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If you have sold or otherwise transferred all of your Ordinary Shares in the Company, please forward this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. Any person (including without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document to any jurisdiction outside the United Kingdom of Great Britain and Northern Ireland, should seek appropriate advice before taking any action. If you have sold only part of your holding of Ordinary Shares you should retain this document.

The Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, individually and collectively (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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## **Coral Products plc**

*(Incorporated and registered in England and Wales with registered number 2429784)*

### **Proposed cancellation of share premium account and capital redemption reserve and Notice of General Meeting**

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**This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Coral Products plc set out at the beginning of this document which recommends that you vote in favour of the Resolution to be proposed at the General Meeting referred to below.**

This document does not constitute an offer or invitation for any person to subscribe for or purchase any securities in the Company. This document is not a prospectus, offering circular, placement memorandum, admission document or the like containing the information accompanying a securities offering.

A Notice of a General Meeting of the Company to be held at the Haydock Thistle Hotel, Haydock, Merseyside WA11 9SG on 29 August 2012 at 12:15 p.m. (or as soon thereafter as the Company's annual general meeting convened for the same date and place at 12:00 p.m. has concluded) is set out at the end of this document. You will find enclosed with this document a Form of Proxy for use at the General Meeting and all Shareholders are requested to complete and return the Form of Proxy, whether or not they intend to be present at the General Meeting. To be valid, the enclosed Form of Proxy should be completed and returned as soon as possible and, in any event, so as to reach the Company no later than 48 hours before the General Meeting. The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you wish to do so.

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### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	3 August 2012
Latest time and date for receipt of Forms of Proxy	12:15 p.m. on 27 August 2012
General Meeting	12:15 p.m. on 29 August 2012
Court hearing of application to confirm the Reduction of Capital	3 October 2012
Effective Date	4 October 2012

*General notes:*

- (1) *The dates of the Court hearings are subject to change by the Court and, in certain circumstances, the Company.*
- (2) *The Effective Date is dependent upon, amongst other things, the date upon which the Court confirms the Reduction of Capital.*
- (3) *The General Meeting will be held at 12:15 p.m. or as soon as possible thereafter, provided that the Company's annual general meeting convened for the same date and place at 12:00 noon has finished.*
- (4) *Each of the times and dates set out above are based on current expectations and is subject to change. If any of the above times and/or dates are changed, the revised times and/or dates will be notified to Shareholders by announcement thorough a regulatory information service.*
- (5) *All above references to times are to London times.*

## DEFINITIONS

The following definitions and terms apply throughout this document unless otherwise stated or the context requires otherwise:

<b>"Company"</b>	Coral Products plc, a company incorporated and registered in England and Wales with registered number 2429784;
<b>"Court"</b>	the High Court of Justice of England and Wales;
<b>"CREST"</b>	the system for paperless settlement of trades and the holding of uncertificated shares administered through Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time;
<b>"Directors" or "Board"</b>	the board of directors of the Company as at the date of this document;
<b>"Effective Date"</b>	the date on which the Reduction of Capital becomes effective;
<b>"Form of Proxy"</b>	the accompanying form of proxy for use in connection with the General Meeting;
<b>"General Meeting"</b>	the general meeting of the Company to be held at the Haydock Thistle Hotel, Haydock, Merseyside WA11 9SG on 29 August 2012 at 12:15 p.m. (or as soon thereafter as the Company's annual general meeting convened for the same date and place at 12:00 p.m. has concluded), notice of which is set out at the end of this document;
<b>"Notice of General Meeting"</b>	the notice convening the General Meeting contained in this document;
<b>"Ordinary Shares"</b>	the ordinary shares of 1p each in the capital of the Company;
<b>"Reduction of Capital"</b>	the proposed cancellation of the share premium account and the capital redemption reserve of the Company as described in this document;
<b>"Resolution"</b>	the special resolution to be proposed at the General Meeting as set out in the Notice of General Meeting at the end of this document; and
<b>"Shareholders"</b>	the holders of Ordinary Shares.

**LETTER FROM THE CHAIRMAN OF  
CORAL PRODUCTS PLC**

**Coral Products plc**

*(Incorporated and registered in England and Wales with registered number 2429784)*

**Directors:**

Joe Grimmond *(Non-executive chairman)*  
Warren Ferster *(Managing director and chief executive)*  
Stuart Ferster *(Production director)*  
Stephen Fletcher *(Finance director and company secretary)*  
Jonathan Lever *(Senior non-executive)*

**Registered Office:**

North Florida Road  
Haydock Industrial Estate  
Haydock  
Merseyside  
WA11 9TP

3 August 2012

Dear Shareholder

**PROPOSED CANCELLATION OF SHARE PREMIUM ACCOUNT  
AND CAPITAL REDEMPTION RESERVE  
AND  
NOTICE OF GENERAL MEETING**

**1. INTRODUCTION**

At the end of this letter is a notice convening a general meeting of your Company which will be held at the Haydock Thistle Hotel, Haydock, Merseyside WA11 9SG on 29 August 2012 at 12:15 p.m. (or as soon thereafter as the Company's annual general meeting convened for the same date and place at 12:00 p.m. has concluded).

This letter is being sent to you (i) to explain the background to and reasons for the Reduction of Capital and why the Board considers that it is in the best interest of Shareholders to vote in favour of the Resolution, (ii) to give notice of the General Meeting, notice of which is set out at the end of this document, and (iii) to explain the actions you should now take.

**The contents of this letter are important and I would urge you to read it carefully and to sign and return the enclosed Form of Proxy in accordance with the instructions given thereon and in paragraph 5 ("Action to be taken") below as soon as possible.**

**2. BACKGROUND AND REASONS FOR THE REDUCTION OF CAPITAL**

The Companies Act 2006 only permits a company to make distributions to its shareholders out of its profits available for that purpose. Such profits are broadly a company's accumulated realised profits so far as not previously utilised by distribution or capitalisation less its accumulated realised losses.

As at 30 April 2012, the Company had an accumulated surplus on its profit and loss account of £380,000 and there was £6,977,000 standing to the credit of the Company's share premium account and £7,000 standing to the credit of the Company's capital redemption reserve. The share premium account and capital redemption reserve are non-distributable reserves and the Company is therefore unable to use the amounts standing to the credit of these accounts for the purpose of (inter alia) making distributions to Shareholders. However, the Companies Act 2006 does permit the Company (subject to the approval of Shareholders and the consent of the Court) to cancel its share premium account and capital redemption reserve and credit the resulting sums to the Company's profit and loss account.

**3. CANCELLATION OF THE COMPANY'S SHARE PREMIUM ACCOUNT AND CAPITAL REDEMPTION RESERVE**

The Board is seeking the approval of Shareholders for the cancellation of the entire share premium account of the Company. As at 30 April 2012, the amount of the share premium account was £6,977,000. This sum has arisen by the Company having issued shares at a premium to their nominal value from time to time.

The Board is also seeking the approval of Shareholders for the cancellation of the capital redemption reserve of the Company. As at 30 April 2012, the amount of the capital redemption reserve was £7,000. This sum has arisen by the Company redeeming or purchasing its shares out of distributable profits from time to time.

The cancellation of the Company's share premium account and capital redemption reserve will only become effective if (in the following order) (i) the Resolution is approved by Shareholders at the General Meeting, (ii) confirmation is given by the Court and (iii) the Court order and a statement of capital are delivered to and registered by Companies House.

The cancellation of the Company's share premium account and capital redemption reserve will increase the current surplus on the Company's profit and loss account and create (subject to any special reserve - please refer to section 6 of this letter for more details) further positive distributable reserves.

**4. GENERAL MEETING**

The cancellation of the Company's share premium account and capital redemption reserve require the approval of Shareholders by special resolution in general meeting. Accordingly, set out at the end of this document is a notice convening a General Meeting of the Company to be held at the Haydock Thistle Hotel, Haydock, Merseyside WA11 9SG on 29 August 2012 at 12:15 p.m. (or as soon thereafter as the Company's annual general meeting convened for the same date and place at 12:00 p.m. has concluded) at which the Resolution set out in the Notice of the General Meeting will be proposed.

The Resolution to approve the Reduction of Capital will be proposed as a special resolution requiring a majority of not less than 75 per cent. of the votes cast.

**5. ACTION TO BE TAKEN**

You will find enclosed with this document a Form of Proxy for use at the General Meeting and you are requested to complete and return the Form of Proxy, whether or not you intend to be present at the General Meeting. To be valid, the enclosed Form of Proxy should be completed and returned to the Company as soon as possible and, in any event, so as to reach the Company no later than 48 hours before the General Meeting

Completion and return of the Form of Proxy will not prevent you from attending the General Meeting and voting in person should you wish to do so.

**6. APPLICATION TO THE COURT**

If Shareholders approve the Resolution at the General Meeting, the Board intends to make an application to the Court promptly following the General Meeting to confirm the Reduction of Capital. To this end, provisional dates have been obtained for hearing the Company's application. These dates are subject to change depending on the Court's timetable, but the present timetable provides for the final hearing of the Company's application to take place on 3 October 2012.

Prior to confirming the cancellation of the share premium account and the capital redemption reserve, the Court will need to be satisfied that the creditors of the Company at the Effective Date are not prejudiced by the same. The Company will put in place such form of creditor protection as is appropriate to satisfy the Court in this regard, which may include, amongst other things, the Company (i) seeking consent from certain creditors and/or (ii) giving an undertaking to the Court to create a special, non-distributable reserve of a sum equal to the reserves created by the Capital Reduction, with any such reserve to remain until the relevant

creditors of the Company at the Effective Date who are not protected at that date by other means have been otherwise protected or discharged. In this respect, and as a result of the Capital Reduction, future profits of the Company earned after the Effective Date would be available for the Company to use for the purposes of paying future dividends, if appropriate.

The precise form of creditor protection is a question for the Court and the Company will give such creditor protections as the Court requires and the Company's solicitors advise are appropriate. The Board reserves the right not to pursue an application for an order confirming the Capital Reduction if it appears that the creditor protection which would be required by the Court would be unduly onerous or otherwise contrary to the interests of the Company.

7. **EFFECT OF THE REDUCTION OF CAPITAL**

Subject to Shareholder approval and Court consent, the amounts resulting from the cancellation of the Company's share premium account and capital redemption reserve will be credited to the Company's profit and loss account to create (subject to the Court's confirmation) distributable reserves that the Company will be able to use when making any future distributions to Shareholders.

The Reduction of Capital does not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company.

8. **RECOMMENDATION**

**The Directors consider that the Reduction of Capital is in the best interests of the Company and Shareholders as a whole. Accordingly the Directors unanimously recommend Shareholders to vote in favour of the Resolution as they intend to do in respect of their own beneficial holdings of 11,661,905 Ordinary Shares, representing approximately 30.6per cent. of the Company's issued Ordinary Share capital.**

Yours sincerely

**Joe Grimmond**  
Chairman

## NOTICE OF GENERAL MEETING

of

### CORAL PRODUCTS PLC

*(Incorporated and registered in England and Wales with registered number 2429784)*

(the "**Company**")

**NOTICE IS HEREBY GIVEN** that a general meeting of the Company will be held at the Haydock Thistle Hotel, Haydock, Merseyside WA11 9SG on 29 August 2012 at 12:15 p.m. (or as soon thereafter as the Company's annual general meeting convened for the same date and place at 12:00 p.m. has concluded) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:

### SPECIAL RESOLUTION

That the balance standing to the credit of the Company's share premium account and the balance standing to the credit of the capital redemption reserve of the Company be cancelled.

By Order of the Board  
**Stephen Fletcher**  
Company Secretary

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

3 August 2012

### Notes

1. A member entitled to attend and vote at the 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 General Meeting. A member can appoint more than one proxy in relation to the 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 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 General Meeting for your vote to be counted. Appointing a proxy does not preclude you from attending the 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 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 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 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 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 General Meeting, the results of the voting at the 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 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 General Meeting any question relating to the business being dealt with at the General Meeting which is put by a member attending the 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 2012 (being the last Business Day prior to the publication of this Notice of General Meeting), the Company's issued share capital consists of 38,135,609 ordinary shares of 1p each with voting rights. Therefore, the number of total voting rights in the Company is 38,135,609.
12. The contents of this Notice of General Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the 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 General Meeting will be available on the Company's corporate website: [www.coralproducts.com](http://www.coralproducts.com).
13. You may not use any electronic address provided in this Notice of General Meeting to communicate with the Company for any purposes other than those expressly stated.