

CORAL

PRODUCTS PLC

2429784



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ANNUAL REPORT AND ACCOUNTS 2003



CORAL
CORPORATION PLC

Coral Products plc is one of Europe's **leading** manufacturers and suppliers of media packaging cases for DVD, Video and Compact Discs, providing all of these packaging solutions from one specialist factory. Although our name is seldom seen, our products are widely used by international film and music industry organisations. The more we assist these clients, the more successful we become. We are **fully committed** to our business and with the ability and contribution of our staff we provide quality products at competitive prices.

Media Packaging Solutions

DVD boxes

Video cases

CD cases

Photo-finishing products

Specialist projects

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Financial Highlights

	2003	2002	%
Turnover	£20.0m	£16.4m	+22
Profit on ordinary activities before taxation	£2.0m	£1.2m	+62
Diluted earnings per ordinary share (EPS)	6.89p	4.03p	+71
Dividends per ordinary share	3.35p	3.35p	Same
Net assets per ordinary share	53p	50p	+6



Chairman's Statement

Trading in the new financial year has started slowly, however we are confident in the year ahead of maintaining and improving our position as a market leader in the media packaging industry.

Turnover for the year ended 30 April 2003 amounted to £20.0 million compared with £16.4 million last year and profit before tax for the same period was £2.0 million compared with £1.2 million. Diluted earnings per share totalled 6.89p (2002: 4.03p), an increase of 71%, with shareholders' funds at 30 April 2003 increasing to £10.8 million (2002: £10.3million), namely 53p per share (2002: 50p).

Dividend

Your directors are recommending a maintained final dividend of 2.3p per ordinary share (2002: 2.3p) to be paid on 24 September 2003 to all shareholders on the register on 29 August 2003.

This, together with the interim dividend of 1.05p per ordinary share already paid, makes a total dividend for the year of 3.35p (2002: 3.35p). During the year 400,000 1p ordinary shares were bought back by the company reducing the share capital to a net figure of 20,299,125 shares (2002: 20,562,781 shares).

Trading

These results have been enhanced by an increased turnover for the year reflecting the continuing demand for our media packaging products, notwithstanding the

reduced sales of CD cases. Volume demand for video boxes remained strong whilst DVD case sales improved significantly in line with the growing support for this leisure and commercial product.

Prospects

Trading in the new financial year has started slowly, however we are confident in the year ahead of maintaining and improving our position as a market leader in the media packaging industry.

Both cash flow and the balance sheet remain strong and we continue to invest in developing and maintaining our productive capacity.

Sir David Rowe-Ham

Chairman

30 June 2003



Managing Director's Review of Operations

I am confident of continuing growth in DVD turnover in the coming year together with strong demand for video boxes. The fulfilment of the photographic contract is particularly pleasing bringing a diversification of our product range at a time when I anticipate CD demand will remain depressed.

The year to April 2003 showed a considerable improvement in trading. Overall turnover increased by 22% to £20 million and this led to a 62% increase in trading profit to £2 million.

Our turnover was mainly related to media packaging products with the addition this year of a range of photo-finishing boxes.

Whilst demand for video boxes continued to provide the core business, there has been a marked switch of format to DVD and our high capital investment in increasing production lines has enabled us to take full advantage of this move. DVD sales, which have increased by 150% in the past twelve months, now represent 25% of total sales and this is expected to increase.

CD case sales disappoint in line with overall market trends in the music industry, and whilst they still represent a substantial part of our turnover, their net contribution is below expectation.

As stated previously the production of photo-finishing boxes has made a positive contribution to sales and this business should increase during the current year.

Housewares sales were of negligible value during the year, but we continue to maintain and service our customer base.

During the year we have invested in two new DVD case lines at a total cost of £2 million and a further amount of £1 million is currently being spent on the installation of another DVD case production line. This expenditure will enable us to increase our manufacturing capacity of DVD cases by over 100%. Last year's official European total DVD growth was 20% and DVD is now classed as the fastest growing home entertainment product.

I am confident of continuing growth in DVD turnover in the coming year together with strong demand for video boxes. The fulfilment of the photographic contract is particularly pleasing bringing a diversification of our product range at a time when I anticipate CD demand will remain depressed.

I must express my gratitude to all members of staff and management for their hard work during the year ensuring we continue to perform at optimum levels in what remains a highly competitive trading environment.

Warren Ferster
Managing Director

30 June 2003



Directors and Advisers

Independent Non-executive Directors

**Sir David Rowe-Ham GBE*,
Chairman**

Appointed March 1995. Sir David, aged 67, was formerly a consultant to Touche Ross & Co. He is a Non-executive Director of Chubb plc as well as a director of other companies.

**Geoffrey Piper DL, MA, FCA*
Senior Non-executive Director**

Appointed March 1995. Geoffrey, aged 60, is Chief Executive of the North West Business Leadership Team and is a member of the North West Regional Assembly. He is a Council Member of the Institute of Chartered Accountants and a past President of the Liverpool Society of Chartered Accountants.

* Member of the audit and remuneration committees.

Executive Directors

Warren Ferster, *Managing Director*

Warren, aged 53, 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 47, 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 45, 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 is President of the European Media Packaging Manufacturers' Association – a group which includes all major manufacturers of media packaging in Europe. He has been a director since October 1991.

Derek King, *Sales Director*

Derek, aged 54, 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.

Stephen Fletcher MA, FCA, *Finance Director*

Stephen, aged 46, 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 2002 after holding a similar position with Worthington Group plc.

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

Jonathan, aged 66 was the former senior partner of a North West firm of Chartered 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

Auditors

PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester M2 3PW

Solicitors

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

Bankers

National Westminster Bank PLC
115 Deansgate
Manchester M3 2BG

Stockbrokers

Williams 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 2003

The directors present their report and the audited financial statements for the year ended 30 April 2003.

Principal activity

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

Review of business and future prospects

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 (2002: 2.3p) amounting to £466,880 (2002: £472,944). This is in addition to the interim dividend of 1.05p net per ordinary share (2002: 1.05p) previously paid during the year. The retained profit for the financial year of £734,000 (2002: £144,000) will be transferred to reserves.

Directors

The directors of the company at 30 April 2003, are listed on page 4.

In accordance with the Articles of Association Stuart Ferster retires by rotation, and being eligible, offers himself for re-election. In addition, Stephen Fletcher whose appointment has not been ratified by the company in General Meeting, retires, and in accordance with the Articles of Association offers himself 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 2003 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 2003 Number	Ordinary shares of 1p each at 30 April 2002 Number
Sir David Rowe-Ham	50,000	50,000
W D Ferster	2,943,181	2,943,181
S J Ferster	3,098,367	3,036,760
J Ferster	2,908,360	2,908,360
D A King	1,150,120	1,150,120
J B Lever	50,000	50,000
S G Fletcher (appointed 2 September 2002)	32,000	–
G S F Piper	3,333	3,333
	10,235,361	10,141,754

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.

S G Fletcher held no shares in the company at the date of his appointment.

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 Scheme as at 30 April 2003, are summarised below:-

	30 April 2003				30 April 2002			
	No. of options	Subscription price	Date of grant	Option normally exercisable from (Note (1))	No. of options	Subscription price	Date of grant	Option normally exercisable from (Note (1))
W D Ferster	48,214	35p	8/8/2001	1/9/2006	48,214	35p	8/8/2001	1/9/2006
S J Ferster	55,167	30p	13/9/2002	1/10/2007	61,607	28p	20/9/1997	1/10/2002
J Ferster	48,214	35p	8/8/2001	1/9/2006	48,214	35p	8/8/2001	1/9/2006
D A King	31,667	30p	13/9/2002	1/10/2005	61,607	28p	20/9/1997	1/10/2002

The above Sharesave schemes are approved by the Inland Revenue and as such are exempt from the disclosure requirements of UITF 17 and 25.

- (1) Under the rules of the scheme share options expire 6 months after the normal exercise date.
(2) The mid-market price of an ordinary share in the company as at 30 April 2003 was 44.5p. During the year ended 30 April 2003 the share price ranged between 35p and 51.5p.

During the year S J Ferster and D A King each exercised 61,607 options at a market price of 28p resulting in a gain of £6,161 each. Options over 55,167 shares were granted to S J Ferster and options over 31,667 shares were granted to D A King both at a price of 30p. No options lapsed during the year.

Substantial shareholdings

As at 30 June 2003 the directors are aware of the following interest 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
Friends Provident Stewardship Income Fund	1,212,825	6.0

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 are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 2003. 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, that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



The maintenance and integrity of the company's website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Charitable and political contributions

Contributions made by the company during the year for charitable purposes were £3,960 (2002: £1,990).
Political contributions amounted to £Nil (2002: £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 73 days (2002: 63 days) in the year to 30 April 2003.

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.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

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

Annual General Meeting

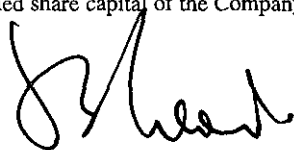
An ordinary resolution will be proposed at the Annual General Meeting to grant the directors authority pursuant to Section 80 of the Companies Act 1985 ("the Act") to allot the entire unissued share capital of the company, representing an aggregate nominal amount of £20,299, which represents approximately 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 2004.

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 £10,150 (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 2004 and the date 15 months following the passing of this resolution.

A further special resolution will also be proposed to give the company renewed 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. During the year 400,000 ordinary shares with a nominal value of £4,000 were purchased at a price range of 38.5p to 50.5p per share for cancellation. This represents 2% of the then issued share capital. The purchases were made at a discount to net asset value and will enhance earnings per share for shareholders. The total number of ordinary shares over which options are outstanding on 30 June 2003 is 268,468 shares representing 1.3% of the issued share capital of the Company. In the event that the directors exercise their full authority under this resolution to buy back shares, the total number of options outstanding will represent 1.6% of the enlarged issued share capital of the Company.

By order of the Board
J B Lever
Company Secretary
30 June 2003



Corporate Governance

The company has organised its business based 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 2003.

Board of Directors and Board Committees

During the year the Board comprised six executive and two non-executive directors. The Board's policy is to keep the role of Chairman and Managing Director separate with a clear division of responsibilities between them. 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 believes that these requirements are not appropriate for a company of this size.

Training is available to all directors as well as being given to new directors as appropriate.

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. In addition, all the directors have access to the advice and services of the company secretary.

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. There are procedures and authorisations in place for the committees of the Board and its non-executive directors to obtain outside legal or other independent professional advice at the company's expense and to secure the attendance of outsiders with relevant experience and expertise if they consider this necessary. All the committees have written constitutions and terms of reference.

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, corporate governance, 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.

Relations with Shareholders

The Annual General Meeting is the principal forum for the dialogue with private shareholders. The directors regularly meet with Institutional shareholders and analysts.

At the company's last AGM held on 20 September 2002, 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.



The company secretary is responsible for ensuring that Board procedures are followed and there are procedures in place for the directors to take independent advice if necessary.

Internal Control

Responsibility for internal control

The Board is responsible for the company's system of internal control and reviewing its effectiveness. The Board, through the audit committee, has reviewed the effectiveness of the system of internal controls during the year. This process was in place throughout the year and up to the date of approval of the Annual Report and Accounts. It is regularly reviewed by the Board in accordance with the guidance in the Turnbull Report. However, it must be recognised that any such system can provide only reasonable, and not absolute, assurance of the safeguarding of assets and the reliability of financial information.

Control environment and main control procedures

Implementation of internal controls is carried out by senior management and executive directors. The Finance Director is required to report half yearly 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 is not justifiable given the size of the company.

Key business risks

The Board has identified the key business risks relevant to the company's operations and has implemented controls in relation to these risks. These risks are reviewed on a monthly basis to ensure that they remain relevant to the business and appropriate to the current trading environment and that no further risks require consideration.

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 company's system of internal control. During the year risk assessments were carried out over the key areas of the business. These were reviewed by the committee and improvements were introduced as necessary to improve the internal controls.

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

This report complies with the Directors' Remuneration Report Regulations 2002, which applies to the company for the first time this year. It has been approved by the Board and will be put to the shareholders for approval at the Annual General Meeting.

Remuneration Committee

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.

The policy contained in the Board Report on Directors' Remuneration is unaudited.

Remuneration policy for directors

The remuneration policy has been reviewed in the light of the business requirements to pay sufficient to attract, retain and motivate directors in order to meet these requirements.

Executive directors' emoluments consist of salary and bonuses, 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 to the financial statements on page 17.

The company policy is to have contracts of service with a maximum period of one year in duration.

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. S G Fletcher has a service agreement, subject to six months' notice. There are no predetermined compensation provisions.

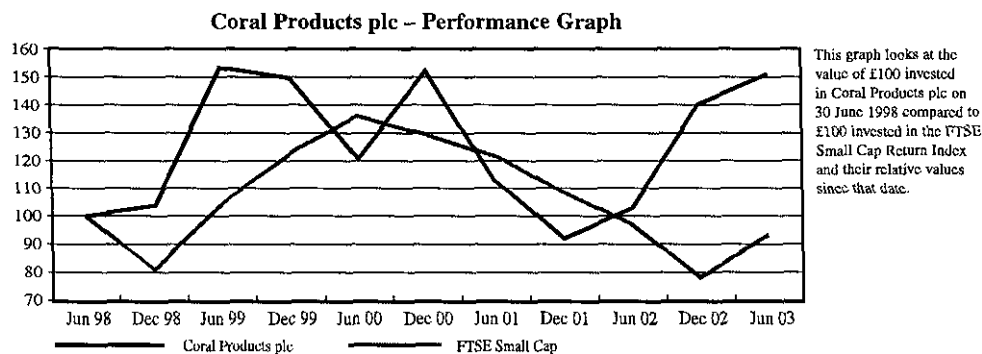
Bonus incentive scheme

The company's policy is to operate a cash bonus incentive scheme ("the Scheme") for directors and senior managers. Bonuses are 100% performance related and reflect the effort and endeavour of directors' and senior managers during the year under review. They take into account turnover, profitability, market environment and other factors relevant to the business. The maximum bonus payable to any director under past and present schemes amounts to £35,000. The scheme is not pensionable. This year reflecting the relevant criteria the maximum bonus has been paid to four directors. The bonus scheme for 2003/4 is under review to take account of trading projections for current and future years and maximum bonus levels will be increased to £50,000.

Details of the bonuses given to directors are detailed in note 2 to the financial statements on page 17.

Performance graph

In assessing the total shareholders' return as a measure of gain in share value plus dividends received, over the last five year period the company's total shareholders' return has been compared to that of the FTSE Small Cap Return Index which is considered to be the most appropriate comparison currently available.



Sir David Rowe-Ham
Chairman of the Remuneration Committee
30 June 2003



Independent Auditors' Report to the Members of Coral Products plc

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement, and the related notes. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the directors' remuneration report ("the auditable part").

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities. The directors are also responsible for preparing the directors' remuneration report.

Our responsibility is to audit the financial statements and the auditable part of the directors' remuneration report in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the auditable part of the directors' remuneration report have been properly prepared in accordance with the Companies Act 1985. 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 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. The other information comprises only the directors' report, the unaudited part of the directors' remuneration report, the chairman's statement, the managing director's review of operations and the corporate governance statement.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of 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 and the auditable part of the directors' remuneration report. 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 and the auditable part of the directors' remuneration report 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 2003 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- those parts of the directors' remuneration report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Manchester
30 June 2003



Profit and Loss Account

for the year ended 30 April 2003

	Notes	2003 £'000	2002 £'000
Continuing operations			
Turnover	1	20,004	16,371
Cost of sales		(13,353)	(10,976)
Gross profit		6,651	5,395
Distribution costs		(727)	(628)
Administrative expenses		(3,730)	(3,307)
Operating profit		2,194	1,460
Interest receivable		2	4
Interest payable	4	(194)	(231)
Profit on ordinary activities before taxation	5	2,002	1,233
Tax on profit on ordinary activities	6	(586)	(399)
Profit on ordinary activities after taxation		1,416	834
Dividends	7	(682)	(690)
Retained profit for the financial year		734	144
Basic earnings per ordinary share	8	6.91p	4.04p
Diluted earnings per ordinary share	8	6.89p	4.03p

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 Equity Shareholders' Funds

	2003 £'000	2002 £'000
Profit for the financial year	1,416	834
Dividends	(682)	(690)
Net additions to equity shareholders' funds	734	144
Proceeds of shares issued	39	—
Purchase of own shares	(182)	(26)
	591	118
Equity shareholders' funds at beginning of the year	10,254	10,136
Equity shareholders' funds at end of the year	10,845	10,254



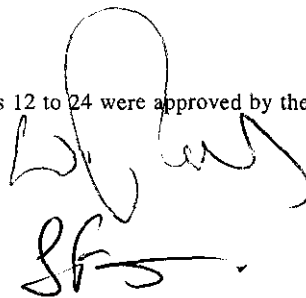
Balance Sheet

at 30 April 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	9	13,951	12,533
Current assets			
Stocks	10	2,258	2,048
Debtors	11	4,662	4,781
Cash at bank and in hand		433	84
		7,353	6,913
Creditors: amounts falling due within one year	12	(7,474)	(6,465)
Net current (liabilities)/assets		(121)	448
Total assets less current liabilities		13,830	12,981
Creditors: amounts falling due after more than one year	13	(1,430)	(1,345)
Provisions for liabilities and charges	14	(1,555)	(1,382)
Net assets		10,845	10,254
Capital and reserves			
Called up share capital	15	203	205
Share premium account	16	4,534	4,497
Capital redemption reserve	16	5	1
Profit and loss account	16	6,103	5,551
Equity shareholders' funds		10,845	10,254

The financial statements on pages 12 to 24 were approved by the Board of Directors on 30 June 2003 and were signed on its behalf by:

Warren Ferster }
 Stephen Fletcher } *Directors*




Cash Flow Statement

for the year ended 30 April 2003

	Notes	2003 £'000	2002 £'000
Net cash inflow from operating activities		5,256	2,915
Return on investments and servicing of finance			
Interest received		2	4
Interest paid		(69)	(62)
Interest paid on finance leases		(125)	(173)
		(192)	(231)
Taxation		(97)	(349)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(3,392)	(1,918)
Sale of tangible fixed assets		18	52
		(3,374)	(1,866)
Equity dividends paid		(688)	(692)
Net cash inflow/(outflow) before financing		905	(223)
Financing			
Issue of share capital	15	39	-
Repurchase of share capital	15	(182)	(26)
Repayments of principal under finance leases	18	(1,731)	(1,758)
Proceeds of new asset finance	18	1,590	1,539
Repayment of loans	18	(153)	(248)
Proceeds of new loans	18	-	286
		(437)	(207)
Increase/(decrease) in cash	19	468	(430)



Notes to the Cash Flow Statement

for the year ended 30 April 2003

Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2003 £'000	2002 £'000
Operating profit	2,194	1,460
Depreciation on tangible fixed assets	1,953	1,793
Loss on disposal of tangible fixed assets	3	14
Release of grant income	(1)	(1)
(Increase) in stocks	(210)	(155)
(Increase)/decrease in trade debtors	(56)	493
Decrease in other debtors, prepayments and accrued income	175	143
Increase/(decrease) in trade creditors	923	(1,032)
Increase in other taxation and social security creditors	82	87
Increase in accruals and deferred income	86	86
Increase in other creditors	107	27
Net cash inflow from operating activities	5,256	2,915

Reconciliation of Net Cash Flow to Movement in Net Debt

	2003 £'000	2002 £'000
Increase/(decrease) in cash in the year	468	(430)
Net cash outflow from debt and lease financing	294	181
Change in net debt resulting from cashflows	762	(249)
Net debt at 1 May 2002	(3,284)	(3,035)
Net debt at 30 April 2003	(2,522)	(3,284)



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 land and buildings	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. The repayments are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element.

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. Turnover is recognised on despatch of product.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

The deferred tax assets and liabilities are not discounted.

Financial instruments

The company uses financial instruments to reduce its exposure to foreign exchange and interest rate risk. Forward foreign exchange contracts are used as a currency hedge to reduce the exposure to currency movements. Where these are matched to foreign currency assets the gains or losses are recognised on the maturity of the contract. Interest rate swaps are issued to manage fluctuations in interest rates on asset backed finance. The gains or losses are immediately recognised in the profit and loss account. The company does not hold financial instruments for speculative purposes.

Pension costs

The company operates defined contribution schemes for certain executive directors and employees. Pension costs for the defined contribution schemes are charged to the profit and loss account in the period to which they relate.



Notes to the Financial Statements

1. Turnover

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

	2003 £'000	2002 £'000
United Kingdom	17,887	14,753
Rest of Europe	2,117	1,607
North America	–	11
	20,004	16,371

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

2. Directors' emoluments

	Basic salary and fees £	Bonus £	Benefits £	Total emoluments 2003 £	Total emoluments 2002 £	Pension contributions 2003 £	Pension contributions 2002 £
Executive directors							
W D Ferster	112,179	35,000	4,774	151,953	142,282	8,413	7,256
S J Ferster	103,946	35,000	15,136	154,082	139,275	7,848	7,207
J Ferster	112,179	35,000	3,194	150,373	138,563	8,413	7,256
D A King	94,683	35,000	2,271	131,954	121,185	7,101	5,988
S G Fletcher	49,333	5,600	1,741	56,674	–	3,947	–
D M Shalom (resigned 2.9.2002)	30,625	–	348	30,973	74,233	–	4,553
J B Lever	14,408	–	–	14,408	13,833	–	–
	517,353	145,600	27,464	690,417	629,371	35,722	32,260
Non-executive directors							
Sir David Rowe-Ham	29,846	–	–	29,846	28,583	–	–
G S F Piper	12,865	–	–	12,865	12,313	–	–
	42,711	–	–	42,711	40,896	–	–
	560,064	145,600	27,464	733,128	670,267	35,722	32,260

	2003 £'000	2002 £'000
Fees	43	41
Salary payments (including benefits in kind)	690	630
Pension contributions to money purchase schemes	36	32
	769	703

Details of directors' interests in the share capital of the company including share options can be found in the directors' report on pages 5 and 6. Benefits in the year comprised company cars and medical cover.



Notes to the Financial Statements

continued

3. Employee information

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

	2003 Number	2002 Number
By activity		
Production	159	149
Selling and distribution	10	8
Administration	8	6
	177	163

At the year end the total number of persons employed was 199 (2002: 176).

	2003 £'000	2002 £'000
Staff costs (for the above persons)		
Wages and salaries	3,202	2,603
Social security costs	262	239
Other pension costs	67	52
	3,531	2,894

4. Interest payable and similar charges

	2003 £'000	2002 £'000
Finance leases	125	169
Bank overdrafts and other loans	69	62
	194	231

5. Profit on ordinary activities before taxation

	2003 £'000	2002 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets:		
Own assets	1,355	1,300
Assets held under hire purchase contracts	598	493
Auditors' remuneration for:		
Audit	20	18
Non-audit services	8	4
Loss on disposal of fixed assets	3	14
Operating leases		
Plant and machinery	28	31



6. Tax on profit on ordinary activities

(a) Analysis of charge in period

	2003 £'000	2002 £'000
Current tax		
United Kingdom corporation tax at 30% (2002: 30%)	488	295
Adjustments in respect of prior periods	(75)	(5)
Total current tax	413	290
Current year movement in respect of deferred tax	114	77
Prior year movement in respect of deferred tax	59	32
Tax on profit on ordinary activities	586	399

(b) Factors affecting tax charge for the period

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	2,002	1,233
Profit on ordinary activities multiplied by standard rate of corporation tax of 30%	601	370
Effects of:		
Expenses not deductible for tax purposes	1	2
Deferred tax not recognised	(114)	(77)
Adjustments to tax charge in respect of previous periods	(75)	(5)
Current tax charge for the period	413	290

(c) Factors that may affect future tax charges

There are no significant factors known at 30 April 2003 which may affect future tax charges.

7. Dividends

	2003 £'000	2002 £'000
Interim – interim paid of 1.05p net per share (2002: 1.05p)	215	217
Final – final proposed of 2.3p net per share (2002: 2.3p)	467	473
	682	690

8. Earnings per share

	2003 pence	2002 pence
Basic Earnings per share	6.91	4.04
Diluted Earnings per share	6.89	4.03
The calculation of basic and diluted earnings per share is based on:		
	2003 £'000	2002 £'000
Profit on ordinary activities after taxation	1,416	834
	'000s	'000s
Weighted average number of shares used in basic earnings per share calculation	20,498	20,625
Effect of share options outstanding	44	55
Weighted average number of shares used in diluted earnings per share calculation	20,542	20,680



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 2002	2,383	16,812	54	256	19,505
Additions	77	3,276	–	39	3,392
Disposals	–	–	(54)	–	(54)
At 30 April 2003	2,460	20,088	–	295	22,843
Depreciation					
At 1 May 2002	267	6,567	23	115	6,972
Charge for the year	54	1,846	10	43	1,953
Disposals	–	–	(33)	–	(33)
At 30 April 2003	321	8,413	–	158	8,892
Net book value at 30 April 2003	2,139	11,675	–	137	13,951
Net book value at 30 April 2002	2,116	10,245	31	141	12,533

The net book value of fixed assets includes £5,489,000 (2002: £4,287,000) in respect of assets held under hire purchase.

10. Stocks

	2003 £'000	2002 £'000
Raw materials	1,478	1,392
Finished goods and goods for resale	780	656
	2,258	2,048

11. Debtors

	2003 £'000	2002 £'000
Amounts falling due within one year		
Trade debtors	4,124	4,068
Prepayments and accrued income	538	713
	4,662	4,781



12. **Creditors: amounts falling due within one year**

	2003 £'000	2002 £'000
Bank loans	162	147
Bank overdraft	-	119
Trade creditors	3,605	2,682
Hire purchase contracts	1,363	1,758
Corporation tax	516	200
Other taxes and social security	359	277
Other creditors	525	418
Accruals and deferred income	477	391
Proposed dividends	467	473
	<u>7,474</u>	<u>6,465</u>

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

	2003 £'000	2002 £'000
Bank loans	397	565
Hire purchase contracts	1,033	779
Accruals and deferred income	-	1
	<u>1,430</u>	<u>1,345</u>

Bank loans totalling £218,000 are at a fixed rate of 8.25%, which is repayable in equal monthly instalments until repaid in September 2006. The balance represents variable rate loans repayable in monthly instalments. The bank loans are secured by fixed and floating charges over the assets of the company.

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

	2003 £'000	2002 £'000
Between two and five years	225	406
Between one and two years	172	159
	<u>397</u>	<u>565</u>
Less than 12 months	162	147
	<u>559</u>	<u>712</u>

Hire purchase contracts

The future minimum payments to which the company was committed as at 30 April 2003 under hire purchase contracts were as follows:

	2003 £'000	2002 £'000
Between two and five years	306	374
Between one and two years	727	405
	<u>1,033</u>	<u>779</u>
Less than 12 months	1,363	1,758
	<u>2,396</u>	<u>2,537</u>

Interest on variable rate commitments is paid monthly 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	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Tax effect of timing differences because of: Excess of capital allowances over depreciation	1,556	1,385	1,556	1,385
Other timing differences	(1)	(3)	(1)	(3)
	1,555	1,382	1,555	1,382

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

	£'000
At 1 May 2002	1,382
Charge to profit and loss account (note 6)	173
At 30 April 2003	1,555

15. Called up share capital

	2003 £	2002 £
Authorised 22,500,000 (2002: 22,500,000) ordinary shares of 1p each (2002: 1p)	225,000	225,000
Allotted, called up and fully paid 20,299,125 (2002: 20,562,781) ordinary shares of 1p each (2002: 1p)	202,991	205,628

Movement in the period was as follows:

	Ordinary Shares of 1p each	Nominal Value/£
Allotted share capital at 1 May 2002	20,562,781	205,628
Exercise of share options	136,344	1,363
Repurchase of shares during the year	(400,000)	(4,000)
Allotted share capital at 30 April 2003	20,299,125	202,991

During the year the company increased its share capital by the issue of 136,344 shares of 1p each following the exercise under its Savings Related Option Schemes of 123,214 options at 28p and 13,130 options at 35p.

During the year the company decreased its share capital by the repurchase and cancellation of 400,000 ordinary shares of 1p each at prices ranging between 38.5p and 50.5p per share.

Options

At 30 April 2003 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	35,000	60p	1999-2005
Savings-Related Share Option Scheme	1998	25,875	40p	2003-2004
	2000	15,682	42p	2003-2004
	2001	30,988	35p	2004-2005
	2001	96,428	35p	2006-2007
	2002	44,333	30p	2005-2006
	2002	16,550	30p	2007-2008



16. Reserves

	Share premium account £'000	Capital Redemption Reserve £'000	Profit and loss account £'000
At 1 May 2002	4,497	1	5,551
Proceeds of shares issued	37	-	-
Purchase of own shares	-	4	(182)
Retained profit for the financial year	-	-	734
At 30 April 2003	4,534	5	6,103

17. Finance lease obligations

	2003 £'000	2002 £'000
Balance at 1 May 2002	2,537	2,756
Inception of finance lease obligations	1,590	1,539
Payment of principal under finance leases	(1,731)	(1,758)
Balance at 30 April 2003	2,396	2,537

18. Analysis of changes in financing during the year

	2003		2002	
	Share capital and share premium account £'000	Loans, overdrafts and finance leases £'000	Share capital and share premium account £'000	Loans, overdrafts and finance leases £'000
At 1 May 2002	4,702	3,368	4,703	3,430
Exercise of share options	39	-	-	-
Purchase of own shares	(4)	-	(1)	-
Inception of new loans	-	-	-	286
Loans repaid	-	(153)	-	(248)
Inception of finance leases	-	1,590	-	1,539
Payment of principal under finance leases	-	(1,731)	-	(1,758)
Use of overdraft	-	(119)	-	119
At 30 April 2003	4,737	2,955	4,702	3,368

19. Analysis of net debt

	At 1 May 2002 £'000	Cash flow £'000	At 30 April 2003 £'000
Cash at bank and in hand	84	349	433
Bank overdraft	(119)	119	-
Debt due in more than one year	(565)	168	(397)
Debt due in less than one year	(147)	(15)	(162)
Finance leases	(2,537)	141	(2,396)
	(3,284)	762	(2,522)

20. Capital commitments

	2003 £'000	2002 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	923	1,390



Notes to the Financial Statements

continued.

21. Financial commitments

(a) Annual commitments under operating leases	2003 £'000	2002 £'000
Plant and machinery		
Expiring between two and five years	2	31
(b) Forward foreign exchange contracts		
Forward exchange contracts outstanding at the year end	500	950

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

The company does not trade in any financial instruments.

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 any interest rate derivatives during the year (2002 : None) with regard to its financial assets.

Financial liabilities

The company's financing comprises retained earnings, overdrafts, long term bank borrowings and short and long term asset backed finance and excludes short term creditors. The company's financial liabilities comprised £2,612,000 (2002: £2,869,000) of asset backed finance at variable rates ranging between 0.6% and 0.8% above Bank base rates (2002: 0.6% and 0.8%). In addition a further £343,000 (2002: £499,000) of asset backed finance and long term bank borrowings were all at fixed rates with a weighted average interest rate of 7.5% (2002: 7.4%) which is fixed for the whole of the weighted average maturity period of 2.5 years (2002: 3.5 years). At 30 April 2003 the company had an overdraft of £Nil (2002: £119,000).

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 2003 the company had swapped £1 million pounds of floating rate debt to fixed debt based on LIBOR that matures in 2006 at rates between 5.38% and 5.58%.

The company did not take out any interest rate swaps during the year (2002: £1 million).

At 30 April 2003 the company had overdraft facilities amounting to £1 million (2002: £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. At 30 April 2003 the company had currency hedges in place amounting to £0.5m (2002: £0.9m). No other foreign currency derivatives were used during the period. (2002 : none).

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 by reference to the size of instruments and their market values. Set out below is a summary by category of book values of the company's financial assets and financial liabilities as at 30 April 2003.

	2003 Book Value £'000	2002 Book Value £'000
Financial assets		
Bank balances and deposits	433	84
Financial liabilities		
Current portion of long term borrowings	1,525	2,024
Long term borrowings	1,430	1,344
Total financial liabilities	2,955	3,368
Derivative instruments held to manage foreign currency risk: Forward foreign currency contracts	Nil	Nil

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 2003, using closing market values, the company's forward foreign exchange contracts showed an unrecognised loss of £7,826 (2002: loss £4,708), which is expected to be recognised in the year to 30 April 2004.



Five Year Record

	2003 £'000	2002 £'000	2001 £'000	2000 £'000	1999 £'000
Turnover	20,004	16,371	18,424	14,969	12,806
Profit					
Operating profit	2,194	1,460	2,244	2,726	2,385
Net interest payable	(192)	(227)	(241)	(118)	(83)
Profit before taxation	2,002	1,233	2,003	2,608	2,302
Taxation	(586)	(399)	(614)	(768)	(739)
Profit after taxation	1,416	834	1,389	1,840	1,563
Interest cover (times)	11.4	6.4	9.3	23.1	28.7
Profit before tax to sales	10%	8%	11%	17%	18%
Diluted earnings per share (pence)	6.89	4.03	6.74	8.82	7.49
Dividend per share (pence)	3.35	3.35	3.35	3.30	2.875
Assets employed					
Fixed assets	13,951	12,533	12,474	10,741	8,752
Other net assets/(liabilities)	(3,106)	(2,279)	(2,338)	(1,358)	(535)
	10,845	10,254	10,136	9,383	8,217
Financed by					
Share capital	203	205	206	204	204
Reserves	10,642	10,049	9,930	9,179	8,013
Shareholder's funds	10,845	10,254	10,136	9,383	8,217
Gearing	23%	32%	30%	21%	6%
Net assets per share (pence)	53	50	49	45	40
Return on capital	20%	14%	22%	29%	29%



Notice of the Annual General Meeting

Notice is hereby given that the thirteenth Annual General Meeting of the Company will be held at the Midland Crowne Plaza Hotel, Peter Street, Manchester M60 2DS on Friday, 19 September 2003 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 2003, 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 who retires by rotation as a director of the Company.
- 4 To re-elect Stephen Fletcher as a director who retires as a director of the Company.
- 5 To appoint PricewaterhouseCoopers LLP 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.
- 6 To approve the policy contained in the Board Report on Directors' Remuneration.

As special business

To consider and, if thought fit, pass the following resolutions of which resolution 7 will be proposed as an ordinary resolution and resolutions 8 and 9 as special resolutions:-

Ordinary resolution

- 7 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 of the Company be and they are hereby generally and unconditionally authorised for the purposes of and pursuant to 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) of the Act) up to an aggregate nominal amount of £22,009 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 earlier of the, conclusion of the next Annual General Meeting of the Company and the date 15 months following the date of 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, arrangement or agreement as if the authority conferred hereby had not expired.

Special resolutions

- 8 That, subject to the passing of the Ordinary Resolution numbered 6 above and for the purposes of and pursuant to Section 95(1) of the Act, the directors of the Company 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 7 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, arrangement 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 of the Company 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 a maximum aggregate nominal value of £10,150 representing 5 per cent of the total issued ordinary share capital of the Company at the date hereof.
- 9 That the Company be and is hereby generally and unconditionally authorised pursuant to Section 166 of the Act 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 3,043,000.
 - (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 in the capital of the Company after the expiry of such authority in execution of a contract or purchase that was made wholly or partly before the expiry of such authority.

By order of the Board
Jonathan Lever
Company Secretary



25 July 2003

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 one or more proxies 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 or any adjourned meeting.

Any corporation which is a member of the Company may authorise a person (who need not be a member of the Company) to act as its representative to attend, speak and vote (on a show of hands or a poll) on its behalf.

Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, only those holders of ordinary shares who are registered on the Company's share register as at 12.00 noon on 17 September 2003 shall be entitled to attend and vote at the Annual General Meeting and vote in respect of the number of shares registered in their names at that time. Changes to entries on the share register after 12.00 noon on 17 September 2003 shall be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting.

The reasons for the Special Business are explained in the Directors' Report.

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	19 September 2003
Final dividend paid	24 September 2003
Provisional – Interim results	December 2003
Provisional – Interim dividend payment	February 2004



Shareholder Information

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

