CORAL
PRODUCTS PLC

2009 Interim Results

Chairman's Statement

I am able to report signs of an improved performance for the first half of our financial year. Despite the difficult trading conditions the company has been able to react positively to its business environment. At the start of the financial year trade was still affected by a reduced demand for media products but recently we have seen turnover improve and this is expected to continue for the remainder of 2009. We are placing greater focus upon the higher margin products and services and this has contributed to a significant improvement in gross margins.

Trading

Sales have declined by 14% over the previous year but the gross profit increased 32% to £1.6m. Higher value added sales of media products and the fall in oil prices enabled margins to significantly improve. Operating expenses reduced by 9% to £1.8m and the overall operating result was a much reduced loss of £136,000 (2008: £713,000). Diluted loss per ordinary share was 0.96p (2008: 3.09p). No interim dividend will be paid.

Our extended product base includes crates for waste disposal and we expect to have production of kitchen and kerbside food caddies available early in 2010. These new products reflect our strategy to establish a business segment of household products which will have higher added value and longer, more predictable lives. We have also continued to develop business relationships and see benefits from establishing significant trading partnerships.

Financing

In the present economic climate cash management is a major consideration and we have continued to work within our facilities and keep working capital to a minimum. We have obtained new asset finance to fund capital expenditure on food caddies and have sufficient resources to manage for the foreseeable future whilst meeting the costs of developing in new product areas. We have reduced our gearing compared to this time last year.

Prospects

We are still cautious about the immediate future and expect 2010 to remain difficult as the economy only recovers slowly and we feel the impact of expected rises in oil prices. However, with our new products and current trading levels we are confident that, once the current economic conditions improve, we will be well-placed to see better results and opportunities for growth. Our objective remains to focus on the delivery of higher-margin products and to increase shareholder value in what is likely to remain a challenging marketplace.

Geoffrey Piper
Chairman
2 December 2009

Income Statement - (unaudited) for the half year to 31 October 2009

	Notes	Half year to 31 October 2009 £'000	Half year to 31 October 2008 £'000	Year to 30 April 2009 £'000
Continuing operations				
Revenue	(2)	**6,645**	7,782	13,567
Cost of sales		**(5,026)**	(6,559)	(11,230)
Gross profit		**1,619**	1,223	2,337
Operating expenses		**(1,755)**	(1,936)	(3,664)
Operating loss before taxation and finance costs		**(136)**	(713)	(1,327)
Exchange loss on finance leases	(1)	**(20)**	(26)	(61)
Interest payable		**(37)**	(49)	(75)
Loss before taxation		**(193)**	(788)	(1,463)
Taxation	(3)	**-**	165	165
Loss for the financial period		**(193)**	(623)	(1,298)
Basic loss per ordinary share	(4)	**(0.96)p**	(3.09)p	(6.45)p
Diluted loss per ordinary share	(4)	**(0.96)p**	(3.09)p	(6.45)p

All activities derive from continuing operations.

Statement of Changes in Shareholders' Equity – (unaudited) for the half year to 31 October 2009

	As at 31 October 2009 £'000	As at 31 October 2008 £'000	As at 30 April 2009 £'000
Equity at start of the period	**7,118**	8,416	8,416
Loss for the financial period	**(193)**	(623)	(1,298)
Equity at end of the period	**6,925**	7,793	7,118

Balance Sheet – (unaudited) as at 31 October 2009

	As at 31 October 2009 £'000	As at 31 October 2008 £'000	As at 30 April 2009 £'000
ASSETS			
Non-current assets			
Intangible assets	**260**	277	261
Plant and equipment	**5,048**	6,231	5,647
Rental deposit	**250**	250	250
Total non-current assets	**5,558**	6,758	6,158
Current assets			
Inventories	**661**	1,353	846
Trade and other receivables	**3,930**	4,518	2,653
Cash and cash equivalents	**-**	-	56
Total current assets	**4,591**	5,871	3,555
LIABILITIES			
Current liabilities			
Financial liabilities - borrowings	**872**	1,392	533
Trade and other payables	**2,101**	3,078	1,811
Total current liabilities	**2,973**	4,470	2,344
Non current liabilities			
Financial liabilities - borrowings	**251**	366	251
Total non-current liabilities	**251**	366	251
Net assets	**6,925**	7,793	7,118
Equity			
Share capital	**201**	201	201
Share premium	**4,558**	4,558	4,558
Other reserves	**7**	7	7
Retained earnings	**2,159**	3,027	2,352
Total shareholders' equity	**6,925**	7,793	7,118

Cash Flow Statement – (unaudited) for the half year to 31 October 2009

	Half year to 31 October 2009 £'000	Half year to 31 October 2008 £'000	Year to 30 April 2009 £'000
Cash (outflow)/inflow from operating activities (note 5)	**(142)**	(891)	498
Interest paid	**(21)**	(34)	(37)
Interest on finance lease rentals	**(16)**	(15)	(38)
Exchange loss on finance leases	**(20)**	(26)	(61)
Net cash from operating activities	**(199)**	(966)	362
Cash flows from investing activities			
Purchase of property, plant and equipment	**(176)**	(134)	(426)
Purchase of intangible assets	**(20)**	(2)	(8)
Net cash used in operating activities	**(196)**	(136)	(434)
Cash flows from financing activities			
Proceeds of new asset finance	**150**	-	(85)
Repayment of bank loans	**-**	(85)	-
Finance lease principal payments	**(209)**	(157)	(343)
Net cash used in from financing activities	**(59)**	(242)	(428)
Net decrease in cash and cash equivalents	**(454)**	(1,344)	(500)
Cash and cash equivalents at start of period	**(149)**	351	351
Cash and cash equivalents at end of period	**(603)**	(993)	(149)

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) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as adopted for use. The financial statements have been prepared under the historical cost convention. The statements are prepared on a going concern basis, which the Directors believe to be appropriate based upon financial forecasts and bank facilities.

The results for the 6 months ending 31 October 2009 and 2008 are unaudited. The results for the year ended 30 April 2009 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.

The principal accounting policies applied in the preparation of this interim report are consistent with those set out in the 2009 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.

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.

2. Revenue

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

	Half year to 31 October 2009 £'000	Half year to 31 October 2008 £'000	Year to 30 April 2009 £'000
United Kingdom	**5,616**	5,969	10,219
Rest of Europe	**1,029**	1,813	3,348
	6,645	7,782	13,567
Turnover by business activity:			
Media packaging	**6,645**	7,782	13,567

3. Taxation

The charge or credit for taxation on the loss for the period is charged at 28% being the estimated effective rate for the full financial year.

4. Basic loss per ordinary share

The calculation of basic loss per ordinary share is based on the loss for the period available to shareholders of £193,000 (2008: £623,000) and on 20,135,609 (2008: 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 2009 £'000	Half year to 31 October 2008 £'000	Year to 30 April 2009 £'000
Operating loss for the period	**(136)**	(713)	(1,327)
Depreciation of plant and equipment	**775**	922	1,798
Amortisation of intangible assets	**21**	20	42
Decrease/(increase) in inventories	**102**	(131)	376
(Increase)/decrease in trade and other receivables	**(1,194)**	(609)	1,256
Increase/(decrease)/in trade and other payables	**290**	(380)	(1,647)
Cash (outflow)/inflow from operating activities	**(142)**	(891)	498

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

	Half year to 31 October 2009 £'000	Half year to 31 October 2008 £'000	Year to 30 April 2009 £'000
Net decrease in cash equivalents	**(454)**	(1,344)	(500)
Repayment of bank loans	**-**	85	85
Additional finance lease	**(150)**	-	-
Finance lease principal payments	**209**	157	343
Movement in net debt for the period	**(395)**	(1,102)	(72)
Net debt at beginning of period	**(728)**	(656)	(656)
Net debt at end of period	**(1,123)**	(1,758)	(728)

7. Interim report

The interim report will be posted to all shareholders on 8 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.

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