5 December 2011

CORAL PRODUCTS PLC

("Coral" or the "Group")

HALF YEARLY REPORT

Coral Products plc, a specialist in the design, manufacture and supply of injection moulded plastic products, is pleased to report its half yearly report for the six months ended 31 October 2011.

Financial Headlines	*Six months to 31 October 2011*	*Six months to 31 October 2010*	*Change*
Group sales	£8.66 million	£6.71 million	+29%
Underlying* operating profit	£115,000	£(319,000)	-
Gross profit	£1.80 million	£1.22 million	+48%
Gross margin	20.8%	18.2%	+14%
Underlying* earnings / (loss) per share	0.34p	(1.76)p	-

* *Excludes one-off costs of £443,000 relating to costs of acquisition of Interpack Limited ("Interpack") and move from the Main Market to AIM.*

Operational Highlights

- Acquisition of Interpack, a reseller and distributor of a range of plastic container products to the food manufacturing and food packaging sector.
- Move from Main Market of the London Stock Exchange to AIM.
- Commencement of reconfiguration of manufacturing facility with additional capacity for food packaging products.
- Contracts for recycling containers from five additional local authorities.

Commenting on today's results, Joe Grimmond, Coral's Chairman, said:

"I am delighted to report that in the six months to 31 October 2011 we have made excellent progress with our strategic plan of reducing exposure to media packaging by diversifying into new markets.

"The acquisition of Interpack in September initiated our strategy to acquire complementary businesses whilst also enabling greater utilisation of the existing manufacturing capacity. This has created exposure to new markets in food packaging products with an experienced sales and marketing team. Our existing facilities are being used to manufacture some of Interpack's products which has created additional margin.

"Trading has been strong in media packaging with DVD sales above expectations. In addition in the last three months we have received confirmed orders from a further five local authorities for the supply of recycling containers. This reinforces the Directors' view that Coral's range of containers is increasingly recognised as one of the best in the market."

Enquiries

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Chairman's Statement

Results

The Group's results for the first six months of the year reflect an improved performance in a difficult trading environment for businesses in the UK. Sales in the six months to 31 October 2011 increased by 29% to £8.66 million (six months to 31 October 2010: £6.71 million), which resulted in an underlying operating profit of £115,000 before exceptional items (and an operating loss of £328,000) compared to an operating loss of £319,000 in 2010. Gross margins increased to 20.8% from 18.2% in 2010.

The increase in sales and underlying operating profit have resulted from an improved performance in media packaging and recycling products together with the benefit of trading from Interpack since its acquisition, which was completed on 6 September 2011.

Sales for media and recycling have been ahead of forecast whilst turnover in trade mouldings have been in line with the previous year. Margins in difficult market conditions were tight in the first quarter, due to raw material price increases, although margins have improved recently as a consequence of the acquisition of Interpack. Overall this enabled the Group to return an operating profit before exceptional items, such items comprising the costs of completing the acquisition of Interpack and moving the Group's listing from the Main Market to AIM.

The Board is not recommending an interim dividend.

Operations

I am delighted to report that in the six months to 31 October 2011 we have made excellent progress with our strategic plan of reducing exposure to media packaging by diversifying into new products. The acquisition of Interpack has exposed the Group to the food packaging products market. Interpack has been successfully integrated within the Group and has already made a significant contribution to these results. Positive reaction from Interpack's customers since its acquisition has necessitated reconfiguration of the Group's manufacturing facility and acquisition of additional tooling, which will increase Coral's manufacturing capacity. This includes an 'in-mould labelling' line which will allow Coral to provide branded or labelled product for the first time. There are inevitable cost outlays with such changes but a significant cost is avoided by the Group being able to use spare machine capacity. These new facilities are expected to be on-stream during the last quarter of the current financial year.

The acquisition of Interpack has lowered the Group's reliance on media products and reduced its exposure to markets that, whilst still representing the main form of media format, are in decline.

Interpack has only been part of the Group for a short period but the benefits of having sales growth opportunities in markets that are more robust in recessionary times and face less competition are already evident.

Media packaging has performed ahead of expectations over the six months with sales increasing by 16% to £6.2 million. In particular, DVD sales were strong, benefitting from demand for the Ecobox and the multi DVD box. CD sales performed reasonably with sales of cases for albums and multi-sets compensating for the decline in maxi-singles cases which have been adversely affected by media downloading.

Recycling sales have continued to make progress with Coral now recognised as a leading supplier to local authorities and distributors. The period has seen sales improve by over 50% to above £1 million. Our range of caddies now includes a 5 litre kitchen caddy in addition to the 7 litre kitchen and 23 litre collection caddies. In the last 3 months Coral has received confirmed orders from five new local authorities with a sales value of around £700,000. This reinforces the Directors view that Coral's range of ergonomically designed recycling containers is increasingly recognised as one of the best in market.

In the trade moulding channel, the Group's key customers are reporting increased trading in the run up to the Christmas trading months, which has facilitated an improvement in revenue after a slow start. We expect sales to continue to improve as we continue to win new business and attract more subcontractors.

Financial Position

Interpack was acquired on 6 September 2011 for an initial consideration of £3 million with a deferred consideration of up to a maximum of £1.1 million payable in early 2012 dependent upon profits generated by Interpack in the period to 31 December 2011. The funds for the acquisition and associated costs of the simultaneous move from the Main Market to AIM were provided by a share placing of 18 million shares at 15 pence each, which raised £2.7 million before expenses, a term loan of £1.4 million, provided at up to 2.5% over base of which £600,000 has so far been received, and from Coral's existing bank facilities.

The Group has agreed new lending facilities with Barclays. These facilities provide variable funding based on sales financing and the term loan which is repayable over 2 years. The Group has maintained, and expects to continue to maintain, a comfortable headroom margin within these facilities. As a result, the Board believes that the Group has sufficient financing facilities after completion of payments for Interpack.

The balance sheet includes goodwill arising on the acquisition of Interpack. A review of this asset has been completed and no impairment loss has been deemed necessary as expected future cash flows support the full value of the asset.

Outlook

The Group's business now has greater focus on growth markets and areas in which sales can be developed. The acquisition of Interpack has resulted in a stronger business which can take advantage of opportunities to grow further.

The Group continues to support media packaging whilst it produces substantial sales orders but recognises that there is a limited life to these products and is being adapted accordingly.

The Directors expect that the Group will report a much improved performance for the year to 30 April 2012 and be able to announce a final dividend on the back of those results.

Joe Grimmond
Chairman

5 December 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months to 31 October 2011

	Notes	*Six months to 31 October 2011 (unaudited) £000*	*Six months to 31 October 2010 (unaudited) £000*	*Year to 30 April 2011 (audited) £000*
Revenue	2	8,658	6,705	13,194
Cost of sales		(6,857)	(5,488)	(10,755)
Gross profit		1,801	1,217	2,439
Operating costs		(1,686)	(1,536)	(3,139)
Underlying operating profit/(loss) for the period	1,3	115	(319)	(700)
Exceptional items	3	(443)	-	-
Loss from operations		(328)	(319)	(700)
Finance income		1	-	-
Finance expense		(29)	(35)	(53)
Loss before taxation		(356)	(354)	(753)
Taxation	4	-	-	-
Total comprehensive loss		(356)	(354)	(753)
Earnings / (loss) per ordinary share	5			
Basic (pence)		(1.39)	(1.76)	(3.74)
Diluted (pence)		(1.38)	(1.76)	(3.74)
Underlying basic (pence)		0.34	(1.76)	(3.74)
Underlying diluted (pence)		0.34	(1.76)	(3.74)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 October 2011

	Notes	*31 October 2011 (unaudited) £000*	*31 October 2010 (unaudited) £000*	*30 April 2011 (audited) £000*
Non-current assets				
Goodwill		3,868	-	-
Other intangible assets		197	216	217
Property, plant and equipment		3,801	4,257	3,994
Rental deposit		50	100	50
Total non-current assets		7,916	4,573	4,261
Current assets				
Inventories		1,431	1,081	1,689
Trade and other receivables		7,021	4,795	2,596
Cash and cash equivalents		379	-	5
Total current assets		8,831	5,876	4,290
Total assets		16,747	10,449	8,551
Current liabilities				
Bank overdrafts and borrowings		(2,092)	(1,069)	(893)
Trade and other payables		(5,984)	(3,227)	(1,925)
Income tax payable		(143)	-	-
Total current liabilities		(8,219)	(4,296)	(2,818)
Non-current liabilities				
Borrowings		(570)	(40)	(19)
Deferred taxation liability		-	-	-
Total non-current liabilities		(570)	(40)	(19)
Total liabilities		(8,789)	(4,336)	(2,837)
Total net assets		***7,958***	***6,113***	***5,714***
Equity				
Share capital	6	381	201	201
Share premium		6,978	4,558	4,558
Other reserves		7	7	7
Retained earnings		592	1,347	948
Total equity		***7,958***	***6,113***	***5,714***

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months to 31 October 2011 (unaudited)

	Share capital £000	*Share premium* £000	*Other reserves* £000	*Retained earnings* £000	*Total equity* £000
At 1 May 2011	201	4,558	7	948	5,714
Issue of equity	180	2,420	-	-	2,600
Total comprehensive income	-	-	-	(356)	(356)
At 31 October 2011	381	6,978	7	592	7,958

For the six months to 31 October 2010 (unaudited)

	Share capital £000	*Share premium* £000	*Other reserves* £000	*Retained earnings* £000	*Total equity* £000
At 1 May 2010	201	4,558	7	1,701	6,467
Total comprehensive income	-	-	-	(354)	(354)
At 31 October 2010	201	4,558	7	1,347	6,113

For the twelve months ended 30 April 2011 (audited)

	Share capital £000	*Share premium* £000	*Other reserves* £000	*Retained earnings* £000	*Total equity* £000
At 1 May 2010	201	4,558	7	1,701	6,467
Total comprehensive income	-	-	-	(753)	(753)
At 30 April 2011	201	4,558	7	948	5,714

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months to 31 October 2011

	Notes	*Six months to 31 October 2011 (unaudited) £000*	*Six months to 31 October 2010 (unaudited) £000*	*Year to 30 April 2011 (audited) £000*
Cash flow from operating activities				
Cash (utilised in)/generated from operations	7	(1,122)	200	670
Net finance costs		(28)	(23)	(53)
Net cash from operating activities		(1,150)	177	617
Cash flow from investing activities				
Purchase of property, plant and equipment		(256)	(341)	(614)
Expenditure on intangible assets		(9)	(15)	(30)
Net cash used in investing activities		(265)	(356)	(644)
Cash flow from financing activities				
Issue of equity net of costs		2,600	-	-
New loans including arrangement fee		628	-	-
Purchase of subsidiary net of cash		(2,561)	-	-
Repayment of loans and finance leases		(77)	(186)	(356)
Repayment of rental deposit		-	-	50
Net cash arising from/(used in) financing activities		590	(186)	(306)
Net decrease in cash, cash equivalents and bank overdrafts	8	(825)	(365)	(333)
Cash, cash equivalents and bank overdrafts at the start of the period		(848)	(515)	(515)
Cash, cash equivalents and bank overdrafts at the end of the period		(1,673)	(880)	(848)

1. Basis of Preparation

These interim financial statements have been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively "Adopted IFRS").

The principal accounting policies used in preparing these interim financial statements are those expected to apply to the Group's Consolidated Financial Statements for the year ending 30 April 2012 and are unchanged from those disclosed in the Group's Annual Report for the year ended 30 April 2011.

a) The financial information for the six months ended 31 October 2011 is unaudited and does not constitute statutory financial statements for those periods.

The comparative financial information for the twelve months ended 30 April 2011 has been derived from the audited statutory financial statements for that year. These financial statements were approved by shareholders at the Annual General Meeting and have been delivered to the Registrar of Companies. The Auditors' Report on those financial statements was unqualified, did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying their report and did not include a statement under section 498(2) or 498(3) of the Companies Act 2006.

b) Underlying earnings: the Company believes that underlying operating profit and underlying earnings provides additional useful information for shareholders. The term underlying earnings is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measures of profit. A reconciliation of the statutory measure required by IFRS is disclosed in note 5.

2. Revenue

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

	Six months to 31 October 2011 (unaudited) £000	*Six months to 31 October 2010 (Unaudited) £000*	*Year to 30 April 2011 (Audited) £000*
United Kingdom	7,975	5,669	11,092
Rest of Europe	683	1,036	2,102
	8,658	6,705	13,194
Turnover by business activity			
Sale and manufacture of plastic products	8,658	6,705	13,194

3. Exceptional items

The Group incurred exceptional items of £443,000 in relation to costs incurred in the acquisition of Interpack and costs of moving from the Main Market to AIM.

4. Taxation

The taxation charge for the six months to 31 October 2011 is based on the effective taxation rate, which is estimated will apply to earnings for the year ending 30 April 2012.

5. Earnings / (loss) per share

Basic earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the financial period of 25,613,870 (31 October 2010: 20,135,609 and 30 April 2011: 20,135,609).

Diluted earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the financial period of 25,759,957 (31 October 2010: 20,135,609 and 30 April 2011: 20,135,609).

Underlying earnings per ordinary share are also shown calculated by reference to earnings adjusted for exceptional items. The Directors consider that this gives a useful additional indication of underlying performance.

	Six months to 31 October 2011 (Unaudited)		*Six months to 31 October 2010 (Unaudited)*		*Year to 30 April 2011 (Audited)*	
	£000	p	£000	p	£000	p
Basic earnings per ordinary share						
Loss for the financial period	(356)	(1.39)	(354)	(1.76)	(753)	(3.74)
Exceptional items	443	1.73	-	-	-	-
Underlying earnings	87	0.34	(354)	(1.76)	(753)	(3.74)
Diluted earnings per ordinary share						
Loss for the financial period	(356)	(1.38)	(354)	(1.76)	(753)	(3.74)
Exceptional items	443	1.72	-	-	-	-
Underlying earnings	87	0.34	(354)	(1.76)	(753)	(3.74)

6. Share Capital

On 6 September 2011, Coral issued 18,000,000 new ordinary shares of 1 penny each by way of a placing at 15 pence per share.

Movements in issued share capital

	Ordinary shares of 1p each
	Number
In issue at 1 May 2010 and 1 May 2011	20,135,609
Issued during the period	18,000,000
In issue at 31 October 2011	38,135,609

7. Net Cash from Operations

	Six months to 31 October 2011 (Unaudited) £000	*Six months to 31 October 2010 (Unaudited) £000*	*Year to 30 April 2011 (audited) £000*
Loss from operations	(328)	(326)	(700)
Depreciation of property, plant and equipment	449	710	1,246
Amortisation of intangible assets	29	42	56
EBITDA*	150	426	602
Decrease/(increase) in inventories	355	71	(537)
Increase in trade and other receivables	(3,451)	(2,404)	(205)
Decrease in trade, other payables and provisions	1,824	2,107	810
Net cash (utilised in)/generated from operations	(1,122)	200	670

* EBITDA is defined as profit before interest, taxation, depreciation, amortisation and share-based payments.

8. Reconciliation of Net Cash Flow to Movement in Net Debt

Net debt incorporates the Group's borrowings and bank overdrafts less cash and cash equivalents. A reconciliation of the movement in the net debt is shown below:

	Six months to 31 October 2011 (unaudited) £000	*Six months to 31 October 2010 (unaudited) £000*	*Year to 30 April 2011 (audited) £000*
Net decrease in cash and cash equivalents	(825)	(365)	(333)
New loans	(628)	-	-
Repayment of loans	77	186	356
Increase in net debt in the financial period	(1,376)	(179)	23
Opening net debt	(907)	(930)	(930)
Closing net debt	(2,283)	(1,109)	(907)

9. Business Combinations – Interpack Limited

The fair value of the identifiable assets and purchase consideration of Interpack Limited at acquisition has been determined according to IFRS 3 as follows:

	As at 6 September 2011 (unaudited) £000
Inventories	97
Trade and other receivables	974
Cash at bank	439
Trade and other payables	(1,140)
Income taxes	(143)
Total identifiable assets	227
Goodwill arising at acquisition	3,868
Total purchase consideration	4,095

Analysis of total purchase consideration

Amount paid at acquisition date	3,000
Deferred consideration payable	1,095
	4,095

10. Availability of Half Yearly Report

Copies of the Half Yearly Report will be made available upon request to members of the public at the Company's registered office, North Florida Road, Haydock Industrial Estate, Haydock, Merseyside, WA11 9TP. The Half Yearly Report can also be viewed on the Group's website at www.coralproducts.com.