products Pension Scheme, of which Warren Ferster and Stuart Ferster are trustees and beneficiaries, holds 146,000 shares in the Company.

No other shareholdings listed above have changed between the year end date and the date of this report.

Substantial interests

As at 11 July 2013, the Company had been made aware of the following interests of over 3% (other than the holdings of directors listed above) in the ordinary shares of the Company:

	Number of shares	% of share capital
Discretionary Unit Fund Managers Ltd	4,480,000	10.7
Mr Thomas Anderson	4,321,500	10.3
MAM Funds plc	3,800,000	9.1
Stephen Barber	2,000,000	4.8
Michael Burke	2,000,000	4.8
Stuart Trailor	2,000,000	4.8

Share Capital

At the 2012 Annual General Meeting, the Company was granted authority to purchase up to a maximum of 15% of its own shares. The authority expires at the conclusion of the forthcoming Annual General Meeting at which a special resolution will be proposed to renew the authority for a further year. Any shares purchased in accordance with this authority will be subsequently cancelled.

The Board of Directors

The Board’s role is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board reviews the Group’s strategic objectives and looks to ensure that the necessary resources are in place to achieve these objectives. The Board also sets the Group’s values and standards and manages the business in a manner to meet its obligations to shareholders.

Remuneration Committee

The Remuneration Committee is chaired by Joe Grimmond and consists of the non-executive directors together with the Managing Director. The Committee is responsible for determining the Group’s policy for the remuneration of the executive directors. It also considers the compensation commitments of its directors in the event of early termination of their service contracts.

Audit Committee

The Audit Committee is chaired by Jonathan Lever and consists of the non-executive directors. The executive directors may be requested to attend. The Audit Committee meets at the year-end and the external auditors attend this meeting and have direct access to the non-executive directors for independent decisions. The Audit Committee may examine any matters relating to the financial affairs and risk issues affecting the Group which includes reviewing the accounts, announcements, internal controls, accounting policies, and appointment of external auditors.

Statement of Directors' responsibilities in respect of the Annual Report & Financial Statements

The following statement, which should be read in conjunction with the report of the auditors set out on page 17, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the Annual Report and Financial Statements.

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law, International Financial Reporting Standards (IFRSs) as adopted by the European Union and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market, and for preparing the Report on Directors' Remuneration and related matters in accordance with applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the Group's profit or loss for that period. In preparing the Group and the Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- prepare a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.

The Company has a website which contains up to date information on activities and published financial results. The maintenance and integrity of this website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Principal Risks & Uncertainties

The management of business and execution of the Group's strategy is subject to a number of risks. The business risks affecting the Group are set out below. Risks are formally reviewed by the Board and a risk review programme is in place to monitor and mitigate these. It is possible that, if more than one event occurred, the adverse effects would be compounded on the Group.

Competition

The Group operates in a competitive market. It cannot predict the pricing of its competitors or their effect on its ability to market and sell its products. In order to ensure that it remains competitive, the Group may be required to consider its pricing policies.

Key Individuals

The Group's future performance depends heavily on its ability to retain and attract the services of suitable personnel. Whilst service contracts are in place for directors and management, the loss of the services of these key individuals could have a material adverse effect on the business and prospects of the Group.

Supply Agreement

The Group has obtained a 10 year licence to produce and supply a Red Tag security box to mitigate the financial risk of losing this key product. This licence is in force until April 2015.

Financial Risk Management

The Group's activities expose it to a variety of financial risks concerning its markets, credit and liquidity. The risk management programme seeks to minimise potential adverse effects of the Group's financial performance. The Group uses derivative financial instruments to hedge against certain financial risk exposures. The Group operates in European markets and is exposed to foreign exchange risk from commercial transactions in euros. It is the Group's policy to use natural hedging, where possible, to limit the exposure to currency risk and remove the requirement for financial instruments.

Environment and Sustainability

The key risk facing the Group in this area relates to reducing the environmental impact of the business with a focus on reducing waste and energy usage. A number of operational changes have been implemented to reduce our environmental impact.

Product Safety

The quality and safety of the products is of the highest importance and any failure in standards would significantly affect the confidence of our customers. There are stringent controls in place to ensure product safety and integrity. Product performance is monitored regularly to ensure compliance with standards.

Insurance

The Group has in place a Directors and Officers liability insurance policy that provides appropriate cover in respect of legal action brought against its directors.

Going Concern

In adopting the going concern basis for preparing the financial statements, the Board have considered the business activities as set out in the Operating Review and the Financial Review as well as the Group's principal risks and uncertainties. Based on the Group's cash flow forecasts and projections, the Board is satisfied that the Group will be able to operate within the level of it's facilities for the foreseeable future, the next annual review for facilities being May 2014. For this reason the Group continues to adopt the going concern basis in preparing its financial statements.

Creditor Payment Policy

The policy of the Group is to agree the terms of payment with suppliers when agreeing the conditions of supply of goods and services. Suppliers are made aware of the terms of payment and payments are made in accordance with terms agreed between the two parties.

The number of days purchases in trade creditors at the year end amounted to 62 days (2012: 64 days).

Shareholder Relations

The importance of maintaining good relations with individual and institutional investors is recognised by the Board. This includes meetings on a regular basis between the executive directors and institutional and private investors at relevant times. The Company encourages shareholder attendance at the Annual General Meeting, at which the Chairman and Board of Directors are available to answer any questions on the previous year's results and on current year trading.

Health and Safety

It is Group policy to protect the health and safety of its employees and any other parties involved in its business operations. Systems are in place to define and eliminate health and safety risks.

Corporate Social Responsibility and Governance

The Group is committed to responsible business practices, good corporate governance and sound risk management.

Employment and Human Rights

The Company is an equal opportunities employer and applies employment policies which are fair and equitable. Appointments, training and career development are determined solely by application of job criteria, personal ability and competence regardless of gender, race, disability, age, sexual orientation or religious or political beliefs.

Where suitable opportunities exist, full and fair consideration is given to the possibility of employing a disabled person. Where an employee becomes disabled whilst in employment, every effort is made to find continuing employment. Policies are in place which aim to deter acts of harassment and discrimination and any breach of either of these policies is met with zero tolerance.

Disclosure of Information to Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant information of which the Group's auditors are unaware;
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Annual General Meeting

The AGM will be held on Wednesday, 28 August at the Haydock Thistle Hotel, Haydock, Merseyside, WA11 9SG. The Notice of Meeting is contained on pages 40 to 41 of this report. At the meeting, resolutions will be prepared to receive the audited accounts and approve the Remuneration Report, to elect directors and to re-appoint Hurst & Company LLP as auditors. In addition, shareholders will be asked to renew both the general authority of the directors to issue shares and to authorise the directors to issue shares without applying the statutory pre-emption rights. The directors have no present intention of exercising the authority if granted, but consider it will be commercially useful to have the authority should they need to allot shares for any purpose in the future.

By order of the Board

S G Fletcher

Company Secretary

5 August 2013

Directors' Remuneration Report

Introduction

This report has been prepared in accordance with Section 420 and 421 of the Companies Act 2006. As provided in Regulation 11 and schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (the regulations), a resolution to approve the report will be preposed at the Annual General Meeting. The Regulations require the auditors to report to the shareholders on the "auditable part" of the Directors remuneration report and to state whether in their opinion that part of the report has been properly prepared in accordance with Section 420 of the Companies Act 2006. The report has therefore been divided into separate sections for audit and unauditted information.

Unaudited information

Remuneration Committee

The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the Combined Code. The members of the committee during the year were Jonathan Lever and Joe Grimmond who are both non-executive directors and Warren Ferster who is the Managing Director.

The performance measurement of the executive directors and the determination of their annual remuneration package are undertaken by the Committee. The remuneration of the non-executive directors is determined by the Board. No director plays a part in any discussions about his own remuneration.

Remuneration Policy

Executive remuneration packages are designed to attract, motivate and retain directors of the high calibre needed to progress and develop the Company and to reward them for enhancing value to shareholders. There are four main elements of the remuneration package for executive directors:

- Basic annual salary and benefits
- Annual bonus payments which cannot exceed £50,000
- Pension contributions
- Share Options

The Group's policy is that the bonus proportion of the remuneration of the executive directors should be performance related.

Basic Salary

An executive director's basic salary is determined by the Remuneration Committee prior to the beginning of each year and when an individual changes position or responsibility. In deciding appropriate levels, the Committee considers the Group as a whole and by reference to other companies in the media and manufacturing sectors. Basic salaries were reviewed in September 2012.

The Group has a policy of allowing contracts of service to be no more than one year in duration. Executive directors' contracts of service which include details of remuneration will be available for inspection at the Annual General Meeting. In addition to basic salary, the executive directors receive pension contributions and certain benefits-in-kind, principally medical insurance.

Annual Bonus Payments

The Committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid. The Committee believes that any incentive awards should be tied to the interests of the Group's shareholders and that the principal measure of those interests is the Group's profitability together with total shareholder return relative to the AIM Index. Performance targets are set annually as part of the budgeting process and performance is reviewed against those targets at the end of the financial year. The maximum performance related bonus that can be paid is 40% of basic salary which cannot exceed £50,000 for any director.

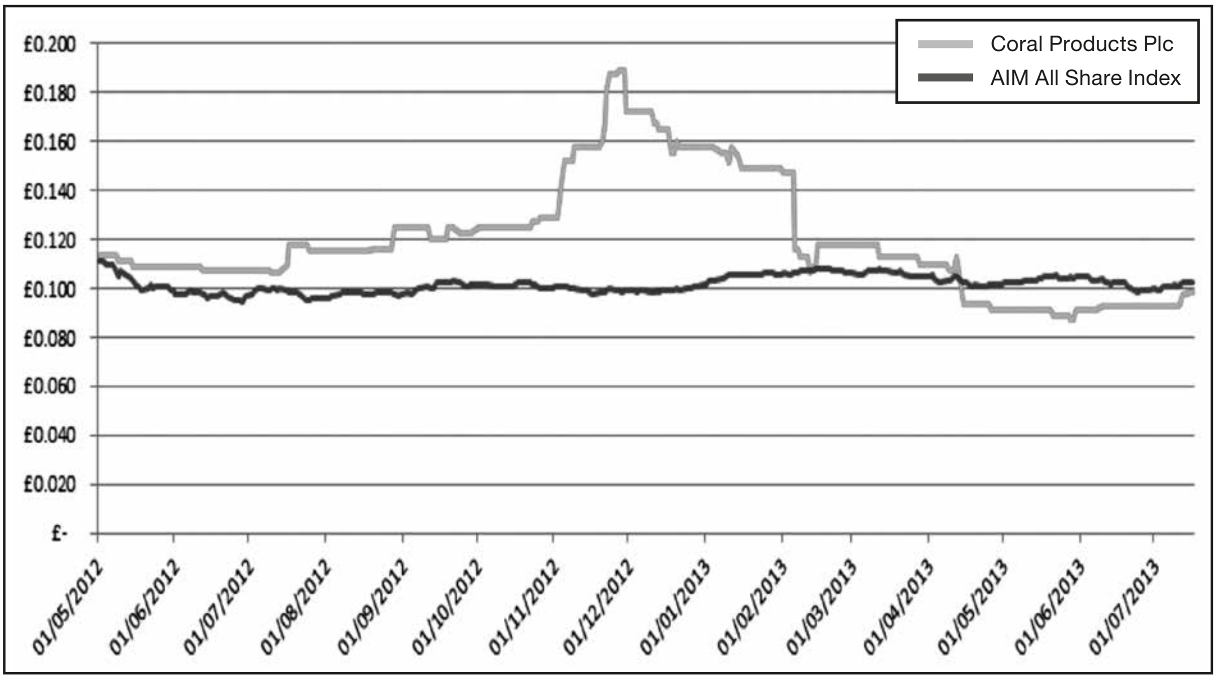
Pension Contributions

The executive directors have individual pension arrangements in the form of personal pension plans. The Group makes a contribution at a rate of 8% of basic salary towards funding each director's pension plan.

Performance Graph

The graph below compares the Group's total shareholder return performance with the AIM All Share Index for each of the past five years.

Coral Products plc – Performance Graph



Directors' Contracts

The Company's policy is that executive directors should have contracts with an indefinite term providing for a maximum of one year's notice. The details of the executive directors' contracts are summarised as follows:

	Date of contract	Notice period
Warren Ferster	March 1995	1 year
Stuart Ferster	March 1995	1 year
Stephen Fletcher	September 2002	6 months

Non-executive Directors

The service contracts of non-executive directors were originally set for an initial period of three years. They are now required to submit themselves for re-election every year and the Board believes this to be appropriate in the circumstances. The Chairman, Joe Grimmond was appointed to the Board in March 2011, Jonathan Lever was appointed in April 1995. All non-executive directors have specific terms of engagement and their remuneration is determined by the Board based on a review of fees paid to non-executive directors of similar companies and reflects the time commitment and responsibilities of each role. The current basic annual fee payable to the Chairman is £50,000 and to the senior non-executive director is £15,000.

Audited information

Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2013 Executive £'000	2013 Non-executive £'000	2013 Total £'000	2012 Total £'000
Emoluments	**332**	**50**	**382**	480
Pension contributions - defined contribution scheme	**27**	**-**	**27**	32
	359	**50**	**409**	512

Emoluments – Executive Directors

	2013 Basic salary £'000	2013 Benefits-in-kind £'000	2013 Pension £'000	2013 Total £'000	2012 Total £'000
Warren Ferster	**119**	**5**	**10**	**134**	139
Stuart Ferster	**119**	**3**	**10**	**132**	138
Stephen Fletcher	**84**	**2**	**7**	**93**	94
	322	**10**	**27**	**359**	371

Emoluments – Non-executive Directors

	2013 £'000	2012 £'000
Joe Grimmond	**36**	17
Jonathan Lever	**14**	17
	50	34

By order of the Board

Joe Grimmond

Chairman of the Remuneration Committee

5 August 2013

Independent Auditors' Report to the Shareholders of Coral Products PLC

We have audited the financial statements of Coral Products PLC for the year ended 30 April 2013 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Shareholders' Equity, and the Group and Company Cash Flow Statement, and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' responsibilities on page 11, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the company's members as a body in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion:

1) the financial statements give a true and fair view of the state of the Group's and Company's affairs as at 30 April 2013 and of the Group's profit for the year then ended;
2) the Group financial statements have been properly prepared in accordance with IFRS's as adopted by the European Union; and
3) the parent Company financial statements have been properly prepared in accordance with IFRS's as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
4) the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

1) the part of the Directors Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
2) the information given in the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Notes on matters which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 require us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law or not made; or
- we have not received all the information and explanations we require for our audit.

Mike Jackson (Senior Statutory Auditor)

for and on behalf of

Hurst & Company Accountants LLP

Chartered Accountants and Statutory Auditors, Stockport

5 August 2013

Group Income Statement

for the year ended 30th April 2013

	note	2013 £'000	2012 £'000
Continuing operations			
Revenue	5	**17,279**	17,309
Cost of sales		**(13,030)**	(13,483)
Gross profit		**4,249**	3,826
Operating costs			
Administrative expenses		**(3,753)**	(3,576)
Underlying operating profit		**496**	250
Corporate development and reorganisation costs	6	**-**	(554)
Operating profit/(loss)	7	**496**	(304)
Finance costs	8	**(146)**	(65)
Profit/(loss) for the financial year before taxation		**350**	(369)
Taxation	10	**77**	-
Profit/(loss) for the financial year attributable to the equity holders		**427**	(369)
Earnings/(loss) per share			
Basic earnings/(loss) per ordinary share	11	**1.08p**	(1.16)p
Underlying earnings per share	11	**1.08p**	0.58p
Diluted earnings/(loss) per share	11	**1.07p**	(1.15)p

Group Statement of Comprehensive Income

for the year ended 30th April 2013

	2013 £'000	2012 £'000
Profit/(loss) for the financial year	**427**	(369)
Total comprehensive income for the year	**427**	(369)

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance Sheets

as at 30th April 2013

Company reference: **2429784**

	note	Group		Parent Company	
		2013	2012	**2013**	2012
		£'000	£'000	**£'000**	£'000
ASSETS					
Non-current assets					
Goodwill	14	**3,868**	3,868	**-**	-
Other intangible assets	15	**144**	200	**81**	200
Property, plant and equipment	16	**6,286**	4,658	**1,939**	4,201
Investment in subsidiaries	13	**-**	-	**4,195**	4,195
Total non-current assets		**10,298**	8,726	**6,215**	8,596
Current assets					
Inventories	17	**1,377**	1,986	**-**	1,920
Trade and other receivables	18	**3,874**	3,517	**4,713**	2,672
Corporation tax recoverable		**107**	-	**-**	-
Cash and equivalents	19	**-**	52	**-**	-
		5,358	5,555	**4,713**	4,592
LIABILITIES					
Current liabilities					
Financial liabilities - borrowings	21	**2,564**	1,518	**1,232**	1,518
Trade and other payables	20	**3,047**	4,291	**62**	3,540
Current tax liabilities		**-**	143	**-**	-
		5,611	5,952	**1,294**	5,058
Net current (liabilities)/assets		**(253)**	(397)	**3,419**	(466)
Non-current liabilities					
Financial liabilities - borrowings	21	**1,386**	385	**1,108**	385
Deferred tax		**32**	-	-	-
		1,418	385	**1,108**	385
NET ASSETS		**8,627**	7,944	**8,526**	7,745
SHAREHOLDERS EQUITY					
Ordinary shares	22	**419**	381	**419**	381
Share premium		**409**	6,977	**409**	6,977
Other reserves		**-**	7	**-**	7
Retained earnings		**7,799**	579	**7,698**	380
TOTAL SHAREHOLDERS EQUITY		**8,627**	7,944	**8,526**	7,745

The financial statements on pages 18 to 38 were approved by the Board of Directors on 5 August 2013 and were signed on its behalf by:

Warren Ferster
Stephen Fletcher
Directors

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of Changes in Shareholders' Equity

for the year ended 30th April 2013

	Called Up Share Capital £'000	Share Premium Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total Equity £'000
Group					
At 1 May 2012	381	6,977	7	579	7,944
Share placing	38	409	-	-	447
Cancellation of reserves	-	(6,977)	(7)	6,984	-
Profit for the year	-	-	-	427	427
Dividend paid	-	-	-	(191)	(191)
At 30 April 2013	**419**	**409**	**-**	**7,799**	**8,627**

	Called up Share Capital £'000	Share Premium Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total Equity £'000
Parent Company					
At 1 May 2012	381	6,977	7	380	7,745
Share placing	38	409	-	-	447
Cancellation of reserves	-	(6,977)	(7)	6,984	-
Profit for the year	-	-	-	525	525
Dividend paid	-	-	-	(191)	(191)
At 30 April 2013	**419**	**409**	**-**	**7,698**	**8,526**

	Called Up Share Capital £'000	Share Premium Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total Equity £'000
Group					
At 1 May 2011	201	4,558	7	948	5,714
Share placing	180	2,419	-	-	2,599
Loss for the year	-	-	-	(369)	(369)
At 30 April 2012	**381**	**6,977**	**7**	**579**	**7,944**

	Called up Share Capital £'000	Share Premium Reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total Equity £'000
Parent Company					
At 1 May 2011	201	4,558	7	948	5,714
Share placing	180	2,419	-	-	2,599
Loss for the year	-	-	-	(968)	(968)
Dividend from subsidiary company	-	-	-	400	400
At 30 April 2012	**381**	**6,977**	**7**	**380**	**7,745**

On 3 October 2012 the Company announced that it had received confirmation by the Court to its application to cancel its share premium account of £6,977,000 and capital redemption reserve of £7,000. This enabled it to credit the resulting sums to the Company's profit and loss account for the purpose of, inter alia, making distributions to its shareholders.

Cash Flow Statements

for the year ended 30th April 2013

	Group		Parent Company	
	2013	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000
Cash flows from operating activities				
Profit/(loss) for the year	**427**	(369)	**525**	(968)
Adjustments for:				
Depreciation of property, plant and equipment	**1,019**	904	**10**	904
Amortisation of intangible assets	**73**	58	**-**	58
Taxation recovered	**(77)**	-	**-**	-
Interest payable	**146**	65	**16**	65
Operating cash flows before movements in working capital	**1,588**	658	**551**	59
Decrease/(increase) in inventories	**609**	(200)	**-**	(231)
(Increase)/decrease in trade and other receivables	**(357)**	53	**539**	(76)
(Decrease)/increase in trade and other payables	**(1,244)**	1,226	**62**	1,515
Cash generated by operations	**596**	1,737	**1,152**	1,267
UK corporation tax paid	**(141)**	-	**-**	-
Net cash generated from operating activities	**455**	1,737	**1,152**	1,267
Cash flows from investing activities				
Purchase of subsidiaries net of cash acquired	**-**	(2,756)	**-**	(4,095)
Acquisition of plant and equipment	**(2,647)**	(1,568)	**(1,949)**	(1,111)
Acquisition of intangible assets	**(17)**	(41)	**-**	(41)
Dividend paid to equity holders	**(191)**	-	**(191)**	-
Net cash used in investing activities	**(2,855)**	(4,365)	**(2,140)**	(5,247)
Cash flows from financing activities				
Proceeds of share issue	**447**	1,699	**447**	2,599
Proceeds of term loan	**1,400**	1,400	**1,400**	1,400
Proceeds from director's loan	**150**	-	**-**	-
Proceeds of new asset finance	**350**	100	**-**	100
Rental deposit repayment	**-**	50	**-**	50
Interest paid	**(146)**	(65)	**(16)**	(65)
Term loan repaid	**(1,170)**	(380)	**(1,170)**	(380)
Finance lease principal payments	**(179)**	(39)	**-**	(39)
Dividend received from subsidiary	-	-	**-**	400
Net cash used in financing activities	**852**	2,765	**661**	4,065
(Decrease)/increase in cash and cash equivalents	**(1,548)**	137	**(327)**	85
Cash and cash equivalents at 1 May	**(711)**	(848)	**(763)**	(848)
Cash and cash equivalents at 30 April	**(2,259)**	(711)	**(1,090)**	(763)
Cash	**-**	52	**-**	-
Overdraft	**(2,259)**	(763)	**(1,090)**	(763)
Cash and cash equivalents at 30 April	**(2,259)**	(711)	**(1,090)**	(763)

Notes to the Financial Statements
for the year ended 30th April 2013

1. GENERAL INFORMATION

Coral Products plc is a public limited company ('Company') incorporated in the United Kingdom under the Companies Act 1985. The Company's ordinary shares are traded on the AIM market. The consolidated financial statements of the Group as at and for the year ended 30 April 2013 comprise the Company and its subsidiaries (together referred to as the 'Group'). The address of the registered office is given on page 8. The nature of the Group's activities, together with the factors likely to affect its future development, performance and position are set out in the Managing Director's Operating Review on pages 4 to 5. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 6 to 7.

The directors have considered all new and amended Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Reporting Interpretations Committee (IFRIC). No standards or interpretations have had a material impact on the preparations of the financial statements.

As at the date of authorisation of these financial statements, the following standards, amendments and interpretations, have been issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), but are not yet effective and, therefore, have not been adopted by the Company:

Standards

IFRS 9	-	Financial Instruments (Issued Nov 2009)
IFRS 10	-	Consolidated Financial Statements (Issued May 2011)
IFRS 11	-	Joint Arrangements (Issued May 2011)
IFRS 12	-	Disclosures of Interests in Other Entities (Issued May 2011)
IFRS 13	-	Fair Value Measurement (Issued May 2011)
IAS 19	-	Employee Benefits (revised June 2011)
IAS 27	-	Separate Financial Statements (Issued May 2011)
IAS 28	-	Investments in Associates and Joint Ventures (Issued May 2011)
IFRIC 21	-	Levies (Issued May 2013)

Amendments

Amendments to IFRS 7 Financial Instruments: Disclosures (Issued Oct 2010)
Deferred tax: Recovery of Underlying Assets (Amendments to IAS 12)
Offsetting Financial Assets and Financial Liabilities: Disclosures (Amendments to IFRS 7)
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)
Annual Improvements 2009-2011 Cycle (Amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34)
Presentation of Comprehensive Income (Amendment to IAS 1)
Recoverable Amount Disclosures (Amendment to IAS 36)
Novations of Derivatives (Amendment to IAS 39)

None of the above standards, amendments or interpretations are expected to have a material impact on the consolidated financial statements

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

An income statement is not provided for the parent company as permitted by section 408 of the Companies Act 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the Group's principal accounting policies is set out below. These policies have been applied consistently to all the years presented.

Basis of consolidation

The Group's financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 30 April 2013. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control potential voting rights are taken into account.

The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent company and are based on consistent accounting policies. All intragroup balances and transactions, including unrealised profits arising from them, are eliminated in full.

Business combinations are accounted for using the acquisition method. This method involves recognition at fair value of all identifiable assets and liabilities at the acquisition date. Goodwill represents the excess of acquisition costs over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisistion. The costs of acquisition are expensed during the year.

Going concern

In adopting the going concern basis for preparing the financial statements, the Board has considered the business activities as set out in the Operating Review and the Financial Review as well as the Group's principal risks and uncertainties as set out in the Directors' Report. Based on the Group's cash flow forecasts and projections, the Board is satisfied that the Group will be able to operate within the level of its facilities for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements. The Group has renewed its Invoice Discounting line and overdraft facility extending over the next 12 months. The next review is scheduled for May 2014.

Underlying profit

The Board believes that underlying profit and underlying earnings provide additional useful information for shareholders. The term underlying earnings is not a defined term under IFRS and may not therefore be comparable with similarly fitted profit measurements reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measures of profit.

Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from other segments. The directors have considered the different business activities undertaken by the Group. The Group is organised around one operating segment that being it's core market, therefore it's operations have been reported as being one business segment.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. The Group considers it operates in one geographical segment.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales related taxes. Sales of goods are recognised when goods are shipped and title has passed.

Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on translation are included in the income statement for the period.

Pension contributions

The Company contributes to defined contribution pension schemes and the pension charge represents the amount payable for that period. The Company has no defined benefit arrangements in place.

Taxation

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

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The unrecognised deferred tax asset relates to losses carried forward.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of cash generating units to which goodwill has been allocated. The calculation of value in use requires management to estimate the future cash flows expected to arise from cash generating units and and suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £3.9m (2012: £3.9m).

Property, plant and equipment

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

Depreciation is charged so as to write off the cost less residual value of the assets over their estimated useful lives, using the straight-line method, on the following bases:

Property	-	2%
Plant and machinery	-	10-25%
Fixtures and fittings	-	10-33%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Intangible assets

Intangible assets comprise primarily licence fees paid in advance for the use of trade marks and technology. Such assets are defined as having finite useful lives and the costs are amortised on a straight-line basis over their estimated useful lives of 10 years. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods manufactured includes appropriate materials, labour and production overhead expenditure. Net realisable value is the estimated selling price less the costs of disposal. Provision is made to write down obsolete or slow-moving inventory to their net realisable value.

Financial assets

Financial assets are recognised at fair value on the Group’s balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, e.g. trade receivables. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables.

Cash and cash equivalents include cash in hand deposits held at call with banks.

Financial liabilities

Financial liabilities include the following items:·

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding;
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Leased assets

Leases for which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over theperiod of the lease. The capital element reduces the balance owed to the lessor.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances together with bank overdrafts that are repayable on demand.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, are outlined below.

Depreciation of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives. The selection of these estimated lives requires the exercise of management judgement.

Inventory valuation

Inventories are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment, and inventory loss trends.

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Group is exposed through its operations to one or more of the following financial risks:

- Market price risk
  - Fair value or cash flow interest rate risk
  - Foreign currency risk
- Liquidity risk
- Credit risk

Policies for managing these risks is set by the Board following recommendations from the Finance Director. The policy for each of the above risks is described in more detail below. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

The principal financial instruments used by the Group, from which financial risk arises, are as follows:

- Trade receivables
- Cash at bank
- Trade and other payables
- Finance leases, operating leases and hire purchase agreements
- Bank loans and overdrafts.

Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

The Group is exposed to movements in interest rates in currencies in which it has borrowings, namely sterling and euros, and this risk is controlled by managing the proportion of fixed to variable rates within limits. Interest rate swaps are used to achieve the desired mix if the Board consider the proportion to be outside the limits. The Group uses a mixture of fixed and variable rate loan and finance lease facilities in order to mitigate its interest rate exposure.

Foreign currency risk

The Group conducts business in both sterling and euros. As a result, the Group is exposed to foreign exchange risks, which will affect transaction costs and the translation of debtor and creditor balances. A significant amount of the Group's raw material purchases are in euros and this helps to provide a natural match to the exposure from sales of that currency. In addition, when forecasts indicate that sales in euros will be significantly above purchases, the Group will look to hedge foreign currency transactional exposures by taking out forward foreign exchange contracts.

Liquidity risk

Borrowing facilities are monitored against the Group's forecast requirements and the Group mitigates financial risk by staggering the maturity of borrowings and by maintaining undrawn committed facilities.

Credit risk

Cash deposits and financial transactions give rise to credit risk in the event that counterparties fail to perform under the contract. The Group regularly monitors the credit ratings of its counterparties and controls the amount of credit risk by adhering to limits set by the board.

Capital disclosures

Capital comprises share capital, share premium and other reserves.

The Group's objective when maintaining capital is to safeguard the Group's ability to continue as a going concern so that it can provide returns to shareholders and benefits for other stakeholders. In order to maintain the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Sensitivity analysis

Whilst the Group takes steps to minimise its exposure to cash flow interest rate risk and foreign exchange risk as described above, changes in interest and foreign exchange rates will have an impact on profit.

The annualised effect of a 1% increase in the interest rate at the balance sheet date on the variable rate debt carried at that date would, all other variables being held constant, have resulted in a decrease of the Group's post-tax profit for the year of £29,000.

A 1% decrease in the interest rate would, on the same basis, have increased post-tax profits by the same amount.

The Group's foreign exchange risk is dependent on the movement in the euro to sterling exchange rate. The effect of a 5% strengthening in the euro against sterling at the balance sheet date on the euro denominated debt at the date and on the annualised interest on that amount would, all other variables being held constant, have resulted in a decrease in the post-tax profit for the year of £14,000. A 5% weakening in the exchange rate would, on the same basis, have increased post-tax profit by £15,000.

5. REVENUE

A breakdown of Group revenues by geographical region, based on the location of the customer is shown as follows:

	2013 £'000	2012 £'000
Continuing operations		
UK	**16,375**	16,131
Rest of Europe	**474**	1,178
Rest of the World	**430**	-
	17,279	17,309

6. CORPORATE DEVELOPMENT AND REORGANISATION COSTS

	2013 £'000	2012 £'000
Corporate development costs	-	458
Redundancy and reorganisation costs	-	96
	-	554

7. OPERATING PROFIT

	2013 £'000	2012 £'000
This is stated after charging the following:		
Staff costs (note 9)	**2,851**	2,710
Bad debt provision – expense	**1**	2
Cost of inventories recognised as expense	**9,457**	11,068
Exchange rate (gain)/loss on currencies	**(237)**	13
Depreciation of property, plant and equipment:		
- owned assets	**827**	726
- under finance leases	**192**	178
Amortisation of intangibles	**73**	58
Rentals under operating leases		
- hire of plant and machinery	**79**	65
- land and buildings	**200**	194
Auditors' remuneration for statutory audit services	**29**	28
Auditors' remuneration for non-statutory audit services	**-**	11
Auditors' fees for non-audit tax compliance	**7**	12

8. FINANCE COSTS

	2013 £'000	2012 £'000
Interest payable on bank borrowings	**69**	51
Interest payable on finance leases	**38**	14
Interest payable on term loans	**26**	-
Interest payable on Director's loan	**13**	-
	146	65

9. STAFF COSTS

	2013 £'000	2012 £'000
Average number of employees comprised:		
Production	**88**	87
Selling and distribution	**14**	14
Administration	**8**	5
	110	106

	2013 £'000	2012 £'000
Their aggregate remuneration comprised:		
Wages and salaries	**2,568**	2,442
Social security costs	**240**	220
Other pension costs	**43**	48
	2,851	2,710

Details of Directors' emoluments are shown in the Directors' Remuneration Report on pages 14 to 16.

Key management are considered the executive directors.

10. TAXATION

The credit for taxation on the profit for the financial year is as follows:

	2013 £'000	2012 £'000
Current tax		
UK Corporation tax recoverable	**109**	-
Deferred tax	**-**	-
Adjustment in respect of previous years	**(32)**	-
Total taxation on profit/(loss) for the financial year	**77**	-

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the UK of 24% (2012: 26%). The differences are reconciled as follows:

Reconciliation of tax credit

	2013 £'000	2012 £'000
Profit/(loss) on ordinary activities before tax	**350**	(369)
Tax on profit/(loss) on ordinary activities at 24% standard rate of tax (2012: 26%)	**(84)**	(96)
Effects of tax losses carried forward	**52**	96
Recoverable tax credit on R&D relief	**109**	-
Total taxation credit	**77**	-

The Group has not recognised a deferred tax asset of £356,000 (2012: £256,000) in relation to tax losses carried forward.

11. EARNINGS PER ORDINARY SHARE

Basic earnings per share

The basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders for the financial period by the weighted average number of shares in issue of 39,613,965 (2012: 31,840,527). The earnings used to calculate basic earnings per share are £427,000 (2012: loss of £369,000)

Underlying earnings per share

Underlying earnings per share has been presented in addition to basic earnings per share since in the opinion of the directors this provides shareholders with a more meaningful representation of the earnings derived from the Group's operations. Underlying earnings per share is based on the weighted average number of shares in issue during the year of 39,613,965 (2012: 31,840,527). The earnings used to calculate underlying earnings per share are £427,000 (2012: £185,000)

Diluted earnings per share

Diluted earnings per share is based on the number of ordinary shares in issue adjusted for the effect of all dilutive potential ordinary shares of 40,093,965 (2012: 32,320,527) and earnings of £427,000 (2012: loss of £369,000). The potential additional ordinary shares relate to warrants issued by the Company to its advisors to subscribe to 480,000 ordinary shares at 15p, being the placing price of shares issued on 6 September 2011. The warrants are exercisable at any time up to 6 September 2013, at which time they will lapse.

12. DIVIDENDS PAID AND PROPOSED

The declared final dividend for the year ended 30 April 2012 was approved by shareholders on 29 August 2012 and paid on 17 October 2012. A final dividend of 0.5p (2012: 0.5p) is to be recommended at the forthcoming AGM. The final dividend is subject to approval by shareholders at the Annual General Meeting on 28 August 2013 and has not been included as a liability in these financial statements. If approved at the Annual General Meeting the final dividend will be paid on 17 October 2013 to shareholders on the register at the close of business on 19 July 2013. The total cost of the dividend will be £209,678.

13. INVESTMENTS: SHARES IN GROUP UNDERTAKINGS

Parent Company	**2013 £'000**	2012 £'000
Cost and net book value		
At 1st May 2012	**4,195**	-
Additions	**-**	4,195
At 30th April 2013	**4,195**	4,195

All non current investments relate to Group undertakings. Listed below are the subsidiaries and the owneship of their share capital by the Group.

Interpack Limited	100%
Coral Products (Mouldings) Limited	100%
Coral Products (Haydock) Limited	100%

All Group undertakings are consolidated. The above companies and the parent company were all incorporated and operate in the United Kingdom. Coral Products (Haydock) Limited has share capital of £1 and did not trade in the year.

Details of the purchase consideration and goodwill arising on the acquisition of Interpack Limited is shown in note 14.

Coral Products (Mouldings) Ltd
The parent company entered into a Business Purchase Agreement on 1 May 2012 whereby certain of its business and assets were transferred to its wholly owned subsidiary undertaking. Coral Products (Mouldings) Ltd. The assets were sold at book value by way of inter company loan. From this date Coral Products (Mouldings) Ltd became the manufacturers of all the Groups sub-contract mouldings and products with the exception of certain bought-in items.

An agreement dated 1 May 2012 was also entered setting out the terms of business between the parent company and Coral Products (Mouldings) Ltd under which the subsidiary was responsible for all procurement, employment and quality matters and all costs of production except for sales to customers of Red Tag security DVD cases and other sales to these same customers, whereupon the parent company would act as its agent.

The amounts relating to Coral Products (Mouldings) Ltd are:

	2013 £'000
Total assets as at 30 April 2013	**6,565**
Total liabilities as at 30 April 2013	**(7,352)**
Total capitals and reserves at 30 April 2013	**(787)**
Total revenue for the year to 30th April 2013	**12,228**
Loss for the year to 30th April 2013	**(885)**

14. GOODWILL

	£'000
At 1st May 2012	**3,868**
Goodwill arising on the acquisition of subsidiary	**-**
At 30th April 2013	**3,868**

In September 2011, the Group purchased 100% of the share capital of Interpack Limited. The cost of the acquisition was £4,095,000 which was satisfied by £3,195,000 in cash and £900,000 by the issue of Consideration Shares. The goodwill arising on the acquisition is attributed to the anticipated profitability of that Company's business and the future operating synergies from its combination within the Group.

The Group tests goodwill annually for impairment. The recoverable amount of goodwill arising on the acquisition of Interpack is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, revenue and overhead growth rates, and perpetuity growth rate. Management estimates discount rates using pre-tax rates that reflect market assessments of the time value of money and the risks specific to Interpack. As at the year end of 30 April 2013, the impairment review has concluded that the value in use of Interpack now significantly exceeds its carrying value. In performing this impairment review, the Group has prepared cash flow forecasts derived from the most recent financial budgets approved by the Board, and then estimates revenue growth for the following four years at 6% per annum, with overheads assumed to increase at 4% per annum. Therefore, a growth rate for pre-tax profit of 2% per annum is assumed into perpetuity. A rate of 12% has been used to discount the forecast cash flow. The key assumptions are based on past experience for expected changes in future conditions.

15. OTHER INTANGIBLE ASSETS

	Group		Parent Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Group				
Cost				
At 1st May 2012	**572**	531	**572**	531
Additions	**17**	41	**-**	41
Transfer to Group company	**-**	-	**(169)**	-
At 30th April 2013	**589**	572	**403**	572
Amortisation				
At 1st May 2012	**372**	314	**372**	314
Charge in the year	**73**	58	**40**	58
Transfer to Group company	**-**	-	**(90)**	-
At 30th April 2013	**445**	372	**322**	372
Net book value				
At 30th April 2013	**144**	200	**81**	200
At 30th April 2012	**200**	217	**200**	217

Intangible assets represent the cost of licences acquired for the production of media cases and design costs for new products.

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Fixtures and fittings £'000	Plant and equipment £'000	Total £'000
Group				
Cost				
At 1st May 2012	-	117	27,470	27,587
Additions	1,949	-	698	2,647
Disposals	-	-	(3,219)	(3,219)
At 30th April 2013	**1,949**	**117**	**24,949**	**27,015**
Depreciation				
At 1st May 2012	-	105	22,824	22,929
Charge in the year	10	3	1,006	1,019
Disposals	-	-	(3,219)	(3,219)
At 30th April 2013	**10**	**108**	**20,611**	**20,729**
Net book value				
At 30th April 2013	**1,939**	**9**	**4,338**	**6,286**
At 30th April 2012	-	12	4,646	4,658

The land and buildings net book value represents freehold land and buildings. Included in this amount is a value of £450,000 for land which has not been subject to depreciation.

The net book value of plant and equipment includes £256,000 (2012 : £763,000) in respect of assets held under finance leases. Depreciation for the year in respect of these assets was £192,000 (2012 £178,000)

	Fixtures and fittings £'000	Plant and equipment £'000	Total £'000
Group			
Cost			
At 1st May 2011	106	25,913	26,019
Additions	11	1,557	1,568
At 30th April 2012	**117**	**27,470**	**27,587**
Depreciation			
At 1st May 2011	94	21,931	22,025
Charge in the year	11	893	904
At 30th April 2012	**105**	**22,824**	**22,929**
Net book value			
At 30th April 2012	**12**	**4,646**	**4,658**
At 30th April 2011	12	3,982	3,994

	Land and buildings £'000	Fixtures and fittings £'000	Plant and equipment £'000	Total £'000
Parent				
Cost				
At 1st May 2012	-	117	27,013	27,130
Additions	1,949	-	-	1,949
Transfer to Group company	-	(117)	(27,013)	(27,130)
At 30th April 2013	**1,949**	**-**	**-**	**1,949**
Depreciation				
At 1st May 2012	-	105	22,824	22,929
Charge in the year	10	-	-	10
Transfer to Group company	-	(105)	(22,824)	(22,929)
At 30th April 2013	**10**	**-**	**-**	**10**
Net book value				
At 30th April 2013	**1,939**	**-**	**-**	**1,939**
At 30th April 2012	-	12	4,189	4,201

	Fixtures and fittings £'000	Plant and equipment £'000	Total £'000
Parent			
Cost			
At 1st May 2011	106	25,913	26,019
Additions	11	1,100	1,111
At 30th April 2012	**117**	**27,013**	**27,130**
Depreciation			
At 1st May 2011	94	21,931	22,025
Charge in the year	11	893	904
At 30th April 2012	**105**	**22,824**	**22,929**
Net book value			
At 30th April 2012	**12**	**4,189**	**4,201**
At 30th April 2011	12	3,982	3,994

17. INVENTORIES

	Group		Parent Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Raw materials	**392**	922	**-**	922
Finished goods and goods for resale	**985**	1,064	**-**	998
	1,377	1,986	**-**	1,920

18. TRADE AND OTHER RECEIVABLES

	Group		Parent Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Current				
Trade receivables	**3,615**	3,294	**1,583**	2,279
Less: provision for impairment of trade receivables	**(1)**	(2)	**-**	(2)
	3,614	3,292	**1,583**	2,277
Amounts owed by subsidiary company	-	-	**3,127**	196
Prepayments and accrued income	**260**	225	**3**	199
	3,874	3,517	**4,713**	2,672

The fair value of trade and other receivables approximates to book value at 30 April 2013 and 2012.

The Group is exposed to credit risk with respect to trade receivables due from its customers. The Group currently has around 30 customers predominantly in the manufacturing and retail sectors. The directors consider that no credit provision is required and provision for impairment to be £1,000 (2012: £2000). As at 30th April 2013 trade receivables of £95,000 (2012: £274,000) were past due but not impaired. These relate to customers against whom no provision was considered necessary. The ageing analysis of these receivables is as follows:

	Group		Parent Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Up to 3 months	**-**	249	**-**	226
3 months to 6 months	**95**	25	**93**	21
	95	274	**93**	247

As at 30th April 2013 trade receivables of £1,000 (2012: £2000) were past due, impaired and provided against. There are no significant receivables included within this provision. The Group takes a prudent view in assessing the risk of non-payment and considers provision for all debts more than 3 months in arrears unless there are specific circumstances to indicate that there is little or no risk of non-payment of these older debts.

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

	Group		Parent Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Sterling	**2,738**	3,034	**706**	2,019
Euros	**877**	260	**877**	260
	3,615	3,294	**1,583**	2,279

Movements on the Group's provision for impairment of trade receivables are as follows:

	Group		Parent Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
At beginning of year	**2**	-	**2**	-
Provided during the year	**-**	2	**-**	2
Released during the year	**(1)**	-	**(1)**	-
At end of year	**1**	2	**1**	2

The movement on the provision for impaired receivables has been included in administrative expenses in the accounts. Other classes of financial assets included within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable set out above. The Group did not hold any interest swaps or forward foreign exchange contracts at the year end.

19. CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Cash at back and in hand	**-**	52	**-**	-

20. TRADE AND OTHER PAYABLES

	Group		Parent Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Trade payables	**2,369**	3,678	**-**	3,104
Other taxes and social security	**443**	278	**-**	26
Accruals and deferred income	**124**	203	**62**	178
Other payables	**111**	132	**-**	132
Amount owed to subsidiary company	**-**	-	**-**	100
	3,047	4,291	**62**	3,540

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The average credit period taken for trade purchases is 62 days (2012: 64 days).

The directors consider that the carrying amount of trade payables approximates to their fair value.

Maturity analysis of the financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost, is as follows:

	Group		Parent Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
3 months to 6 months	**-**	52	**-**	-

21. FINANCIAL LIABILITIES

	Group		Parent Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Borrowings				
Current				
Bank overdraft	**2,259**	763	**1,090**	763
Finance lease liabilities	**163**	55	**-**	55
Term loan	**142**	700	**142**	700
	2,564	1,518	**1,232**	1,518
Non-current				
Finance lease liabilities	**128**	65	**-**	65
Term loan	**1,108**	320	**1,108**	320
Director's loan	**150**	-	**-**	-
	1,386	385	**1,108**	385

The effective interest rates at the balance sheet date are as follows:

	2013	2012
Bank overdraft	**1.75%**	2.8%
Finance leases	**14%**	12%
Term loan	**3.5%**	-

The bank loans and overdraft are secured by a fixed and floating charge over the Group's assets. Finance lease liabilities are secured on the assets to which the contracts relate. The directors estimate that the fair value of the Group's borrowings is the same as the above book values as at 30th April 2013 and as at 30th April 2012.

The maturity profile of the non-current financial liabilities as at 30 April 2013 is set out below:

	Group		Parent Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
In more than one year but not more than two years:				
Finance lease liabilities	**128**	65	**-**	65
Term loan	**165**	320	**165**	320
In more than two years but not more than ten years:				
Term loan	**943**	-	**943**	-
Director's loan	**150**	-	**-**	-
	1,386	385	**1,108**	385

Undrawn borrowing facilities

The company has a maximum Invoice Discounting Facility of £3.4m, subject to debtor levels and restrictions, together with a £50,000 bank overdraft facility. At the year end £1.14m of the Invoice Discounting Facility and all the overdraft facility was undrawn.

Finance leases

Future minimum lease payments under finance leases are as follows:

	Group		Parent Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Not later than one year	**163**	55	**-**	55
After one year but not more than five years	**128**	65	**-**	65
	291	120	**-**	120
The present value of minimum lease payments under finance leases are as follows:				
Not later than one year	**144**	48	**-**	48
After one year but not more than five years	**102**	49	**-**	49
	246	97	**-**	97

The finance leases were transferred in the year to Coral Products (Mouldings) Ltd, the company which owns the assets to which they relate. The finance lease contracts are still held by Coral Products plc.

22. SHARE CAPITAL

	Group		Parent Company	
	2013 £	2012 £	**2013 £**	2012 £
Authorised:				
44,300,000 (2012: 40,500,000) ordinary shares of 1p each	**443,000**	405,000	**443,000**	405,000
Allotted, called up and fully paid:				
41,935,609 (2012: 38,135,609) ordinary shares of 1p each	**419,356**	381,356	**419,356**	381,356

The Company issued 3.8 million shares at a price of 12.5p in October 2012 as part of the funding of the acquisition of the freehold property for an aggregate cash consideration of £1.75 million. The shares represented a nominal value of £38,000 and raised net proceeds of £447,000.

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Group		Parent Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Net decrease in cash and cash equivalents	**(1,548)**	137	**(327)**	85
Increase in bank loans and other loans	**(380)**	(1,020)	**(230)**	(1,020)
Increase in finance leases	**(171)**	(61)	**120**	(61)
Movement in net debt for the period	**(2,099)**	(944)	**(437)**	(996)
Net debt at beginning of period	**(1,851)**	(907)	**(1,903)**	(907)
Net debt at end of period	**(3,950)**	(1,851)	**(2,340)**	(1,903)

24. RELATED PARTY TRANSACTION

In June 2012 the Group received an unsecured loan from Joe Grimmond, the Chairman of the Group, to the value of £150,000. The loan provided by Mr. Grimmond is a related party transaction which the directors consider to have terms that are fair and reasonable in so far as the Group's shareholders are concerned. Interest is payable at 10% on the loan and in the year the total interest charge was £15,410.

Parent Company

On 1 May 2012 certain assets and liabilities of the parent Company were transferred to its wholly owned subsidiary, Coral Products (Mouldings) Limited. Following this transfer Coral Products (Mouldings) Limited became the manufacturing company for all the Group's products and sub-contracting and also became responsible for the sale of all non-media products.

The parent company entered into the following transactions with subsidiaries during the year:

	Transaction value Year ended 30 April		Balance outstanding as at 30 April	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Sale of goods and services	**6,060**	159	**3,527**	196

Sales to subsidiaries were made at market prices and settlement of the debt is made under normal trading terms. The parent company bought all its products from its subsidiary, Coral Products (Mouldings) Ltd, during the year under an agreement for supply.

25. COMMITMENTS

Operating lease arrangements

At the balance sheet date the Group had total future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Parent Company	
	2013 £'000	2012 £'000	**2013 £'000**	2012 £'000
Within one year	**58**	240	**16**	234
Between two and five years	**84**	1,260	**-**	1,236
More than five years	**-**	2,312	**-**	2,312
	142	3,812	**16**	3,782

The Group leases certain distribution facilities at Dunstable and also leases certain other plant and equipment under non-cancellable operating lease agreements.

Capital commitments

The Group had capital commitments at 30 April 2013 to purchase tooling and machinery of £12,000 (2012: £158,000).

Five Year Record (unaudited)

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Turnover	**17,279**	17,309	13,194	12,601	13,567
Profit					
Operating profit/(loss)	**496**	250	(700)	(621)	(1,327)
Net interest payable	**(146)**	(65)	(53)	(30)	(136)
Underlying profit/(loss) before taxation	**350**	185	(753)	(651)	(1,463)
Exceptional items	**-**	(554)	-	-	-
Taxation	**77**	-	-	-	165
Profit/(loss) after taxation	**427**	(369)	(753)	(651)	(1,298)
Interest cover (times)	**3.4**	3.8	(13.2)	(20.7)	(9.8)
Underlying earnings per share (pence)	**1.08**	0.58	(3.74)	(3.23)	(6.45)
Dividend per share (pence)	**0.5**	0.5	nil	nil	nil
Assets employed					
Fixed assets	**10,298**	8,726	4,261	4,969	6,158
Other net (liabilities)/assets	**(1,671)**	(782)	1,453	1,498	960
	8,627	7,944	5,714	6,467	7,118
Financed by					
Share capital	**419**	381	201	201	201
Reserves	**8,208**	7,563	5,513	6,266	6,917
Shareholder's funds	**8,627**	7,944	5,714	6,467	7,118
Gearing (%)	**46**	23	16	14	10
Net assets per share (pence)	**21**	21	28	32	35

Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Coral Products plc (the Company) will be held at the Haydock Thistle Hotel, Haydock, Merseyside, WA11 9SG, on Wednesday 28 August 2013, at 12.00 noon for the purpose of considering and, if thought fit, passing of the following resolutions, of which Resolutions 1 to 9 will be proposed as Ordinary Resolutions, to be passed with more than half of the votes in favour of the resolution and Resolutions 10 and 11 will be proposed as Special Resolutions, to be passed with at least three-quarters of the votes in favour of the Resolution.

Ordinary business

Ordinary resolutions

1. To receive and adopt the audited accounts for the year ended 30 April 2013, together with the Reports of the Directors and Auditors.
2. To re-elect Joe Grimmond, who retires by rotation as a Director of the Company.
3. To re-elect Jonathan Lever, who retires by rotation as a Director of the Company.
4. To re-appoint Hurst & Company Accountants LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and that the Directors be authorised to fix their remuneration.
5. To declare a final dividend of 0.5p per ordinary share in respect of the year ended 30 April 2013, such dividend to be paid on 17 October 2013 to the holders of ordinary shares on the register at the close of business on 19 July 2013.
6. To approve the Board Report on Directors' Remuneration for the year ended 30 April 2013.
7. That the Directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "2006 Act") to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £279,584, provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the end of the Company's annual general meeting in 2013, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is (i) subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange and (ii) in substitution for all previous authorities conferred on the directors in accordance with section 551 of the 2006 Act but without prejudice to any allotment of shares or grant of Rights already made or offered or agreed to be made pursuant to such authorities.

Special resolutions

8. That, subject to and conditional upon the passing of resolution 7 set out in this notice, the directors be generally empowered to allot equity securities (as defined in section 560 of 2006 Act) pursuant to the authority conferred by resolution 7 as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall:
   - 8.1 be limited to:
     - 8.1.1 the allotment of equity securities in connection with an offer of equity securities:
       - (a) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
       - (b) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary;
     - 8.1.2 the allotment of equity securities (otherwise than pursuant to paragraph 8.1.1 above) up to an aggregate nominal amount of £139,792;
   - 8.2 be subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
   - 8.3 expire at the end of the Company's annual general meeting in 2014 (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

Notice of the Annual General Meeting

continued

Special business

Special resolution

9. That the Company be generally and unconditionally authorised for the purposes of Section 701 of the 2006 Act to make market purchases (within the meaning of Section 693(4) of the 2006 Act) of ordinary shares of 1 pence each in the Company in such manner and upon such terms as the Directors may from time to time determine, provided that:
   (a) the maximum number of ordinary shares which may be purchased is 6,290,341;
   (b) the minimum price which may be paid for an ordinary share is 1 pence (being the nominal value of the ordinary share) exclusive of expenses;
   (c) the maximum price which may be paid for an ordinary share exclusive of expenses is equal to the higher of (i) 105 per cent of the average of the middle market quotations for an ordinary share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (ii) the higher of (a) the price of the last independent trade and (b) the highest current independent bid (in each case, in relation to (a) and (b), for any number of the Company's ordinary shares on the trading venue where the purchase is carried out); and
   (d) the authority to purchase hereby conferred shall expire at the end of the next annual general meeting in 2013, save that the Company may make a contract to purchase ordinary shares under this authority before the expiry of the authority which will or may be completed wholly or partly thereafter and a purchase of shares may be made in pursuance of any such contract.

By order of the Board
Stephen Fletcher
Company Secretary

5 August 2013

Registered Office
North Florida Road
Haydock Industrial Estate
Haydock
Merseyside WA11 9TP

Notice of the Annual General Meeting

continued

Notes

1. A member entitled to attend and vote at the Annual General Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Annual General Meeting. A member can appoint more than one proxy in relation to the Annual General Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.

2. A proxy does not need to be a member of the Company but must attend the Annual General Meeting to represent you. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the Annual General Meeting for your vote to be counted. Appointing a proxy does not preclude you from attending the Annual General Meeting and voting in person.

3. A Proxy Form which may be used to make this appointment and give proxy instructions accompanies this Notice of Annual General Meeting. Details of how to appoint a proxy are set out in the notes to the Proxy Form. If you do not have a Proxy Form and believe that you should have one, or if you require additional forms, please contact the Company.

4. In order to be valid an appointment of proxy must be returned (together with any authority under which it is executed or a copy of the authority certified) in hard copy form by post, by courier or by hand to the office of the Company at North Florida Road, Haydock Industrial Estate, Haydock, Merseyside WA11 9TP, and must be received by the Company at least 48 hours prior to the meeting.

5. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy Proxy Form and would like to change the instructions using another hard copy Proxy Form, please contact the Company. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. To terminate your proxy instruction, please send a written notice to the Company stating your intention to revoke the proxy instruction, to be received by the Company no later than 48 hours prior to the meeting. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the others.

6. A copy of this Notice of Annual General Meeting may have been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a “Nominated Person”). The rights to appoint a proxy cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Annual General Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

7. To be entitled to attend and vote at the Annual General Meeting , members must be registered in the register of members of the Company 48 hours prior to the meeting (or, if the meeting is adjourned, 48 hours prior to the date of the adjourned meeting). Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote (and the number of votes they may cast) at the meeting or adjourned meeting.

8. Voting on all Resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as member votes are to be counted according to the number of shares held. As soon as practicable following the Annual General Meeting , the results of the voting at the Annual General Meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the Resolutions will be announced via a regulatory information service.

9. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Annual General Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

10. The Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a member attending the Annual General Meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

11. As at 2 August 2013 (being the last Business Day prior to the publication of this Notice of Annual General Meeting), the Company’s issued share capital consists of 41,935,609 ordinary shares of 1p each with voting rights. Therefore, the number of total voting rights in the Company is 41,935,609.

12. The contents of this Notice of Annual General Meeting and details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting and, if applicable, any members’ statements, members’ resolutions or members’ matters of business received by the Company after the date of this Notice of Annual General Meeting will be available on the Company’s corporate website: www.coralproducts.com.

13. You may not use any electronic address provided in this Notice of Annual General Meeting to communicate with the Company for any purposes other than those expressly stated.

Financial Calendar

Annual General Meeting	**28 August 2013**
Payment of Final Dividend	**17 October 2013**
Provisional - Interim results	**December 2013**

Shareholder Information

Coral Products shareholders register is maintained by Computershare Investor Services PLC who are responsible for updating the register, including details of Shareholders' addresses. If you have a query about your shareholding in Coral Products, you should contact Computershare by telephone on 0870 889 3298 or in writing to PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS13 8AE.

Website

The Coral Products website at www.coralproducts.com provides news and details of the Group's activities plus information for Shareholders. The investor section of the website contains real time and historical share price data as well as the results and announcements.

Coral Products PLC
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Merseyside
WA11 9TP