CORAL
PRODUCTS PLC

2008 Interim Results

Chairman's Statement

This financial year started with trade continuing to suffer from the high raw material and power prices. However, with the recent falls in oil prices we are now seeing more favourable trading margins and can, therefore, anticipate reduced losses going forward.

Overall sales have increased by 10% and both CD and DVD case sales have contributed towards this improvement. The markets, whilst continuing to be affected by downloading and copyright infringement, have stabilised somewhat and there has been improved demand from a move towards multi-packs for compilations.

Gross margins have increased this period and this has resulted in a reduced operating loss after taking out the £719,000 profit from the sale of the property in 2007.

Meanwhile, we have continued to diversify into areas other than media products and, whilst progress has been slower than we would have wished, we have developed a number of new products, with more planned for next year.

Our banking facilities were stretched during this first half in order to meet additional working capital requirements but, due to our relatively low capital expenditure needs, we should see a much improved situation for the remainder of the year. We also have sufficient resources to meet the costs of developing our new product areas.

Trading

Turnover for the six months ended 31 October 2008 was £7.8 million (2007: £7.1 million) and the pre-tax loss was £788,000 (2007: £180,000). Diluted loss per ordinary share was 3.09p (2007: earnings of 0.55p).

Interim Dividend

No interim dividend has been declared (2007: nil) for the period to 31 October 2008.

Prospects

We are now seeing a better future for the business although, in the short term, the current economic climate and conditions may impact on our progress.

Margins at last are starting to improve and sales of new products should continue to emerge as we move the direction of the business. It continues to be a slow process to return to higher sales volumes and into profitability but we believe that the company is moving in the right direction. The present economic conditions could, however, disrupt our progress and we must, therefore, remain cautious in our optimism.

Geoffrey Piper
Chairman
5 December 2008

Income Statement - (unaudited) for the half year to 31 October 2008

	Notes	Half year to 31 October 2008 £'000	Half year to 31 October 2007 £'000	Year to 30 April 2008 £'000
Continuing operations				
Revenue	(2)	**7,782**	7,056	14,389
Cost of sales		**(5,489)**	(5,216)	(11,935)
Gross profit		**2,293**	1,840	2,454
Operating expenses		**(3,006)**	(2,667)	(3,235)
Operating loss before exceptional item		**(713)**	(827)	(781)
Exceptional profit on sale of property		**-**	719	-
Operating loss before taxation and finance costs		**(713)**	(108)	(781)
Exchange loss on finance leases	(1)	**(26)**	(10)	(142)
Interest payable		**(49)**	(62)	(80)
Loss before taxation		**(788)**	(180)	(1,003)
Taxation	(3)	**165**	291	500
(Loss) / profit for the financial period		**(623)**	111	(503)
(Loss) / earnings per share	(4)	**(3.09) p**	0.55 p	(2.50) p
Diluted (loss) / earnings per share	(4)	**(3.09) p**	0.55 p	(2.50) p

All activities derive from continuing operations.

Statement of Changes in Shareholders' Equity – (unaudited)

	As at 31 October 2008 £'000	As at 31 October 2007 £'000	As at 30 April 2008 £'000
Equity at start of the period	**9,035**	8,924	8,924
(Loss) / profit for the period	**(623)**	111	(503)
Share based payment charge	**-**	-	(5)
Equity at end of the period	**8,412**	9,035	8,416

Balance Sheet – (unaudited) as at 31 October 2008

	As at 31 October 2008 £'000	As at 31 October 2007 £'000	As at 30 April 2008 £'000
ASSETS			
Non-current assets			
Intangible assets	**277**	304	295
Plant and equipment	**6,231**	7,818	7,019
Rental deposit	**250**	-	250
Total non-current assets	**6,758**	8,122	7,564
Current assets			
Inventories	**1,353**	1,267	1,222
Trade and other receivables	**4,518**	4,520	3,909
Cash and cash equivalents	**-**	487	351
Total current assets	**5,871**	6,274	5,482
LIABILITIES			
Current liabilities			
Financial liabilities - borrowings	**1,392**	603	485
Trade and other payables	**3,078**	3,745	3,458
Total current liabilities	**4,470**	4,348	3,943
Non current liabilities			
Financial liabilities - borrowings	**366**	639	522
Deferred tax liabilities	**-**	374	165
Total non-current liabilities	**366**	1,013	687
Net assets	**7,793**	9,035	8,416
Equity			
Share capital	**201**	201	201
Share premium	**4,558**	4,558	4,558
Other reserves	**7**	12	7
Retained earnings	**3,027**	4,264	3,650
Total shareholders' equity	**7,793**	9,035	8,416

Cash Flow Statement – (unaudited) for the half year to 31 October 2008

	Half year to 31 October 2008 £'000	Half year to 31 October 2007 £'000	Year to 30 April 2008 £'000
Cash (outflow)/inflow from operating activities (note 5)	(891)	(112)	641
Interest paid	(34)	(52)	(35)
Interest on finance lease rentals	(15)	(20)	(45)
Exchange loss on finance leases	(26)	-	(142)
Income taxes received	-	35	35
Net cash from operating activities	(966)	(149)	454
Cash flows from investing activities			
Purchase of property, plant and equipment	(134)	-	(252)
Purchase of intangible assets	(2)	-	(2)
Rental deposit held in escrow	-	-	(250)
Proceeds from disposal of property, plant and equipment	-	2,802	2,802
Net cash (used in) / generated by investing activities	(136)	2,802	2,298
Cash flows from financing activities			
Proceeds of new asset finance	-	22	(453)
Repayment of bank loans	(85)	(286)	21
Finance lease principal payments	(157)	(313)	(380)
Net cash used in from financing activities	(242)	(577)	(812)
Net (decrease) / increase in cash and cash equivalents	(1,344)	2,076	1,940
Cash and cash equivalents at start of period	351	(1,589)	(1,589)
Cash and cash equivalents at end of period	(993)	487	351

Notes to the Interim Financial Statements

1. Basis of preparation

This interim report, including comparative data, has been prepared in accordance with International Financial Reporting Standards (IFRS) in issue that are either adopted by the EU and effective at 31 October 2008. The Interim Financial Statements have been prepared in accordance with the listing rules of the Financial Services Authority and do not constitute financial statements as defined in section 240 of the Companies Act 1985.

The results for the 6 months ending 31 October 2008 and 2007 are unaudited. The results for the year ended 30 April 2008 have been extracted from the financial statements for that period, which were filed with the Registrar of Companies and on which the auditors gave an unqualified report when did not contain a statement under sections 237(2) and (3) of the Companies Act 1985.

The principal accounting policies applied in the preparation of this interim report are consistent with those set out in the 2008 Annual Report and Financial Statements. A summary of the company's principal accounting policies is set out below.

Segmental reporting

The Directors consider the Company's operations as one business segment and that 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 and services 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.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised as tangible fixed assets in the balance sheet and are depreciated over the useful economic life of the asset The interest element of the rental obligations is charged to the Income Statement over the period of the lease.

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.

Exceptional items

These are material items, which derive from events or transactions that fall within the ordinary activities of the company and which individually need to be disclosed if the financial statements are to give a true and fair view.

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 profit and loss account for the period.

Pension contributions

The company contributes to defined contribution pension schemes and the pension charge represents the amount payable for that period.

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 Company'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 assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised on intangible assets and other temporary differences recognised in business combinations.

Plant and equipment

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 of the assets over their estimated useful lives, using the straight-line method, on the following bases:

Moulds	-	10-25%
Plant and machinery	-	10%
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 licence fees paid in advance for the use of trademarks 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 reviewed for impairment whenever there is an indication that the carrying value may be impaired.

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.

Cash and cash equivalents

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

Financial assets

Financial assets are recognised at fair value in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Loans and receivables 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, 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 that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such provision being the difference between the net carrying amount and the present value of future expected cash flows associated with the impaired receivable.

Financial liabilities include bank borrowings and trade payables. 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. Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Share based payments

The fair value of equity settled share based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares or options that will eventually vest. In the case of options granted, fair value is measured by a Black-Scholes pricing model.

2. Revenue

All production is based in the United Kingdom. The geographical analysis of revenue is shown below:

	Half year to 31 October 2008 £'000	Half year to 31 October 2007 £'000	Year to 30 April 2008 £'000
United Kingdom	**5,969**	4,584	10,232
Rest of Europe	**1,813**	2,472	4,157
	7,782	7,056	14,389
Turnover by business activity:			
Media packaging	**7,782**	7,056	14,389

3. Taxation

The charge or credit for taxation on the loss for the period is charged at 30% being the estimated effective rate for the full financial year.

4. (Loss) / earnings per share

The calculation of basic (loss)/earnings per share is based on the loss for the period available to shareholders of £623,000 (2007: earnings of £111,000) and on 20,135,609 (2007: 20,135,609) ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividend during the period. Calculation of fully diluted earnings per share is based upon the same number of shares.

5. Cash flow from operating activities

	Half year to 31 October 2008 £'000	Half year to 31 October 2007 £'000	Year to 30 April 2008 £'000
Operating loss for the period	**(713)**	(108)	(781)
Profit on disposal of property, plant and equipment	**-**	(719)	(718)
Depreciation of property, plant and equipment	**922**	942	1,980
Amortisation of intangible assets	**20**	23	46
Share based payments	**-**	-	(5)
(Increase) / decrease in inventories	**(131)**	140	185
Increase in trade and other receivables	**(609)**	(1,217)	(606)
(Decrease) / increase in trade and other payables	**(380)**	827	540
Cash (outflow) / inflow from operating activities	**(891)**	(112)	641

6. Reconciliation of net cash flow to movement in net debt

	Half year to 31 October 2008 £'000	Half year to 31 October 2007 £'000	Year to 30 April 2008 £'000
Net (decrease) / increase in cash equivalents	**(1,344)**	2,076	1,940
Repayment of bank loans	**85**	286	453
Proceeds of new asset finance	**-**	(22)	(21)
Finance lease principal payments	**157**	313	380
Movement in net debt for the period	**(1,102)**	2,653	2,752
Net debt at beginning of period	**(656)**	(3,408)	(3,408)
Net debt at end of period	**(1,758)**	(755)	(656)

7. Interim report

The interim report will be posted to all shareholders on 10 December and will be made available on the company's website at www.coralproducts.com and at the company's registered office at North Florida Road, Haydock Industrial Estate, Haydock, Merseyside WA11 9TP.

Coral Products PLC
North Florida Road
Haydock Industrial Estate
Haydock
Merseyside
WA11 9TP

Tel: 01942 272882
Fax: 01942 726116
www.coralproducts.com