

Coral Products PLC are manufacturers and suppliers of injection moulded plastic products, principally media packaging products and general housewares. Our strategy is to focus on providing superior quality products and a reliable, consistent and trustworthy service to the market place. We believe that our potential to grow and offer good prospects for our fellow stakeholders is significant and we will invest wisely on their behalf in our core activities.

Financial Highlights

	2000	1999	%
Turnover	£15.0m	£12.8m	+17
Profit on ordinary activities before taxation	£2.6m	£2.3m	+13
Earnings per ordinary share (EPS)	8.82p	7.49p	+18
Dividends per ordinary share	3.30p	2.875p	+15
Net assets per ordinary share	45p	39p	+15

Turnover £m

00	15.0
99	12.8
98	11.4
97	9.4
96	8.8

Profit before tax £m

00	2.6
99	2.3
98	1.3
97	0.97
96	1.6



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Chairman's Statement

We believe that the media industry will continue to offer excellent prospects, particularly in the CD and DVD markets.

I am delighted to report a record set of results for the year ended 30 April 2000, with profits before tax up 13% at £2.6million (1999: £2.3million); diluted earnings per share increased by 18% to 8.82p (1999: 7.49p) and the recommended total dividend for the year up 14.8% at 3.3p (1999: 2.875p).

This successful year's trading has been achieved through a further capital investment and expansion programme, particularly for CD and DVD case manufacture, which has enabled us to capitalise on increased demand within the industry. Turnover in the year increased by 17% to £15.0million (1999: £12.8million) and shareholders funds at 30 April 2000 amounted to £9.4million (1999: £8.2million), namely 45p per share (1999: 39p).

Dividend

Your directors are recommending an increased final dividend of 2.3p per ordinary share (1999: 2.0p) to be paid on 25 September 2000 to all shareholders on the register on 25 August 2000. This together with the interim dividend of 1p per ordinary share already paid, makes a total dividend for the year of 3.3p (1999: 2.875p).

Trading

Good demand for media products continued into the second half, particularly in the home market in relation to CD and DVD. The trading environment in the year was especially testing given rapidly rising raw material prices and the substantial strengthening of sterling in the last six months. I am pleased to say that the £3million of new plant installed during the year as part of our continuing capital investment has enabled us to increase

turnover and improve overall profitability. Housewares has again made a useful contribution, although it is gradually becoming a smaller part of our business as we continue to aggressively expand core media packaging products.

Prospects

We successfully introduced the ALPHApak DVD box in the second half of the year, with all initial production being sold out. Substantial investment has been made in new DVD lines that should see production in this market rise sharply by December 2000. CD production facilities are also being expanded further, together with our CD product range. We believe that the media industry will continue to offer excellent prospects, particularly in the CD and DVD markets.

The beginning of the new financial year has started well. Market conditions remain testing despite the recent easing of sterling and slow down in raw material price increases. It is our intention to use our strong balance sheet and cashflow to invest in the business organically, which we believe will add to shareholder value, whilst at the same time maintaining a worthwhile stream of dividend income. In addition your Board proposes to seek shareholder approval for the Company to have the authority to purchase up to 15% of its own share capital. Any such authority to purchase its own shares would be subject to shareholder's approval and the provisions of the Companies Act 1985, the Listing Rules of the UK Listing Authority and the Takeover Code.

Sir David Rowe-Ham

Chairman

4 July 2000



Managing Director's Review of Operations

I am confident that the addition of further CD and DVD case capacity in the coming months should provide the opportunity to further increase turnover and profitability.

I am pleased to report a firm demand for our media packaging products over the last year despite increases of more than 50% in raw material prices and an ever-stronger pound. Previous investments in new highly efficient plant have meant that we have been able to remain competitive on price and still offer a quality and service to our customers that we believe is second to none in the industry.

Strong cashflow generation in the year has been used to help finance substantial new capacity and invest in new products such as the DVD box. This investment programme continues into the current year with particular emphasis on further CD case facilities as well as further investment in state of the art DVD box manufacturing plant.

Media Packaging

Turnover in the division increased by 20% to £13.6million mainly reflecting a strong increase in CD case turnover as a result of nearly £2million of new capacity installed in the year. Video box turnover remained strong with volumes maintained at similar levels to last year. DVD box turnover has climbed steadily over the last six months with demand continuing to outstrip our capacity.

Sales to Europe have declined during the year as sterling has continued to appreciate against a weak Euro and now only represent some 20% of turnover (1999: 26%). Despite declining exports and pricing pressure from cheap imports we have successfully expanded our business and have managed to maintain margins at a reasonable level. This has been achieved through our customers' appreciation of the benefits of having high quality products supplied on a just in time basis at competitive prices thereby allowing them to increase their production efficiency and reduce stocking costs.

Raw material price rises have in the main been passed and accepted by our customers, although at times not always as quickly as we would have liked. The majority of new contracts negotiated with clients now include provision for automatic price adjustments both up and down should raw materials move beyond agreed limits.

DVD box production has been gradually increased during the year and further capacity will be coming on stream shortly to ensure we capitalise on the increasing demand that we are now seeing for this product.

Housewares

Turnover in the division fell by 9% to £1.3million as a result of lower sales to our major accounts. The division still provides a worthwhile contribution and enables spare capacity to be utilised to ensure that our plant runs at full efficiency around the clock.

Outlook

Raw material prices have shown signs of stabilisation over the last few weeks and the recent weakening of sterling should help to improve the present testing trading environment we find ourselves in. Demand for our products remains buoyant and I am confident that the addition of further CD and DVD case capacity in the coming months should provide the opportunity to further increase turnover and profitability.

Once again I would like to thank all the management and employees for their dedication and hard work during the year which has contributed in no small measure to another successful year for the company.

Warren Ferster

Managing Director

4 July 2000



Directors and Advisers

Non-executive Directors

Sir David Rowe-Ham GBE*, Chairman

Appointed March 1995. Sir David, aged 64, is Chairman of Brewin Dolphin Holdings PLC. He was formerly a consultant to Touche Ross & Co. He is President of The Crown Agents Foundation and a non-executive director of Williams PLC as well as a director of other companies.

Geoffrey Piper DL, MA, FCA*

Appointed March 1995. Geoffrey, aged 57, is Chief Executive of the North West Business Leadership Team and is a member of the North West Regional Assembly. He is a consultant to a North West firm of Chartered Accountants and was President of the Liverpool Society of Chartered Accountants in 1999/2000.

* Member of the audit and remuneration committees.

Executive Directors

Warren Ferster, *Managing Director*

Warren, aged 50, has been involved in the plastics industry for over twenty 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.

Stuart Ferster, *Production Director*

Stuart, aged 44, 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.

Jonathan Ferster, *Corporate Development Director*

Jonathan, aged 42, is involved in all aspects of sales, marketing and product development with particular responsibility for CD, DVD and overseas customers in the media market place. He has been a director since October 1991.

Derek King, *Sales Director*

Derek, aged 51, is responsible for day to day sales with particular emphasis on UK customers. He has been involved in sales and marketing activities for the past twenty five years. He has been a director since November 1989.

David Shalom BA, ACA, *Finance Director*

David, aged 33, is 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 1995 as financial controller at the time of flotation and was appointed Finance Director in September 1997.

Jonathan Lever LL.B, FCA, *Company Secretary*

Jonathan, aged 63 was the former senior partner of a Northwest firm of accountants which he founded in 1965. He was appointed Finance director on flotation in February 1995 and remains Company Secretary following his retirement as Finance Director in 1997.

Registered Office

North Florida Road
Haydock Industrial Estate
Haydock
Merseyside WA11 9TP
Registered Number: 2429784 England

Auditors

PricewaterhouseCoopers
101 Barbirolli Square
Lower Mosley Street
Manchester M2 3PW

Solicitors

Halliwell Landau
St James's Court
Brown Street
Manchester M2 2JF

Bankers

National Westminster Bank PLC
115 Deansgate
Manchester M3 2BG

Stockbrokers

William de Broë PLC
6 Broadgate
London EC2M 2RP

Registrars

Computershare Services PLC
PO Box 82
Caxton House
Redcliffe Way
Bristol BS99 7NH



Directors' Report

for the year ended 30 April 2000

The directors present their report and the audited financial statements for the year ended 30 April 2000.

Principal activity

The principal activity of the company is the manufacture of media packaging products and general housewares.

Review of business

The company's results are set out in the attached financial statements and a review of the company's performance and prospects is set out in the reports of the Chairman and Managing Director on pages 2 and 3.

Dividends and transfer to reserves

The directors recommend the payment of a final dividend of 2.3p net per ordinary share (1999: 2.0p) amounting to £470,120 (1999: £408,800). This is in addition to the interim dividend of 1p net per ordinary share (1999: 0.875p) previously paid during the year. The retained profit for the financial year of £1,166,000 (1999: £975,000) will be transferred to reserves.

Directors

The directors of the company at 30 April 2000, are listed on page 4.

In accordance with the Articles of Association Stuart Ferster and David Shalom retire by rotation, and being eligible, offer themselves for re-election. Details of their service agreements are set out in the Board report on Directors' Remuneration on page 10.

Directors' interests in shares of the company

The beneficial interests of the directors of the company at 30 April 2000 in the shares of the company, according to the register required to be kept by Section 325 of the Companies Act 1985 (the "Act"), were as follows:

	Ordinary shares of 1p each at 30 April 2000 Number	Ordinary shares of 1p each at 30 April 1999 Number
Sir David Rowe-Ham	50,000	50,000
W D Ferster	2,908,360	2,908,360
S J Ferster	3,036,760	2,976,760
J Ferster	2,908,360	2,908,360
D A King	1,150,120	1,150,120
J B Lever	50,000	20,000
D M Shalom	19,750	19,750
G S F Piper	3,333	3,333
	10,126,683	10,036,683

In addition to the above interests the Coral Products Pension Scheme, of which W D Ferster, S J Ferster and J Ferster are trustees and beneficiaries, holds 146,000 shares in the company.

None of the above shareholdings has changed between the year end and the date of this report.

Approved share option scheme

On 29 March 1995 the company adopted an approved Executive Share Option Scheme. No share options have been granted to any of the directors.



Directors' Report

continued

Coral Products Sharesave Scheme

The Sharesave Scheme is open to all employees and participants who enter into a Save-As-You-Earn contract and save a fixed amount each month for three or five years. At the end of this period they may use these savings to exercise their options granted on taking out the contract. There is currently an upper savings limit of £250 per month. The option price is established at the commencement of the savings period and since 1995 has been fixed at 20 per cent below the market price ruling at the commencement of the contract. Executive directors may participate in this scheme on the same terms as all other staff.

The interests of directors in options to acquire ordinary shares of the company under the Sharesave Schemes as at 30 April 2000, are summarised below and remain unchanged from 30 April 1999:

	Sharesave Scheme			Option normally exercisable from (Note (1))
	30 April 2000	Subscription price	Date of grant	
W D Ferster	34,821	28p	20/09/1997	01/10/2000
S J Ferster	61,607	28p	20/09/1997	01/10/2002
J Ferster	34,821	28p	20/09/1997	01/10/2000
D A King	61,607	28p	20/09/1997	01/10/2002
D M Shalom	34,821	28p	20/09/1997	01/10/2000

(1) Under the rules of the scheme share options may be exercised at an earlier date in certain circumstances. The options expire 6 months after the normal exercise date.

(2) The mid-market price of an ordinary share in the company as at 4 July 2000 was 49.5p.

Substantial shareholdings

As at 4 July 2000 the directors are aware of the following interests of 3 per cent or more in the issued ordinary share capital of the company (other than the holdings of directors listed above):

	Number of shares	% of share capital
Co-operation Retirement Benefit Fund (L) Ltd	3,495,166	17.1
Friends Provident Stewardship Income Fund	1,212,825	5.9

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 April 2000.

The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Charitable and political contributions

Contributions made by the company during the year for charitable purposes were £5,721 (1999: £6,040).

Political contributions amounted to £Nil (1999: £Nil).



Creditor payment policy

The policy of the company 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 average number of days taken to pay creditors amounted to 96 days (1999: 70 days) in the year to 30 April 2000.

Taxation

The company has been a close company within the meaning of the Income and Corporation Taxes Act 1988 throughout the year and this position has not changed since the end of the financial year.

Millennium compliance

The Company experienced no problems over the turn of the millennium and all systems continued to function as they were designed.

Auditors

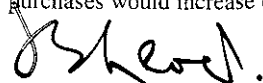
A resolution to re-appoint PricewaterhouseCoopers as auditors to the company will be proposed at the Annual General Meeting.

Annual General Meeting

An ordinary resolution will be proposed at the Annual General Meeting to grant the directors authority pursuant to Section 80 of the Companies Act 1985 ("the Act") to allot the entire unissued share capital of the company, representing an aggregate nominal amount of £20,600, which represents approximately 10 per cent of the total share capital of the company in issue at the date of this report. The authority is due to terminate at the conclusion of the Annual General Meeting of the company to be held in 2001.

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.

A special resolution will also be proposed at the Annual General Meeting to disapply the statutory pre-emption rights under Section 89 of the Act up to an aggregate nominal amount of £10,200 (representing 5 per cent of the total share capital of the company in issue at the date of this report). This authority is due to terminate at the earlier of the conclusion of the next Annual General Meeting of the company to be held in 2001 and the date 15 months following the passing of this resolution. A further special resolution will also be proposed to give the Company authority to enable it to purchase up to 14.99% of its present issued ordinary share capital. The Directors consider it to be in the best interests of the Company that it should be authorised to exercise this power and purchase its ordinary shares within the above limit. Whilst the Directors have no immediate plans to make such purchases, they would in any event only do so if the Directors believed the effect of any such purchases would increase earnings per share on the remaining issued share capital.



By order of the Board

J B Lever

Company Secretary

4 July 2000



Corporate Governance

The company has organised its business on the principles of good corporate governance and has adopted the appropriate measures to ensure that it complies with the Code of Best Practice ("the Code") forming part of the Combined Code. This statement explains how Coral Products plc has applied the principles of the Code and confirms that save as set out below in connection with the Board of Directors and its Committees, the Company has complied with these provisions throughout the year ended 30 April 2000.

Board of Directors and Board Committees

During the year the Board comprised six executive and two non-executive directors. Each of the executive directors has specific responsibility and accountability for operational or functional activities which are focused on the achievement of the company's targets and objectives. The Board is of the opinion that the non-executive directors are independent and fulfil their recommended role. The company does not however comply with Section A.3.1 of the Code in that the non-executive directors do not comprise at least one third of the Board, or with Section D.3.1 which requires Audit Committees to contain at least three non-executive directors.

The Board meets regularly at least ten times a year and is responsible to shareholders of the company for the strategy and development of the company and the efficient management of its resources. The Board is supplied in a timely manner with information which is of an appropriate quality and content to enable it to discharge its duties.

The company has an established schedule of matters which are reserved for decision by the Board. In addition the Board has established committees to fulfil specific functions as detailed below. The committees of the Board and its non-executive directors are authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if they consider this necessary.

Audit Committee

The audit committee comprises the non-executive directors with the Company Secretary and Finance Director in attendance. It is chaired by Geoffrey Piper and meets at least twice a year to consider and review accounting matters, financial reporting and internal controls. The meetings are also attended by the company's auditors. The committee reviews the interim, preliminary and annual results statements.

Nominations Committee

Due to the size of the Board a nomination committee has not been established at the present time. All new appointments are discussed at length by the Board.

Remuneration Committee

The Remuneration Committee comprises the non-executive directors together with the Managing Director and is chaired by Sir David Rowe-Ham. The committee is responsible for determining the company's policy for the remuneration of the executive directors.



Internal Financial Control

The Board has adopted the transitional approach set-out in the 27 September 1999 letter from the London Stock Exchange to all UK listed companies and expects to report under the guidance "Internal Control: Guidance for Directors on the Combined Code" (issued in September 1999) in the Annual Report for the year ended 30 April 2001.

Responsibility for financial control

The directors are responsible for ensuring that the company maintains an adequate system of internal financial control. The system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatements and losses.

Control environment and main control procedures

Implementation of internal financial controls is carried out by senior management and executive directors. The finance director is required to report annually on compliance with the company's policies and procedures.

These procedures are designed to identify strategic issues which require appropriate plans and actions to minimise business risks and to take advantage of business opportunities as they arise.

The Board has considered the need for an internal audit function, but has decided that it cannot be justified given the size of the company.

Financial reporting and the monitoring process

Systems exist within the company which provide for the creation of annual budgets. Monthly management reports are produced which enable the Board to compare actual performance against budget and to take action where appropriate. Procedures are in place to identify any major business risks and evaluate their potential financial effects as well as for the appraisal and authorisation of capital expenditure and investments.

Review of effectiveness

On behalf of the Board the audit committee reviews the effectiveness of the system for internal financial control.

Relations with Shareholders

The Annual General Meeting ("AGM") is the principle forum for the dialogue with private shareholders. The directors regularly meet with Institutional shareholders and analysts.

At the company's last AGM held on 24 September 1999, each of the resolutions were passed on a show of hands. Levels of proxies lodged and the balance for and against each resolution were formally declared at the meeting.

Going Concern

On the basis of current financial projections and facilities available, the directors consider that the company has adequate resources to finance its activities for the foreseeable future, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.



Board Report on Directors' Remuneration

The members of the Remuneration Committee of the Board are as follows:

Sir David Rowe-Ham (Chairman)
G S F Piper
W D Ferster

The Remuneration Committee keeps under review the scale and structure of the remuneration of the executive directors under the terms of their respective service contracts and is responsible for the operation and finalising of bonuses, grants of options and the setting of performance criteria for the Share Option Scheme. The Managing Director does not participate in discussions concerning his own remuneration. The remuneration of non-executive directors is determined by the full Board.

The Remuneration Committee has adopted the principles of good governance relating to directors' remuneration as set out in the Combined Code.

Remuneration policy for directors

Executive directors' emoluments consist of salary and bonuses, car benefit, pension contributions, medical insurance and participation in savings related share options.

Details of each director's emoluments (including share options) are shown in note 2 on page 17.

Details of current service agreements and letters of appointment for each director are as follows:

Sir David Rowe-Ham has a letter of appointment subject to twelve months' notice whilst J B Lever and G S F Piper have letters of appointment subject to six months' notice.

Messrs W D Ferster, S J Ferster, J Ferster and D A King have service agreements which are subject to twelve months notice. D M Shalom has a service agreement, subject to six months notice.

Bonus incentive scheme

A cash bonus incentive scheme ("the Scheme") is operated for directors and senior managers. The Remuneration Committee set the performance targets for the scheme at the commencement of each financial year and bonuses start to accrue once the minimum performance target is reached. The maximum bonus payable to any director under past and present schemes amounts to £37,500. The bonus scheme is not pensionable.

In the year to 30 April 2000 ("the 2000 scheme") the minimum performance targets of the scheme have been met and details of the bonuses given to directors are detailed in note 2 to the financial statements on page 17.

Sir David Rowe-Ham

Chairman of the Committee



Report of the Auditors to the Members of Coral Products PLC

We have audited the financial statements on pages 12 to 24.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 6, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statement on pages 8 and 9 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

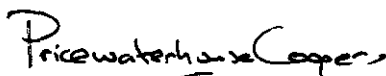
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 April 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Manchester

4 July 2000



Profit and Loss Account

for the year ended 30 April 2000

	Notes	2000 £'000	1999 £'000
Continuing operations			
Turnover	1	14,969	12,806
Cost of sales		(8,911)	(7,421)
Gross profit		6,058	5,385
Distribution costs		(613)	(610)
Administration costs		(2,725)	(2,397)
Other operating income		6	7
Operating profit		2,726	2,385
Interest receivable		17	42
Interest payable	4	(135)	(125)
Profit on ordinary activities before taxation	5	2,608	2,302
Tax on profit on ordinary activities	6	(768)	(739)
Profit on ordinary activities after taxation		1,840	1,563
Dividends	7	(674)	(588)
Retained profit for the financial year		1,166	975
Basic earnings per ordinary share	8	9.00p	7.65p
Diluted earnings per ordinary share	8	8.82p	7.49p

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

Reconciliation of Movements in Shareholders' Funds

	2000 £'000	1999 £'000
Profit for the financial year	1,840	1,563
Dividends	(674)	(588)
Net additions to equity shareholders' funds	1,166	975
Equity shareholders' funds at beginning of year	8,217	7,242
Equity shareholders' funds at end of the year	9,383	8,217



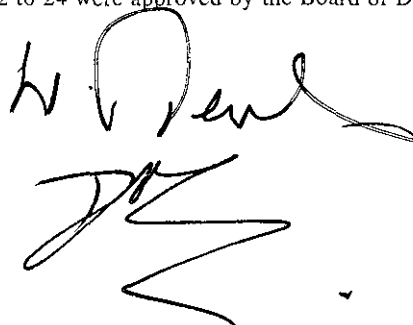
Balance Sheet

at 30 April 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	9	10,741	8,752
Current assets			
Stocks	10	2,515	1,347
Debtors	11	4,914	3,221
Cash at bank and in hand		191	797
		7,620	5,365
Creditors: amounts falling due within one year	12	(6,662)	(4,337)
Net current assets		958	1,028
Total assets less current liabilities		11,699	9,780
Creditors: amounts falling due after more than one year	13	(1,242)	(687)
Provisions for liabilities and charges	14	(1,074)	(876)
Net assets		9,383	8,217
Capital and reserves			
Called up share capital	15	204	204
Share premium account	16	4,443	4,443
Profit and loss account	16	4,736	3,570
Equity shareholders' funds		9,383	8,217

The financial statements on pages 12 to 24 were approved by the Board of Directors on 4 July 2000 and were signed on its behalf by:

Warren Ferster }
David Shalom } *Directors*




Cash Flow Statement

for the year ended 30 April 2000

	2000 £'000	1999 £'000
Net cash inflow from operating activities	3,190	3,473
Return on investments and servicing of finance		
Interest received	17	42
Interest paid	(33)	(38)
Interest paid on finance leases	(96)	(82)
	(112)	(78)
Taxation	(635)	(65)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(3,288)	(2,380)
Sale of tangible fixed assets	20	1
	(3,268)	(2,379)
Equity dividends paid	(612)	(485)
Net cash (outflow)/inflow before financing	(1,437)	466
Financing		
Repayments of principal under finance leases	18 (928)	(1,013)
Proceeds of sale and leaseback	18 1,800	519
Repayment of loans	18 (41)	(92)
	831	(586)
Decrease in cash	19 (606)	(120)



Other Financial Statements

for the year ended 30 April 2000

Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2000 £'000	1999 £'000
Operating profit	2,726	2,385
Depreciation on tangible fixed assets	1,284	990
(Profit)/loss on disposal of tangible fixed assets	(5)	30
Release of grant income	(1)	(1)
Increase in stocks	(1,168)	(397)
(Increase)/decrease in trade debtors	(1,695)	316
Decrease/(increase) in other debtors, prepayments and accrued income	2	(411)
Increase in trade creditors	1,757	266
Increase in other taxation and social security creditors	5	3
Increase in accruals and deferred income	79	43
Increase in other creditors	206	249
Net cash inflow from operating activities	3,190	3,473

Reconciliation of Net Cash Flow to Movement in Net Debt

	2000 £'000	1999 £'000
Decrease in cash in the year	(606)	(120)
Cash outflow from debt and lease financing	969	1,105
Change in net debt resulting from cashflows	363	985
New finance leases	(1,800)	(519)
Movement in net debt in the year	(1,437)	466
Net debt at 1 May 1999	(490)	(956)
Net debt at 30 April 2000	19	(490)



Accounting Policies

Accounting convention

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Moulds	10-25
Plant and machinery	10
Motor vehicles	20
Fixtures and fittings	10-33
Freehold property	2

Finance and operating leases

Assets purchased under hire purchase agreements and finance lease contracts are treated as if they had been purchased outright and are included in tangible fixed assets with the related commitments shown under liabilities.

Costs in respect of operating leases are charged against profit on a straight line basis over the lease term.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. The cost of finished goods manufactured includes direct materials, direct labour and appropriate production overhead expenditure.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life. Other grants are credited to the profit and loss account when received.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated to sterling at rates of exchange ruling at the end of the financial year, except when covered by an open foreign exchange contract in which case the rate of exchange specified in the contract is used. All profits and losses on exchange are credited to or charged to operating profit.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Deferred taxation

Provision is made under the liability method for taxation deferred by all timing differences to the extent that there is a reasonable probability that the liability will crystallise in the foreseeable future.

Pension costs

The company operates defined contribution schemes for certain executive directors and senior employees. Pension costs for the defined contribution schemes are charged to the profit and loss account as incurred.



Notes to the Financial Statements

1. Turnover

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

	2000 £'000	1999 £'000
United Kingdom	11,705	9,440
Rest of Europe	3,115	3,366
North America	149	-
	14,969	12,806
By business activity		
Media Packaging	13,643	11,356
Housewares	1,326	1,450
	14,969	12,806

The classes of business activity do not differ substantially and therefore no separate analysis of operating profits and net assets is disclosed.

2. Directors' emoluments

	Basic salary and fees £	Bonus £	Benefits £	Total emoluments 2000 £	Total emoluments 1999 £	Pension contributions 2000 £	Pension contributions 1999 £
Executive directors							
W D Ferster	89,542	35,000	20,466	145,008	140,121	6,715	6,428
S J Ferster	89,542	35,000	13,964	138,506	134,874	6,715	6,428
J Ferster	89,542	35,000	14,378	138,920	135,943	6,715	6,428
D A King	72,450	35,000	14,405	121,855	112,043	5,434	4,969
D M Shalom	49,163	17,500	7,094	73,757	65,686	3,687	3,484
J B Lever	12,894	-	-	12,894	12,350	-	-
	403,133	157,500	70,307	630,940	601,017	29,266	27,737
Non-executive directors							
Sir David Rowe-Ham	26,613	-	-	26,613	25,584	-	-
G S F Piper	11,513	-	-	11,513	11,020	-	-
	38,126	-	-	38,126	36,604	-	-
	441,259	157,500	70,307	669,066	637,621	29,266	27,737

	2000 £'000	1999 £'000
Fees	38	36
Salary payments (including benefits in kind)	631	601
Pension contributions to money purchase schemes	29	28
	698	665



Notes to the Financial Statements

continued

3. Employee information

The average number of employees during the year analysed by function was as follows:

	2000 Number	1999 Number
By activity		
Production	126	130
Selling and distribution	8	8
Administration	6	6
	140	144

At the year end the total number of persons employed was 140 (1999: 131).

	2000 £'000	1999 £'000
Staff costs (for the above persons)		
Wages and salaries	2,192	2,030
Social security costs	206	183
Other pension costs	29	28
	2,427	2,241

4. Interest payable and similar charges

	2000 £'000	1999 £'000
Finance leases	102	87
Bank and other loans repayable within 5 years	-	3
Bank overdrafts and other short term borrowings	1	-
Bank loans repayable wholly or partly in more than 5 years	32	35
	135	125

5. Profit on ordinary activities before taxation

	2000 £'000	1999 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets:		
Own assets	1,062	801
Assets held under hire purchase contracts	222	189
Auditors' remuneration for:		
Audit	18	17
Non-audit services	3	3
(Profit)/loss on disposal of fixed assets	(5)	30
Operating leases		
Plant and machinery	27	24
	27	24



6. Tax on profit on ordinary activities

	2000 £'000	1999 £'000
United Kingdom corporation tax at 30 per cent (1999: 31 per cent)		
Current	625	600
Deferred	171	139
(Over)/under provision in respect of prior years:		
Current	(55)	(178)
Deferred	27	196
Adjustment to deferred tax due to changes in tax rates	-	(18)
	<u>768</u>	<u>739</u>

7. Dividends

	2000 £'000	1999 £'000
Interim – interim paid of 1.0p net per share (1999: 0.875p)	204	179
Final – final proposed of 2.3p net per share (1999: 2.0p)	470	409
	<u>674</u>	<u>588</u>

8. Earnings per share

	2000 pence	1999 pence
Basic Earnings per share	<u>9.00</u>	<u>7.65</u>
Diluted Earnings per share	<u>8.82</u>	<u>7.49</u>

The calculation of basic and diluted earnings per share is based on:

	2000 £'000	1999 £'000
Profit on ordinary activities after taxation	<u>1,840</u>	<u>1,563</u>

	'000s	'000s
Weighted average number of shares used in basic earnings per share calculation	<u>20,440</u>	20,440
Share options outstanding	416	420
Weighted average number of shares used in diluted earnings per share calculation	<u>20,856</u>	<u>20,860</u>



Notes to the Financial Statements

continued

9. Tangible fixed assets

	Freehold land and buildings £'000	Moulds, plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 May 1999	1,773	9,865	170	211	12,019
Additions	332	2,866	72	18	3,288
Disposals	–	(413)	(60)	(21)	(494)
At 30 April 2000	2,105	12,318	182	208	14,813
Depreciation					
At 1 May 1999	126	2,936	104	101	3,267
Charge for the year	42	1,181	35	26	1,284
Disposals	–	(409)	(51)	(19)	(479)
At 30 April 2000	168	3,708	88	108	4,072
Net book value at 30 April 2000	1,937	8,610	94	100	10,741
Net book value at 30 April 1999	1,647	6,929	66	110	8,752

The net book value of fixed assets includes £2,506,000 (1999: £1,776,000) in respect of assets held under finance leases.

10. Stocks

	2000 £'000	1999 £'000
Raw materials	2,013	832
Finished goods and goods for resale	502	515
	2,515	1,347

11. Debtors

	2000 £'000	1999 £'000
Amounts falling due within one year		
Trade debtors	3,987	2,292
Other debtors	108	91
Prepayments and accrued income	819	838
	4,914	3,221



12. Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Bank loans	45	44
Trade creditors	4,013	2,256
Corporation tax	415	480
Proposed dividends	470	409
Finance lease contracts	835	561
Other taxes and social security	64	59
Other creditors	477	271
Accruals and deferred income	343	257
	6,662	4,337

13. Creditors: amounts falling due after more than one year

	2000 £'000	1999 £'000
Bank loans	322	364
Finance lease contracts	916	318
Accruals and deferred income	4	5
	1,242	687

The Bank loan bears interest fixed at 8.25% and is repayable in equal monthly instalments until repaid in September 2006. The loan is secured by fixed and floating charges over the assets of the company.

An analysis of loans by due date of repayment is set out below:

	2000 £'000	1999 £'000
Repayable between one and two years	48	45
Repayable between two and five years	172	159
Repayable after five years	102	160
	322	364

Leasing commitments

The future minimum lease payments to which the company was committed as at 30 April 2000 under finance leases were as follows:

	2000 £'000	1999 £'000
Within one year	836	601
Between two and five years	916	332
	1,752	933
Less: finance charges allocated to future periods	(1)	(54)
	1,751	879

Interest on variable rate commitments is paid quarterly in arrears and payments are charged to the profit and loss account as they fall due.



Notes to the Financial Statements

continued

14. Provisions for liabilities and charges

Deferred taxation

	Amount provided		Total potential liability	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	1,076	874	1,076	874
Other timing differences	(2)	2	(2)	2
	1,074	876	1,074	876

The movement on the provision for deferred taxation is as follows:

	£'000
At 1 May 1999	876
Charge to profit and loss account	198
At 30 April 2000	1,074

15. Called up share capital

	2000 £	1999 £
Authorised		
22,500,000 (1999: 22,500,000) ordinary shares of 1p each (1999: 1p)	225,000	225,000
Allotted, called up and fully paid		
20,440,000 (1999: 20,440,000) ordinary shares of 1p each (1999: 1p)	204,400	204,400

Options

At 30 April 2000 options under the Coral Products PLC Executive Share Option Scheme and the Savings-Related Share Option Scheme were as follows:

	When granted	Number of shares	Subscription price	Exercise period
Approved Executive Share Option Scheme	1995	45,000	60p	1999-2005
Savings-Related Share Option Scheme	1997	197,780	28p	2000-2001
	1997	123,214	28p	2002-2003
	1998	11,212	40p	2001-2002
	1998	25,875	40p	2003-2004
	1999	26,771	55p	2002-2003
	1999	30,681	55p	2004-2005

16. Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 May 1999	4,443	3,570	8,013
Retained profit for the financial year	—	1,166	1,166
At 30 April 2000	4,443	4,736	9,179



17. Finance lease obligations	2000	1999
	£'000	£'000
Balance at 1 May 1999	879	1,373
Inception of finance lease obligations	1,800	519
Payment of principal under finance leases	(928)	(1,013)
Balance at 30 April 2000	1,751	879

18. Analysis of changes in financing during the year

	2000		1999	
	Share capital and share premium account £'000	Loans and finance leases £'000	Share capital and share premium account £'000	Loans and finance leases £'000
At 1 May 1999	4,647	1,287	4,647	1,873
Loans repaid	-	(41)	-	(92)
Inception of finance leases	-	1,800	-	519
Payment of principal under finance leases	-	(928)	-	(1,013)
At 30 April 2000	4,647	2,118	4,647	1,287

19. Analysis of net debt

	At 1 May 1999 £'000	Cash flow £'000	Other non-cash changes £'000	At 30 April 2000 £'000
Cash at bank and in hand	797	(606)	-	191
Debt due in more than one year	(364)	42	-	(322)
Debt due in less than one year	(44)	(1)	-	(45)
Finance leases	(879)	928	(1,800)	(1,751)
	(490)	363	(1,800)	(1,927)

20. Capital commitments

	2000	1999
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,152	1,642



Notes to the Financial Statements

continued

21. Financial commitments

(a) Annual commitments under operating leases	2000 £'000	1999 £'000
Plant and machinery		
Expiring between two and five years	27	26
(b) Forward foreign exchange contracts		
Forward exchange contracts outstanding at the year end	236	1,098

Forward exchange contracts have been entered into to match future contracted sales receipts and purchase payments and mature within the next 12 months.

22. Disclosure of financial assets and financial liabilities

Financial assets

The company's financial assets comprise cash at bank and on overnight deposit and excludes short term debtors. The company's policy is for deposits to mature when it is anticipated that the funds will be used within the business. Interest rate return on financial assets is managed through deposits being placed for the full period to anticipated use. The company did not enter into any interest rate derivatives during the year. (1999 : £nil).

Financial liabilities

The company's financing comprises retained earnings, long term bank borrowings and short term asset backed finance and excludes short term creditors. The company's financial liabilities comprised £1,689,000 (1999: £383,000) of asset backed finance at variable rates ranging between 0.7 and 0.8% above Bank base rates (1999: 0.7 to 0.8%). In addition a further £429,000 (1999: £859,000) of asset backed finance and long term bank borrowings were all at fixed rates with a weighted average interest rate of 8.2% (1999: 8.1%) which is fixed for the whole of the weighted average maturity period of 5.6 years (1999: 4.1 years).

The Company uses a mixture of fixed and floating rate borrowings. The method of finance is determined with regard to rates available at the time of finance.

At 30 April 2000 the company had undrawn overdraft facilities amounting to £1 million (1999: £1 million). (All conditions precedent have been met and the facility expires within 12 months of the balance sheet date.)

Currency exposures

The Company hedges its anticipated foreign currency requirements using forward exchange contracts for periods of up to twelve months in advance. No other foreign currency derivatives were used during the period. (1999 : £nil).

Fair values of financial assets and financial liabilities

Fair values and book values of financial assets and financial liabilities are not considered to be materially different from one another. Set out below is a summary by category of book values of the company's financial assets and financial liabilities as at 30 April 2000.

	2000 Book Value £'000	1999 Book Value £'000
Financial assets		
Bank balances and deposits	191	797
Financial liabilities		
Current portion of long term borrowings	880	605
Long term borrowings	1,238	682
Total financial liabilities	2,118	1,287
Derivative instruments held to manage foreign currency risk: Forward foreign currency contracts	236	1,098

Gains and losses on hedges

Changes in the fair value of instruments used as hedges are recognised in the financial statements to the extent of any losses which are not matched against future sales or purchase orders outstanding at the period end.

At 30 April 2000, using closing market values, the Company's forward foreign exchange contracts showed an unrecognised profit of £13,745, which is expected to be recognised in the year to 30 April 2001.



Five Year Record

	2000 £'000	1999 £'000	1998 £'000	1997 £'000	1996 £'000
Turnover					
Media packaging	13,643	11,356	9,819	7,938	7,910
Housewares	1,326	1,450	1,606	1,449	915
	14,969	12,806	11,425	9,387	8,825
Profit					
Operating profit	2,726	2,385	1,390	1,149	1,685
Net interest payable	(118)	(83)	(130)	(184)	(81)
Profit before taxation	2,608	2,302	1,260	965	1,604
Taxation	768	739	360	308	526
Profit after taxation	1,840	1,563	900	657	1,078
Interest cover (times)	23.1	28.7	10.7	6.2	20.8
Profit before tax to sales	17%	18%	11%	10%	18%
Diluted earnings per share (pence)	8.82	7.49	4.34	3.90	7.0
Dividend per share (pence)	3.30	2.875	2.25	2.25	2.25
Assets employed					
Fixed assets	10,741	8,752	7,393	6,157	4,369
Other net assets/(liabilities)	(1,358)	(535)	(151)	645	(720)
	9,383	8,217	7,242	6,802	3,649
Financed by					
Share capital	204	204	204	204	153
Reserves	9,179	8,013	7,038	6,598	3,496
Shareholder's funds	9,383	8,217	7,242	6,802	3,649
Gearing	21%	6%	13%	15%	42%
Net assets per share (pence)	46	40	35	33	24
Return on capital	29%	29%	19%	17%	46%



Notice of the Annual General Meeting

Notice is hereby given that the tenth Annual General Meeting of the Company will be held at The Holiday Inn Crowne Plaza Midland Hotel, Peter Street, Manchester M60 2DS on Friday, 22 September 2000 at 12.00 noon for the following purposes:

As ordinary business

- 1 To receive the directors' report and audited accounts for the year ended 30 April 2000, together with the Auditors' report thereon.
- 2 To declare a final dividend of 2.3 pence per share net.
- 3 To re-elect Stuart Ferster as a director.
- 4 To re-elect David Shalom as a director.
- 5 To reappoint PricewaterhouseCoopers as auditors of the Company to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company and that the directors be authorised to fix their remuneration.

As special business

To consider and, if thought fit, pass the following resolutions of which resolution 6 will be proposed as an ordinary resolution and resolutions 7 and 8 as special resolutions.

Ordinary resolution

- 6 That, to the exclusion of and in substitution for any such authority previously conferred upon them and subsisting at the date of this resolution (save to the extent that the same may already have been exercised and save for any such authority granted by statute) the directors be and they are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2)) up to an aggregate nominal amount of £20,600 to such persons at such times and upon such terms and conditions as they may determine (subject always to the Articles of Association of the company) provided that this authority shall, unless renewed, varied or revoked, expire at the conclusion of the next Annual General Meeting of the Company and the date 15 months following the passing of this resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may then allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Special resolutions

- 7 That, subject to the passing of the Ordinary Resolution numbered 6 above and pursuant to Section 95(1) of the Act, the directors be, and they are hereby authorised and empowered, to allot equity securities (within the meaning of Section 94 of the Act) pursuant to the authority conferred by the Ordinary Resolution numbered 6 above as if Section 89(1) of the Act did not apply to such allotment provided that this power shall expire unless renewed, varied or revoked, at the earlier of the conclusion of the next Annual General Meeting of the Company and the date 15 months following the passing of this resolution 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 then allot equity securities in pursuance of such offer or agreement as if the authority and power conferred hereby had not expired and provided further that this power shall be limited to:



- (a) the allotment of equity securities pursuant to a rights issue or similar offer to ordinary shareholders where the equity securities respectively attributable to the interests of ordinary shareholders are proportionate or as nearly as practicable to the respective numbers of ordinary shares held by them but subject to the directors having a right:
 - (i) to sell for the benefit of those shareholders who are citizens of or resident in any overseas territory, the equity securities to which they would otherwise be entitled, where in the opinion of the directors it would at the time of the offer be illegal (by relevant law) or unduly costly or burdensome for the Company to make or for those shareholders to accept an offer of such equity securities; and
 - (ii) to aggregate and sell for the benefit of the Company all fractions of shares which may arise in apportioning the equity securities for cash among the ordinary shareholders; and.
- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £10,220 representing 5 per cent of the total issued ordinary share capital of the Company at the date hereof.

8 That the Company be and is hereby a generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the Act) of ordinary shares of 1p each in the Company provided that:

- (a) the maximum number of ordinary shares hereby authorised to be acquired is 3,065,999.
- (b) the maximum price which may be paid for any such share is an amount equal to 105% of the average of the middle market quotation for an ordinary share as derived from the London Stock Exchange Daily Official List for the 10 business days immediately preceding the date of purchase (exclusive of any expenses payable by the Company);
- (c) the minimum price which may be paid for any such share is 1p; and
- (d) the authority hereby given shall expire at the close of the next Annual General Meeting of the Company to be held after the passing of this resolution save that the Company may make a purchase of ordinary shares after the expiry of such authority in execution of a contract or purchase that was made before the expiry of such authority.

By order of the Board
Jonathan Lever
Company Secretary

21 August 2000

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

Notes

A member of the company entitled to attend and vote at the meeting may appoint a proxy to attend and vote on a poll on their behalf. The proxy need not be a member of the company. A form of proxy is included with the Annual Report for the use of members who are unable to attend the meeting. Completion of a form of proxy will not preclude a member from attending and voting at the meeting in person. To be effective this must be delivered to Computershare Services PLC, PO Box 1075 The Pavilions, Bridgewater Road, Bristol BS99 3FA (together with the power of attorney or other written authority, if any, under which it is signed or a notarially certified or office copy therefor) not later than 48 hours before the meeting.

Documentation on Display

There will be available for inspection at the registered office of the company during usual business hours and on the day of the Annual General Meeting at the place of the meeting for 15 minutes prior to its commencement and until its conclusion, copies of all contracts of service between directors and the company.

The Register of Directors' Interests shall be produced at the commencement of the Annual General Meeting and shall remain open and accessible during the continuance of the meeting to any person attending the meeting.



Financial Calendar

Annual General Meeting date	Friday, 22 September 2000
Final dividend paid	25 September 2000
Provisional – Interim results	December 2000
Provisional – Interim dividend payment	February 2001



Shareholder Information

Information on the Company and its products may also be obtained by visiting our web site at coralproducts.com.

