

CORAL PRODUCTS PLC

ANNUAL REPORT AND ACCOUNTS 2019

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Financial Highlights

	2019	2018
Group revenue	£24.7m	£23.4m
Gross margin	35.9%	34.6%
Profit/(loss) before tax	£0.04m	£(0.5)m
Operating profit/(loss)	£0.5m	£(0.2)m
Underlying earnings before interest, tax, depreciation and amortisation *	£2.5m	£2.1m
Underlying operating profit *	£1.0m	£0.9m

*Underlying profit measures are defined and explained in the accounting policies and in note 6 of the financial statements.

Business Overview

About Us

Coral Products is a manufacturer and distributor of plastic injection, extruded and blow moulded products into a diverse range of sectors including food packaging, personal care, household, healthcare, automotive, on-line totes, telecoms and rail. The Group has operations in the UK with manufacturing facilities in Haydock, Merseyside, and Wythenshawe, Greater Manchester and a distribution facility in Hyde, Greater Manchester.

By developing innovative plastic moulded products, providing excellent customer service and through its hard-working employees, Coral Products continues to refocus on new markets to be in a position to create growth and value for its shareholders.

Overview

The Company was listed on the main market of the LSE from April 1995, moving to AIM in August 2011. Initially the Company focused on serving the VHS, CD and DVD market. Due to the onset of internet-based media and the demise of the CD and DVD market the Company has reinvented itself by developing innovative products such as food containers, extrusion, trigger sprays and nozzles and injection and blow moulding, serving a more diverse market and customer base.

Strategy

We aim to grow and develop our positions within our chosen product markets and geographical areas in the rigid plastic packaging and waste recycling industry by maintaining strong long-term relationships with our customers and developing high quality, innovative products that meet customer needs. With our trade moulding partners, we aim to develop the relationship and work together to produce a partnership resulting in long-term reliability of production, development and flexibility as the need arises in order to deliver long-term sustainable profit growth. There are five key drivers to our strategy which support a focused sales approach:

Health and safety – This is the main priority in the business and we have strived to implement an environment where safety is paramount. We continuously train and re-train our staff to ensure that we operate best health and safety practices throughout the organisation.

Quality – We have an excellent reputation for delivering quality products but we are not complacent. We invest continuously in new machinery, robotics and moulds in order to maintain a strong position and keep market share. Our quality control and assurance processes are regularly reviewed and developed to ensure that our customers receive quality products each time.

Cost control – We continually investigate prices to improve our financial efficiency and deliver the best returns for shareholders. This may lead to dual supply sources to ensure key costs are minimised. We recognise also the efficiencies and effectiveness that results from new machinery in reducing our carbon footprint as well as the positive effect on reducing the cost of power absorption.

Culture – We continually look to promote a well-motivated workforce by attracting and motivating talented people to drive our business forward and foster a culture of responsibility, accountability and openness.

Acquisitions - We have adopted a strategy of seeking acquisitions where we feel we can add value from synergies or investment to grow our markets and ultimately enhance shareholder value.

Strategic Plan

The 5-year plan implemented in 2015 continues to be followed. The plan has been bolstered by the recent addition of a bespoke recycling unit installed in the Coral Mouldings plant in Haydock. It is expected that recycling will become a big part of the future growth of the Group.

Business Overview

continued

Business Model

To create and grow markets for rigid plastic containers, extrusion profiles and container triggers and spray nozzles, via innovation, development and acquisitions. We recognise that for many products' plastic is a better container solution for handling goods and gives greater functionality, economy and a cleaner environment.

Social, Community and Human Rights Issues

The Group endeavours to impact positively on the communities in which it operates. In particular, raw materials are purchased from established companies which have high reputations within the plastics industry.

The Group's ethical and social accountability statement details the standards of behaviour which are regarded as acceptable. Provision of a safe, clean working environment, free from discrimination, is an essential right of all the employees. In order to gain accreditation under the BRC Packaging Materials Standard on production of food containers, the premises, working practices and materials had to meet required standards of compliance. These are regularly audited to ensure the Group continues to adopt good manufacturing practices in order to develop and manufacture safe, legal packaging materials. The Group is also often audited by its customers to assess compliance with minimum acceptable standards.

Chairman's Statement

Trading

Whilst I am pleased to report an improved performance this year, it has proved to be a difficult period. After a strong first half when we reported revenues of £13.1m (2018: £11.9m) and underlying profit of £1.0m (2018: £0.4m), the Group endured a poor start to its second half, with losses in the four months to 28 February 2019. This resulted in our announcing by an RNS dated 26 March 2019 that results for the year would be materially below management and market expectations. The losses were across the Group, with the exception of Interpack. Decisive action, including the re-organisation of both Tatra-Rotalac and Mouldings to reduce costs, returned the Group to profitability during March and April though at a lower level than during the first half. Further direct and indirect cost reduction measures across the Group have continued into this current financial period. The recycling unit introduced into production during May 2019 is already contributing to our cost reduction plan and will do increasingly throughout the current year as we ramp up production.

Throughout this difficult period, we have continued to invest in the Group adding new and improved capacity and a state-of-the-art recycling unit. This has created greater sales opportunities in both existing and new markets. We therefore anticipate significant sales growth over the current financial year. I was pleased with the increase in revenue up 5.7% to £24.7m (2018: £23.4m) and underlying operating profit up 13.5% to £1.0m (2018: £0.9m). (Note that underlying profit is defined in note 2 and a reconciliation provided in note 6).

The Group has continued with its strategic progress of increasing focus on value-added and innovative products. The focus is to build a significant plastic moulding business with a bias towards using recycled materials and with the new Recycling unit now installed and operational at Haydock, we remain confident in our ability to do so.

The Group has reported a profit before taxation for the financial year of £0.04m (2018: £0.5m loss). Across the Group, finance costs have increased to £0.4m (2018: £0.3m) and depreciation to £1.5m (2018: £1.2m) in line with the increased spend on new, replacement and/or improvement of the assets of the Group.

Interpack's profit before tax is £0.7m (2018: £0.6m) and Global One-Pak's £0.2m (2018: £0.5m). The focus on Coral Products (Mouldings) has resulted in a substantial profitability improvement from last year with a loss of £0.4m (2018: £1.1m loss). Tatra has been affected by adverse material prices and operational costs resulting in an increased loss to £0.2m (2018: £0.0m loss). A reorganisation and cost cutting exercise was completed in July 2019 to improve future profitability. These results are before amortisation of intangibles arising on consolidation of £0.3m (2018: £0.3m) as set out in note 6.

Our new 360-degree recycling plant using both internal and external acquired plastic waste is now in operation and interest from both new and existing customers has been very encouraging. The interest I highlighted last year by local authorities and councils is now becoming more tangible with developments at an advanced stage within both areas.

Further investment in new tooling for food packaging and robotics handling will stand the business in good stead going forward with actual demand from the new tooling increasing month by month. The developments will enable the manufacturing businesses to continue to reduce operational costs, whilst reinforcing the important recycling message the business promotes.

Performance of the Group is monitored principally through adjusted profit measures which exclude £0.5m of adjusted items (2018: £1.1m). Such items are set out in note 6 and include the amortisation of intangibles arising on the acquisitions of Global One-Pak and Tatra-Rotalac, acquisition costs, share based payment charges, compensation for loss of office of senior management and reorganisation costs.

Chairman's Statement

Continued

Dividends

The Board remains committed to its long-term progressive dividend policy, which takes account of the underlying growth, whilst acknowledging the requirement for continuing investment and short-term fluctuations in profit.

Due to the uncertainty surrounding UK Brexit the Board believe it is prudent to pay a total dividend of 0.25 pence per ordinary share in respect of the financial year ended 30 April 2019. Having paid an interim dividend at 0.25 pence per ordinary share on 28 March 2019, the Board will not be recommending the payment of a final dividend.

Board Changes

There were no board changes during the year.

Chairman's Corporate Governance Statement

As Non-executive Chairman of the board, my role is to set the strategy for the company, monitor the ongoing performance of the companies within the Group to ensure that they are meeting our requirements and also identify potential acquisition targets.

In addition, my role also encompasses overseeing the functioning of the board and its effectiveness and ensuring sound corporate governance practices are followed.

All the Directors of Coral believe strongly in the importance of good corporate governance for the creation of shareholder value over the medium to long-term and to engender trust and support amongst the Group's wider stakeholders.

I work with key executives throughout the organisation to instill good corporate governance practices in accordance with the Code.

In accordance with the changes to AIM Rule 26 the Company is now applying the revised QCA Corporate Governance Code published earlier in 2018.

The board monitors our corporate governance practices and will always implement improvements which further enhance performance and/or benefit stakeholders.

Strategy

Our Board continuously reviews business performance alongside market conditions to make sure that we take the correct strategic decisions for each of our businesses. The Board recognises fully that it has been tasked with delivering enhanced shareholder value. The challenges facing the Board relate to managing the continued growth of the group through the uncertainty and timelines surrounding UK Brexit.

People

We are reliant on the expertise, professionalism and commitment of our people and thank them for their continued contribution to the business during a challenging year.

Chairman's Statement

Continued

Future Developments

- The multi box recycling system (MBRS) was launched in July 2019. The first deliveries to customers will be made in the latter part of the current financial year.
- The tooling for the new improved food packaging is due in Haydock during August 2019 with production commencing soon after.
- We expect the following products to be introduced during the latter part of the current financial year:
 - Re-developed light-weight 23 and 55 litre caddies.
 - Conservatory and outbuildings rooftiles.
 - Plastic soundproofing system to be installed along road highways.

Outlook

Whilst we have confidence in our development strategy and the prospects of the Group, the very real uncertainties over Brexit are a cause for concern. The decline in sterling against the dollar and euro, our major trading currencies, leads to increases in our costs of materials. We are taking action to mitigate these factors by continuing to develop existing products and bringing to market new innovative products. These are supplemented by new revenue streams such as recycling.

The Group continues with its strategic progress of increasing focus on value-added and innovative products, particularly in the food container, recycling, telecommunications, rail industry, home delivery totes and blow moulding areas. Our aim is to build a significant plastic moulding business with a bias towards using recycled materials produced by our new recycling unit installed in Haydock. We remain confident in our ability to do so via both improved internal performances of individual subsidiaries supported by strategic acquisitions in the short to medium term. The current year will benefit from the Coral Mouldings and Tatra-Rotalac cost reductions, investments in plant and machinery and new business.

We look forward to a satisfactory outturn for the year given the prevailing conditions.

Joe Grimmond

Chairman

21 August 2019

Strategic Report

Review of the Business

The Group is required to produce a Strategic Report complying with the requirements of The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

An overview of the Group's strategy and business model is set out on pages 1 to 2, and together with the Chairman's Statement on pages 3 to 5 form part of this Group's Strategic Report. This incorporates a review of the Group's activities, its business performance and developments during the year as well as an indication of likely future developments.

Our business model is designed to bridge the gap between reliable, quality assured products made with regulated materials and our customers' requirements. Key to the success of our business model is our experience and knowledge of the materials and processes we handle and our ability to service customer demands with product innovation.

FINANCIAL REVIEW

Income Statement

Group revenues for the year ended 30 April 2019 were £1.3m higher at £24.7m (2018: £23.4m). Of this, food container sales were £7.4m (2018: £6.8m), sales for extrusion were £6.6m (2018: £6.7m), sales for trigger sprays and nozzles were £3.1m (2018: £3.1m) and sales for injection and blow moulding increased to £7.6m (2018: £6.8m). The Group has continued to expand its processes in order to be able to attract more business growth from sales in areas of market growth.

The Group has reported a profit before taxation for the financial year of £0.04m (2018: £0.5m loss). Across the Group, finance costs have increased to £0.4m (2018: £0.3m) and depreciation to £1.5m (2018: £1.2m) in line with the increased spend on new, replacement and/or improvement of the assets of the Group.

Gross margins increased to 35.9% (2018: 34.6%) due to a better mix of sales and resulted in a gross profit of £8.9m (2018: £8.1m). Underlying operating profit increased by 13.5% to £1.0m (2018: £0.9m) and underlying earnings before interest, tax, depreciation and amortisation increased to £2.5m (2018: £2.1m). Separately recorded costs of £0.5m (2018: £1.1m) resulted from acquisition costs, intangibles amortisation and reorganisation costs, as well as share-based payment charges and compensation for loss of office of senior management.

The total dividend for the year is 0.25p (2018: 0.25p) resulting in dividend cover on underlying operating profit of 4.92 times earnings for the year (2018: 4.25 times). Basic underlying earnings per share for the year decreased to 0.75 pence (2018: 0.84 pence).

Balance Sheet

Total shareholders' equity decreased by £0.3m to £12.9m (2018: £13.2m), with net assets per share decreasing to 15.6 pence (2018: 15.9 pence).

The term loan which is repayable in monthly instalments by 2027 has been split between a current liability and a non-current liability in line with the repayment profile. In the year ended 30 April 2018 this term loan was disclosed as a current liability given the technical breach of covenant which was waived subsequent to the year-end.

Strategic Report

Continued

Cash Flow

Net cash generated from operations were £1.5m (2018: £1.0m) with cash and cash equivalents being an overdraft of £27k (2018: £471k cash). As set out in note 23 the Group's net debt increased to £8.2m (2018: £7.3m) with the level of gearing rising from 55.5% to 63.6% which is in line with the increase in investment to meet the forecasted increase in demand. The Group has a mix of secured borrowing facilities totalling £5.1m in addition to a £1.6m 10-year mortgage. The borrowing facilities and mortgage are both held with Barclays Bank plc and the Group continues to enjoy a positive relationship with its bank and has recently agreed a further renewal on the borrowing facilities to cover the period to June 2020. The land and buildings at Haydock were refinanced in May 2019 raising £500,000 in cash, this was used to clear a temporary overdraft balance in Coral Products (Mouldings) Ltd.

Borrowing facilities are monitored against the Group's forecast requirements and the Group mitigates financial risk by staggering the maturity of borrowings and by maintaining undrawn committed facilities.

Treasury Policies

The Group operates a conservative set of treasury policies to ensure that no unnecessary risks are taken with the Group's assets. No investments other than cash are currently permitted. Where appropriate, there may be balances held in Euros and US Dollars, but only as part of the Group's overall hedging activity.

The Group can be affected by movements in exchange rates due to raw material prices being established in foreign currencies and on its export sales. The Group is affected by movements between Sterling, Euro and US Dollars but has the ability to hedge any exposure on its sales by purchasing raw materials in Euros. Thus, it is able to mitigate partly its currency risks.

Cash deposits and financial transactions give rise to credit risk in the event that counterparties fail to perform under the contract. The Group regularly monitors the credit ratings of its counterparties and controls the amount of credit risk by adhering to limits set by the board. The Group maintains debtor levels within the insured limits unless it has strong grounds for allowing increases. As a consequence of these controls, the probability of material loss is considered to be at an acceptable level.

Key Performance Indicators (KPIs)

KPIs have been set at Group level to allow the Board and shareholders to monitor the Group as a whole, as well as the operating businesses within the Group. The Group has financial KPIs which it monitors on a regular basis at Board level and, where relevant, at operational executive management meetings as follows:

	2019	2018
Group revenue	£24.7m	£23.4m
Gross margin	35.9%	34.6%
Operating profit/(loss)	£0.5m	£(0.2)m
Profit/(loss) before tax	£0.04m	£(0.5)m
Underlying earnings before interest, tax, depreciation and amortisation	£2.5m	£2.1m
Underlying operating profit	£1.0m	£0.9m
Gearing	63.6%	55.5%

In addition, the Board monitors a number of non-financial indicators including customer satisfaction, product quality, employee attraction and retention, number of reportable accidents and energy footprint.

Strategic Report

continued

Risks and Uncertainties

The Group has identified various risks and uncertainties it faces, which include:

- Movements in commodity prices often caused by supply constraints or demand management.
- Loss of a key individual.
- Foreign exchange risk, particularly with regard to the Euro, as many of the Group's materials are purchased in Euros.
- Credit risk in ensuring payments from customers are received in full and on a timely basis.
- Legislative and regulatory risk as new requirements are being imposed on plastics businesses and in industry.
- UK Brexit.

The Group has taken appropriate steps to manage and control these risks, which include:

- Ensuring that current market prices are confirmed with industry price monitors and that purchases are based upon a well-researched understanding of the various grades and their capabilities for operational uses.
- The Group's future performance depends heavily on its ability to retain and attract the services of suitable personnel. The Group holds service contracts for its directors and senior management and periodically reviews performance, expectations and employment conditions.
- The implementation of a foreign exchange risk policy.
- Agreement of appropriate payment terms with customers including, where necessary, payment in advance.
- Taking a pro-active and leading role in ensuring that the Group's systems and procedures are adapted to ensure compliance with new or changing legislation or regulatory requirements.
- Brexit planning across the Group.

The Group regularly reviews its commercial insurance programme and maintains an appropriate and adequate portfolio of insurance policies in line with the nature, size and complexity of the business.

The Group also continues to have in place a team of Board members whose on-going responsibility is to assess the issues which the Group would face should it experience a major and unforeseen disaster and to put in place clear actions to continue to operate successfully in such an event.

Diversity

Appointments within the Group are made on merit according to the balance of skills and experience offered by prospective candidates. Whilst acknowledging the benefits of diversity, individual appointments are made irrespective of personal characteristics such as race, disability, gender, sexual orientation, religion or age.

As a predominantly manufacturing Group, few women apply for positions within the production areas. However, women are well represented in other areas of the business and account for 20% of the Group workforce as at 30 April 2019.

Position	Male	Female	Total
Group Directors	4	1	5
Senior Managers	11	4	15
Other Employees	122	29	151
Total Employees	137	34	171

Strategic Report

continued

Social, Community and Human Rights

The Group endeavours to impact positively on the communities in which it operates. In particular the Group purchases raw materials from trusted suppliers who it recognises as obtaining the products through trusted, fair and sustainable methods.

Ethical concerns and human rights issues have always played an important role in the Company philosophy and the Group's ethical and social accountability statement details the standards of behaviour which are regarded as acceptable. Provision of a safe, clean working environment, free from discrimination, coercion and harassment is a basic right of all employees, which Coral Products expects as a minimum standard of its business partners. The Group is often audited by its customers to assess compliance with minimum acceptable standards, including ethical and human rights considerations.

UK Referendum on EU Membership

The referendum on the UK's membership of the EU on 23 June 2016 increases economic uncertainty. The Group actively monitors and considers the economic situation to ensure it is well prepared for all eventualities once the full effect of the referendum result is known. The Group is currently reviewing steps to mitigate the movement in exchange rates, as described on page 7.

In addition, the Group is locking material supply costs in some cases for up to 6 months in advance to maintain material prices. The Group is also actively sourcing alternative material from outside the EU and closely monitoring the EU exit negotiations and modifying, where necessary, our procurement and operational decisions.

Going concern

As explained fully in note 2 to the financial statements, after making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern bases in preparing the financial statements.

This strategic report was approved by the board on 21 August 2019.



Sharon Gramauskas

Finance Director

Directors and Advisers

Non-executive Directors

Joe Grimmond, *Non-Executive Chairman*

Joe was appointed in March 2011. He was previously Chief Executive of James Dickie plc and Chairman of Widney plc. Joe was appointed as non-executive Chairman at the AGM in 2011 and in December 2015, became Executive Chairman. In June 2016 he became non-executive Chairman following the appointment of Roberto Zandona. He became Executive Chairman again April 2017 to August 2017 following Roberto Zandona's retirement as director. Mr Grimmond is a Fellow of the Association of Accounting Technicians.

David Low, *Non-executive*

David was appointed on 4 September 2015. He has over 25 years of experience in investment management and management consultancy. He was a director of Manroy plc until July 2015 when it was sold to FN Herstal SA for £16m. He is a shareholder in several private companies involved in sport and leisure, vending and telemetry services, brewing and retail estate.

Executive Directors

Michael (Mick) Wood, *Chief Executive Officer*

Mick was appointed Chief Executive Officer in January 2018. Over a career spanning 39 years he has held senior management roles at a number of plastics businesses, the most recent being UK Operations Manager at Linpac Packaging Ltd before joining Coral Products PLC as Chief Operating Officer in August 2017.

Sharon Gramauskas, *ACMA, Finance Director and Company Secretary*

Sharon was appointed in February 2017. She joined Coral Products Mouldings Ltd as Group Financial Controller in December 2016. She has 19 years of experience. She previously acted as Financial Controller of James Dewhurst Ltd, prior to this she held accounting positions at Pets Choice Ltd, Thames Water, Scott Health and Safety Ltd and Uniqema Ltd. Sharon is an Associate of the Chartered Institute for Management Accountants.

Paul Freud, *Corporate Development Director*

Paul was appointed in July 2015. He is responsible for directing the business development activities and driving new sales growth by seeking market opportunities or acquisitions. Paul has over 20 years of management and leadership experience in the manufacturing industry. He is also the Chairman of Tatra Rotalac Limited, responsible for developing new and innovative product ranges for blue chip companies, including solutions for fibre optic broadband installations and rail infrastructure.

Registered Office

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UK Registered Number: 02429784

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Birmingham
B3 3RB

Bankers

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Broker & Nominated Advisor

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PR Adviser

Capital M Consultants
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London
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Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 30 April 2019.

Results and Dividends

The results for the year are set out on page 26. This shows a Group profit after taxation of £0.1m (2018: loss £0.4m).

A dividend of 0.25p per share in respect of the year ended 30 April 2018 was paid in December 2018. The amount of this dividend was £206,537.

An interim dividend of 0.25p (2018: nil) amounting to £206,537 was paid in March 2019.

There is no final dividend (2018: 0.25p) recommended in respect of the year ended 30 April 2019.

A review of the Group's activities for the year and its future prospects is set out in the Chairman's Statement and Strategic Report. The financial risk management objectives and policies are detailed in note 4 to the financial statements.

Principal Activity

The principal activity of the Company and its subsidiaries is the manufacture and recycling of plastic injection, extrusion and blow moulded products and the reseller and distributor of a range of food packaging products. The Group also operates as a trade moulder for other UK Companies. It has been in operation since 1990, became a fully listed plc in 1995 and moved to the AIM market in 2011.

Directors

The current directors of the Company are given on page 10. During the year, no changes in directors took place.

In accordance with the Articles of Association, Joe Grimmond and David Low are the directors retiring by rotation and offering themselves for re-election at the AGM.

Directors' Interests in the Shares of the Company

The beneficial interests of the Directors in the shares of the Company were as follows:

	Ordinary shares of 1p each 30 April 2019 Number	Ordinary shares of 1p each 30 April 2018 Number
Joe Grimmond	5,323,337	5,273,337
Paul Freud	1,948,333	1,948,333
David Low	930,000	880,000
Mick Wood	186,564	139,756
Sharon Gramauskas	162,783	153,774
	8,551,017	8,395,200

Between the year-end date and the date of this report Joe Grimmond, David Low and Mick Wood have all purchased additional shares of 50,000, 50,000 and 37,037 respectively on 21 May 2019.

Directors' Report

continued

Substantial Interests

As at 26 July 2019, the Company had been made aware of the following interests of over 3% (other than the holdings of directors listed above) in the ordinary shares of the Company:

	Number of shares	% of share capital
Bank of New York (Nominees) Ltd	14,092,222	17.06
Nortrust Nominees Ltd	6,980,000	8.45
Vidacos Nominees Ltd	5,519,587	6.68
Rathbone Nominees Ltd	5,193,135	6.29
Rene Nominees (IOM) Ltd	4,716,720	5.71
Hargreaves Lansdown (Nominees) Ltd	4,056,888	4.91
Interactive Investor Services Nominees Ltd	3,594,801	4.35
Barclays Direct Investing Nominees Ltd	3,366,088	4.07

Share Capital

At the 2018 Annual General Meeting, the Company was granted authority to purchase up to a maximum of 15% of its own shares. The authority expires at the conclusion of the forthcoming Annual General Meeting at which a special resolution will be proposed to renew the authority for a further year. Any shares purchased in accordance with this authority will be subsequently cancelled.

The Board of Directors

The Board's role is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board reviews the Group's strategic objectives and looks to ensure that the necessary resources are in place to achieve these objectives. The Board also sets the Group's values and standards and manages the business in a manner to meet its obligations to shareholders.

The Board meet regularly through the year, providing effective leadership and overall management of the Group's affairs through the schedule of matters reserved for its decision. This includes the approval of the Group's forecast and budget, major capital expenditure, risk management policies and approval of the financial statements. Formal agendas, papers and reports are sent to the Directors in a timely manner prior to the Board meeting.

The Directors keep their skill set up to date through membership of their respective professional bodies and as a result of interaction with other bodies with whom they work.

The Board delegates certain of its responsibilities to the Board Committees which have clearly defined terms of reference.

Remuneration Committee

The Remuneration Committee comprises Joe Grimmond (chairman) and David Low. The Committee is responsible for determining the Group's policy for the remuneration of the executive directors. It also considers the compensation commitments of its directors in the event of early termination of their service contracts.

Audit Committee

The Audit Committee is chaired by David Low. The executive directors may be requested to attend. In addition to an interim meeting, the Audit Committee meets at the year-end with the external auditors who have direct access to the non-executive directors for independent decisions. The Audit Committee may examine any matters relating to the financial affairs and risk issues affecting the Group which includes reviewing the accounts, announcements, internal controls, accounting policies, and appointment of the external auditor.

Directors' Report

continued

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Environment and Sustainability

The key risk facing the Group in this area relates to reducing the environmental impact of the business with a focus on reducing waste and energy usage. A number of operational changes have been implemented to reduce our environmental impact.

Product Safety

The quality and safety of the products is of the highest importance and any failure in standards would significantly affect the confidence of our customers. There are stringent controls in place to ensure product safety and integrity. Product performance is monitored regularly to ensure compliance with standards.

Insurance

The Group has in place a Directors and Officers liability insurance policy that provides appropriate cover in respect of legal action brought against its directors.

Directors' Report

continued

Creditor Payment Policy

The policy of the Group 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 number of days purchases in trade creditors at the year-end amounted to 44 days (2018: 48 days).

Shareholder Relations

The importance of maintaining good relations with individual and institutional investors is recognised by the Board. This includes meetings on a regular basis between the executive directors and institutional and private investors at relevant times. The Company encourages shareholder attendance at the Annual General Meeting, at which the Chairman and Board of Directors are available to answer any questions on the previous year's results and on current year trading.

Health and Safety

Coral Products PLC recognises and accepts its responsibilities to carry out its business in a safe manner. It is committed to the safety of its employees and other people who may be affected by its activities.

It is therefore the Group's policy to do all that is reasonably practicable to protect its employees and others from injury, prevent damage to the Group facilities and other facilities in which it works.

The Group will:

- As a minimum comply with the requirements of all current relevant legislation, approved codes of practice and good working practices;
- Provide and maintain as far as is reasonably practicable, safe plant, equipment and systems of work;
- Maintain good general working conditions by the provision of adequate facilities such as heating, lighting and ventilation;
- Provide personal protective equipment where appropriate;
- Maintain a continuing interest in health, safety and welfare as they affect the Group's activities, and in particular inform, consult and involve employees wherever possible;
- Provide such information, instruction, training and supervision that is necessary to ensure so far as is reasonably practicable, the health and safety of our employees and others who may be affected by the work we do;
- Take measures to protect all persons, whether employees or not, from risks to their health and safety.

Notwithstanding the above, every employee must consider the prevention of accidents as a prime personal responsibility.

Corporate Social Responsibility and Governance

The Group is committed to responsible business practices, good corporate governance and sound risk management. The Board promotes the Group's corporate culture and receives feedback from employees on regular visits to operating sites and interaction with local staff during this time.

Our Corporate Social Responsibility Committee demonstrates our commitment to our local and wider community. As well as working alongside local authorities to provide local jobs for local people, we strive to actively support those in our community through sponsorship events and volunteering opportunities.

Our Safety-First Core Value and Employee Assistance Programmes ensure the wellbeing of our employees and creates a safe and comfortable work place environment.

We actively consider CSR when selecting suppliers by ensuring that all companies in our supply chain work towards the same ethical trading standards that we demonstrate.

We are committed to Environment programs and energy reductions for a sustainable future.

Directors' Report

continued

Employment and Human Rights

The Group is committed to providing and promoting equal opportunities for staff and job applicants. We are committed to creating a working environment which enables everyone to work to the best of their skills and abilities and without the threat of discrimination or harassment arising. As a Group we pride ourselves on treating all members of staff equally, irrespective of their or their "Associated Persons" gender, sex, pregnancy or maternity status, marital status, race, colour, religion or belief, disability, age, sexual orientation, gender reassignment ("Protected Characteristics"). An Associated Person may be a member of staff's family, friends or other dependants.

All employees are required to comply with their obligations to promote a working environment free from discrimination. Employees are expected to treat their colleagues, customers and members of the public as they would expect to be treated and respect the Protected Characteristics of others.

Anti-Slavery and Human Trafficking

Coral Products PLC has a zero-tolerance approach to modern slavery and are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains.

The Group is also committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the Modern Slavery Act 2015. We expect the same high standards from all of our contractors, suppliers and other business partners, and as part of our contracting processes, we include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children, and we expect that our suppliers will hold their own suppliers to the same high standards.

Auditor

In accordance with Section 489 of the Companies Act 2006 a resolution will be proposed at the Annual General Meeting that BDO LLP be re-appointed as auditor.

Disclosure of Information to Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant information of which the Group's auditor is unaware;
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Post Balance Sheet Events

The land and buildings at Haydock were refinanced in May 2019 raising £500,000, this was used to clear a temporary overdraft balance in Coral Products (Mouldings) Ltd.

Directors' Report

continued

Corporate Governance Code

High standards of corporate governance are a key priority for the Board and provide the framework on which it seeks to deliver long term improvement in shareholder value. The responsibility for corporate governance rests with the Board as a whole and policies are regularly reviewed and adapted as necessary to changing circumstances and feedback from both internal and external sources.

The Group has adopted the QCA Code in compliance with AIM Rule 26 which requires AIM companies to report on corporate governance from 28 September 2018. The Group is small and has limited resources and therefore has formulated a corporate governance policy around the principles contained in the QCA (Quoted Companies Alliance) corporate governance code which is appropriate for smaller companies.

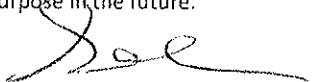
The QCA code was revised at the end of April 2018 and the Board has set out on the Group's website (www.coralproducts.com) and in this report how it addresses the ten principles of the new code.

Research and Development

During the year, the Group has spent £729,000 (2018: £307,000) on research and development.

Annual General Meeting

The AGM will be held on Wednesday 25 September 2019 in Leverhulme Room One at Haydock Race Track, Newton-le-Willows, Merseyside, WA12 0HQ. The Notice of Meeting is contained on pages 60 to 62 of this report. At the meeting, resolutions will be prepared to receive the audited accounts and approve the Remuneration Report, to elect directors and to re-appoint BDO LLP as auditor. In addition, shareholders will be asked to renew both the general authority of the directors to issue shares and to authorise the directors to issue shares without applying the statutory pre-emption rights. 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.



By order of the Board

S Gramauskas

Company Secretary

21 August 2019

Directors' Remuneration Report

Introduction

Although not required to do so by the AIM rules, the directors have decided to provide certain directors' remuneration disclosures. A resolution to approve the report will be proposed at the Annual General Meeting. The auditor reports to the shareholders on the "auditable part" of the Directors' remuneration report and to state whether in their opinion that part of the report has been properly prepared in accordance with Section 420 of the Companies Act 2006. The report has therefore been divided into separate sections for audited and unaudited information.

Unaudited information

Remuneration Committee

The Group has established a Remuneration Committee which is constituted in accordance with the recommendations of the Combined Code. The remuneration committee now comprises Joe Grimmond (Chairman) and David Low.

The performance measurement of the executive directors and the determination of their annual remuneration package are undertaken by the Committee. The remuneration of the non-executive directors is determined by the Board. No director plays a part in any discussions about his own remuneration.

Remuneration Policy

Executive remuneration packages are designed to attract, motivate and retain directors of the high calibre needed to progress and develop the Company and to reward them for enhancing value to shareholders. There are three main elements of the remuneration package for executive directors:

- Basic annual salary and benefits
- Pension contributions
- Share options

Basic Salary

An executive director's basic salary is determined by the Remuneration Committee prior to the beginning of each year and when an individual changes position or responsibility. In deciding appropriate levels, the Committee considers the Group as a whole and by reference to other companies in the media and manufacturing sectors.

The Group has a policy of allowing contracts of service to be no more than one year in duration. Executive directors' contracts of service which include details of remuneration will be available for inspection at the Annual General Meeting. In addition to basic salary, the executive directors receive pension contributions and certain benefits-in-kind, principally medical insurance.

Pension Contributions

The executive directors have individual pension arrangements in the form of personal pension plans. The Group makes a contribution at a rate of 12% of basic salary towards funding each director's pension plan.

Performance Bonus

There is a performance bonus in place. Additionally, the remuneration committee is empowered to make awards for special circumstances if appropriate.

Share Options

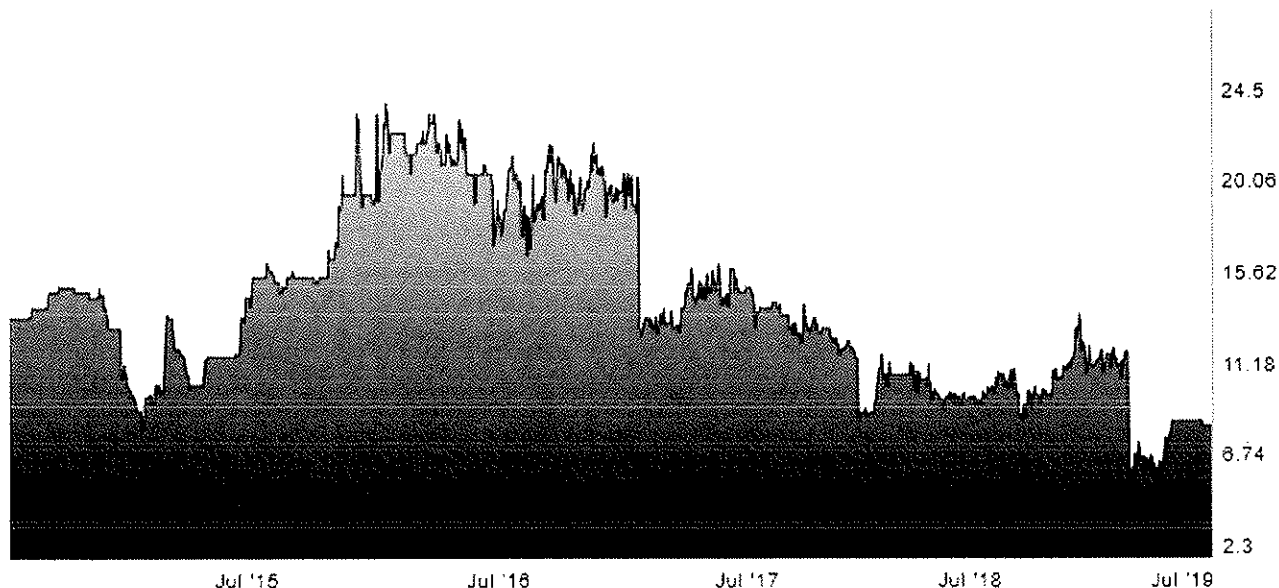
No share options were exercised during the year (2018: Nil).

Directors' Remuneration Report

continued

Performance Graph

The graph below shows the Group's share price movement over the last five years.



Directors' Contracts

The Company's policy is that executive directors should have contracts with an indefinite term providing for a maximum of six months' notice. The details of the executive directors' contracts are summarised as follows:

	Date of contract	Notice period
Paul Freud	July 2015	3 months
Mick Wood	January 2018	6 months
Sharon Gramauskas	February 2017	6 months

Non-Executive Directors

The service contracts of non-executive directors were originally set for an initial period of three years. They are now required to submit themselves for re-election every year and the Board believes this to be appropriate in the circumstances. The non-executive directors have specific terms of engagement and their remuneration is determined by the Board based on a review of fees paid to non-executive directors of similar companies and reflects the time commitment and responsibilities of each role. The current basic annual fee payable to the senior non-executive director is £50,000.

The Board met 11 times during this financial period with 100% attendance from all Directors.

Directors' Remuneration Report

continued

Audited information

Directors' Remuneration

The total amounts paid for Directors' remuneration was as follows:

	2019 Executive £'000	2019 Non- executive £'000	2019 Total £'000	2018 Total £'000
Emoluments	292	78	370	363
Pension contributions - defined contribution scheme	17	-	17	12
Share based payment	61	-	61	41
	370	78	448	416

Emoluments – Executive Directors

	2019 Basic salary £'000	2019 Benefits-in-kind £'000	2019 Pension £'000	2019 Share based payment £'000	2019 Total £'000	2018 Total £'000
Paul Freud	100	-	-	-	100	102
Sharon Gramauskas	65	1	6	12	84	71
Joe Grimmond*	-	-	-	-	-	50
Mick Wood**	114	12	11	49	186	115
	279	13	17	61	370	338

* Emoluments whilst acting as executive Chairman.

** Director's salary for 2018 is for 10 months only.

Emoluments – Non-executive Directors

	2019 £'000	2018 £'000
David Low	28	28
Joe Grimmond	50	50
	78	78

By order of the Board

Joe Grimmond

Chairman of the Remuneration Committee

21 August 2019

Audit Committee Report

During the year the Audit Committee met 2 times and there were also meetings between the Audit Committee Chair, the Group Finance Director and the external auditor.

The Audit Committee discussed the scope and key audit matters before the commencement of the current audit.

Financial Reporting

The Committee has reviewed with both management and the external auditor the more significant areas of judgement and the appropriateness and application of the Group's accounting policies. In particular, emphasis was placed on the two new accounting standards of IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments) adopted for the first time during the year.

The adoption of IFRS 15 has changed the revenue recognition policies applied by the Group and the Committee has reviewed the appropriateness of those updated policies with both management and the external auditor. As detailed in note 2, the adoption of IFRS 15 has not had a material impact on the recognition of revenue.

The adoption of IFRS 9 has resulted in the Group applying the simplified method of expected credit loss model when calculating impairment losses on its financial assets measured at amortised cost. As detailed in note 2, the Group has chosen not to restate comparatives as there has been no material impact as the provision calculated under the expected loss model is not significantly different.

The Committee is also reviewing progress to the adoption of IFRS 16 in the next financial year which will require all leases to be recognised on the Group's balance sheet.

The Committee reports to the Board on whether the accounts are a comprehensive review of the current year's activity.

Risk management and internal control

The Audit Committee has overall responsibility for the monitoring of internal controls, approving accounting policies and agreeing the treatment of significant accounting issues.

The consideration and documentation of risks and opportunities is undertaken on an annual basis as part of the budgeting process which the full Board take part in. These matters are then monitored and adapted as required throughout the year by the means of regular management meetings and scheduled conference calls between the Executive Directors and the divisional management teams. The annual insurance renewal provides a further opportunity to assess risks and provide cover in areas where risk mitigation is not possible, or levels of risk are significant.

The Board reviews monthly financial performance against budgets and forecasts and monitors bank facilities and other treasury functions with any policy changes approved by the Board.

The Audit Committee receives feedback from the external auditors on areas of risk and accounting procedures which are used in adapting internal control processes as required.

The Committee reviews any proposed due diligence of acquisition targets and the selection of the professional firm carrying out the work.

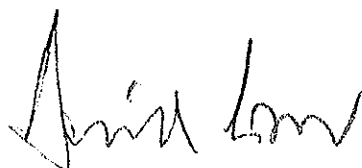
Audit Independence

The Committee is responsible for making recommendations to the Board on the appointment of the external auditor and for non-audit services such as taxation and acquisition due diligence.

The Chair of the Committee met with the external audit partner to discuss independence before the commencement of the current year's audit.

The Audit Committee Report has been approved by the Board and signed on its behalf by:

David Low
Chairman of the Audit Committee
21 August 2019



Independent Auditor's Report to the Members of Coral Products plc

Opinion

We have audited the financial statements of Coral Products plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2019 which comprise the group income statement, the group statement of comprehensive income, the group and parent company balance sheets, the group and parent company statements of changes in shareholders' equity, the group and parent company cash flow statements and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Coral Products plc

Continued

Impairment of Goodwill and Intangible Assets	How We Addressed the Key Audit Matter in the Audit
<p>As described in Note 2 (Accounting policies), Note 14 (Goodwill) and Note 15 (Other intangible assets), the group has goodwill and intangible assets, which requires management to test these balances for impairment at least annually.</p> <p>There is a high degree of management judgement and assumptions required in assessing the value in use of the Cash Generating Units ("CGU") to which the Goodwill and Intangible assets are allocated and therefore determining any potential impairments.</p>	<p>We obtained the impairment analysis performed by management for each CGU.</p> <p>We tested management's impairment analysis for each CGU for logical and arithmetic accuracy and to check that it has been undertaken in accordance with the requirements of the accounting standards.</p> <p>We performed procedures to obtain an understanding of the underlying assumptions made by management. The key assumptions included:</p> <ul style="list-style-type: none"> • future trading projections and cash flow forecasts; • the discount rate applied; and • the long-term growth rate. <p>The reasonableness of these key assumptions was tested through reviewing the group's detailed calculations and challenging the methodology applied in preparing the trading and cash flow forecasts. This was done by engaging BDO specialists to assist us in assessing the reasonableness of the underlying assumptions and this enabled us to check that the directors had adopted reasonable assumptions in each circumstance.</p> <p>We also reviewed the sensitivity analyses prepared by management to understand the relative impact of changes in the key assumptions within the impairment models, as well as to check that management's disclosure of sensitivities (included in Note 14) in respect of the impairment review are complete and balanced.</p> <p>Based on the work performed we concur with management's view that there is no requirement for goodwill and intangible assets to be impaired.</p>
Inventory Valuation and Existence	How We Addressed the Key Audit Matter in the Audit
<p>As described in Note 2 (Accounting policies) and Note 17 (Inventories), the group carries inventory at the lower of cost and net realisable value. As at 30 April 2019, the group held inventories of £3.5m (2018: £2.9m).</p> <p>Judgement is required to assess the appropriate level of provisioning for items which may be sold at a value below cost as a result of a reduction in consumer demand, age of items held in stock, and/or new products being developed that render inventory items obsolete.</p> <p>Such judgements include management's expectations for future sales.</p> <p>A significant risk has been raised in relation to inventory valuation and existence for items held within the subsidiary undertaking Coral Products (Mouldings) Limited and Tatra Rotalac Limited, given inventory count variances and significant inventory write-downs in previous years.</p>	<p>We obtained evidence over management's judgements applied in calculating the value of inventory provisions by:</p> <ul style="list-style-type: none"> • considering the carrying amount of a sample of inventory to confirm it is held at the lower of cost and net realisable value. Inventory cost was tested by verifying relevant supplier invoices and ensuring overheads incurred in bringing inventory to its present location and condition have been appropriately recorded. Inventory cost (plus any costs to complete) was compared to net realisable value by examination of post year-end invoices and sales prices for the sample of inventory tested; • assessing the group's inventory provisioning policy by reviewing usage of raw materials and sales of finished goods, with specific consideration given to slow moving or obsolete stock lines; and • we also reviewed the basis of stock provisioning applied by all group entities and considered whether these were being applied consistently and reflected the nature of the stock held in each location. <p>We obtained evidence over existence of inventory through attendance at year end counts, sales and purchases cut off testing and verification of a sample of inventory items to relevant supplier invoice.</p> <p>Based on the work performed we did not identify any issues over the reasonableness of inventory valuation and existence.</p>

Independent Auditor's Report to the Members of Coral Products plc

Continued

Our application of materiality

We consider materiality to be the magnitude by which misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	£123,000 (2018: £131,000)
Basis for materiality	0.5% of revenue (2018: 0.6% of revenue).
Rationale for the benchmark adopted	Revenue is determined to be a stable basis of assessing business performance and is considered to be the most significant determinant of performance used by shareholders.

In considering individual account balances and classes of transactions we apply a lower level of materiality (performance materiality) in order to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Performance materiality was set at £86,000 (2018: £91,000), representing 70% of materiality.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £6,150 (2018: £6,550). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Our audit work on each component was executed at levels of materiality applicable to each individual entity which was lower than group materiality. Component materiality ranged from £27,000 to £100,000 (2018: £25,000 to £100,000). Parent company materiality was £98,000 based on 80% of Group materiality (2018: £100,000 based on 80% of Group materiality).

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

The group has five components and manages its operations from three principal locations in the UK. Our group audit scope focused on the parent company and each of the group's subsidiaries, and each entity was subject to a full scope audit. All audit work was performed by the group audit team.

As a consequence of the audit scope determined, we achieved coverage of 100% (2018: 100%) of revenue, 100% (2018: 100%) of profit before tax and 100% (2018: 100%) of net assets.

Independent Auditor's Report to the Members of Coral Products plc

Continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts 2019, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Coral Products plc

Continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Gary Harding (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom
21 August 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group Income Statement

for the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Revenue	5	24,733	23,405
Cost of sales		(15,861)	(15,302)
Gross profit		8,872	8,103
Operating costs			
Distribution expenses		(1,246)	(1,256)
Administrative expenses before impairment and separately disclosed items		(6,608)	(5,968)
Impairment losses (separately disclosed)	6	-	(186)
Separately disclosed items	6	(539)	(879)
Administrative expenses		(7,147)	(7,033)
Operating profit/(loss)	7	479	(186)
Finance costs	8	(438)	(311)
Profit/(loss) for the financial year before taxation		41	(497)
Taxation	10	43	127
Profit/(loss) for the financial year attributable to the equity holders of the parent		84	(370)
Earnings per share attributable to the equity holders of the parent			
Basic and diluted earnings/(loss) per ordinary share	11	0.10p	(0.45)p

Group Statement of Comprehensive Income

for the year ended 30 April 2019

	2019 £'000	2018 £'000
Profit/(loss) for the financial year	84	(370)
Total other comprehensive income	-	-
Total comprehensive income/(loss) for the year attributable to equity holders of the parent	84	(370)

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance Sheets

as at 30 April 2019

Company reference: 02429784

	Note	Group		Parent Company	
		As at 30 April 2019 £'000	As at 30 April 2018 £'000	As at 30 April 2019 £'000	As at 30 April 2018 £'000
ASSETS					
Non-current assets					
Goodwill	14	5,495	5,495	-	-
Other intangible assets	15	1,401	1,690	-	-
Property, plant and equipment	16	9,411	9,299	2,519	2,508
investments in subsidiaries	13	-	-	10,937	10,866
Total non-current assets		16,307	16,484	13,456	13,374
Current assets					
Inventories	17	3,505	2,864	-	-
Trade and other receivables	18	5,521	5,452	483	1,031
Cash and cash equivalents		-	471	27	-
Total current assets		9,026	8,787	510	1,031
LIABILITIES					
Current liabilities					
Term loan	20	150	1,604	150	1,604
Other borrowings	20	4,800	4,335	-	-
Trade and other payables	19	3,834	3,909	59	5
Total current liabilities		8,784	9,848	209	1,609
Net current assets/(liabilities)		242	(1,061)	301	(578)
Non-current liabilities					
Term loan	20	1,303	-	1,303	-
Other borrowings	20	1,965	1,843	-	-
Deferred tax	10	368	409	-	-
Total non-current liabilities		3,636	2,252	1,303	-
NET ASSETS		12,913	13,171	12,454	12,796
SHAREHOLDERS' EQUITY					
Share capital	22	826	826	826	826
Share premium		5,288	5,288	5,288	5,288
Other reserves		1,567	1,567	1,567	1,567
Retained earnings		5,232	5,490	4,773	5,115
TOTAL SHAREHOLDERS' EQUITY		12,913	13,171	12,454	12,796

An income statement is not provided for the parent Company as permitted by section 408 of the Companies Act 2006. The loss dealt with in the financial statements of Coral Products Plc was £nil (2018: £0.1m).

The financial statements on pages 26 to 58 were approved by the Board of Directors on 21 August 2019 and were signed on its behalf by:

Joe Grimmond
Directors

Sharon Gramauskas
Directors

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of Changes in Shareholders' Equity

for the year ended 30 April 2019

	Note	Called Up Share Capital £'000	Share Premium Reserve £'000	Other Reserves £'000	Retained Earnings £'000	Total Equity £'000
Group						
At 1 May 2017		826	5,288	1,567	6,116	13,797
Loss for the year		-	-	-	(370)	(370)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	(370)	(370)
Contributions by and distributions to owners						
Credit to equity for equity settled share-based payments	21	-	-	-	50	50
Dividend paid	12	-	-	-	(306)	(306)
At 1 May 2018		826	5,288	1,567	5,490	13,171
Profit for the year		-	-	-	84	84
Total comprehensive loss		-	-	-	84	84
Contributions by and distributions to owners						
Credit to equity for equity settled share-based payments	21	-	-	-	71	71
Dividend paid	12	-	-	-	(413)	(413)
At 30 April 2019		826	5,288	1,567	5,232	12,913
Parent Company						
At 1 May 2017		826	5,288	1,567	5,486	13,167
Loss for the year		-	-	-	(115)	(115)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	(115)	(115)
Contributions by and distributions to owners						
Credit to equity for equity settled share-based payments	21	-	-	-	50	50
Dividend paid	12	-	-	-	(306)	(306)
At 1 May 2018		826	5,288	1,567	5,115	12,796
Loss for the year		-	-	-	-	-
Total comprehensive loss		-	-	-	-	-
Contributions by and distributions to owners						
Credit to equity for equity settled share-based payments	21	-	-	-	71	71
Dividend paid	12	-	-	-	(413)	(413)
At 30 April 2019		826	5,288	1,567	4,773	12,454

The accompanying accounting policies and notes form an integral part of these financial statements.

Cash Flow Statements

for the year ended 30 April 2019

	Note	Group		Parent Company	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash flows from operating activities					
Profit/(loss) for the year		84	(370)	-	(114)
Adjustments for:					
Depreciation of property, plant and equipment	16	1,461	1,212	-	-
(Profit)/loss on disposal of tangible assets		(23)	17	-	-
Amortisation of intangible assets	15	289	348	-	-
Share based payment charge	21	71	50	-	-
Interest payable	8	438	311	63	57
Taxation credit	10	(43)	(127)	-	-
Operating cash flows before movements in working capital		2,277	1,441	63	(57)
(Increase)/decrease in inventories		(641)	18	-	-
(Increase)/decrease in trade and other receivables		(69)	77	549	375
(Decrease)/increase in trade and other payables		(75)	(549)	53	(97)
Cash generated by operations		1,492	987	665	221
UK corporation tax paid		2	46	-	-
Net cash generated from operating activities		1,494	1,033	665	221
Cash flows from investing activities					
Proceed from disposal of property, plant and equipment		33	(5)	-	-
Acquisition of property, plant and equipment		(690)	(907)	(11)	-
Net cash used in investing activities		(657)	(912)	(11)	-
Cash flows from financing activities					
New bank loans raised		-	1,743	-	1,743
Dividends paid	12	(413)	(306)	(413)	(306)
New finance leases		350	500	-	-
Interest paid on borrowings		(438)	(311)	(63)	(57)
Repayments of bank borrowings	20	(151)	(1,601)	(151)	(1,601)
Repayments of obligations under finance lease		(801)	(899)	-	-
Movements on invoice discounting facility		118	551	-	-
Net cash used in financing activities		(1,335)	(323)	(627)	(221)
Net (decrease)/increase in cash and cash equivalents		(498)	(202)	27	-
Cash and cash equivalents at 1 May		471	673	-	-
Cash and cash equivalents at 30 April		(27)	471	27	-

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 30 April 2019

1. GENERAL INFORMATION

Coral Products plc is a public limited Company ('Company') incorporated in the United Kingdom under the Companies Act 2006. The Company's ordinary shares are traded on the AIM (Alternative Investment Market) market. The consolidated financial statements of the Group as at and for the year ended 30 April 2019 comprise the Company and its subsidiaries (together referred to as the 'Group'). The address of the registered office is given on page 10. An overview of the business is given on pages 1 to 2. The nature of the Group's activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on pages 3 to 5. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report on pages 6 to 9.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the Group's principal accounting policies is set out below. These policies have been applied consistently to all the years presented.

Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The consolidated and parent Company financial statements are presented in GBP which is also the Group's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

New Standards, Amendments and Interpretations

The Group has adopted the following standards and interpretations which have been issued by the International Accounting Standards Board in these financial statements for the year ended 30 April 2019:

- IFRS 9 - Financial Instruments (effective for accounting periods on or after 1 January 2018); and
- IFRS 15 - Revenue from Contracts with Customers (effective for periods on or after 1 January 2018).

IFRS 9 - Financial Instruments

IFRS 9 'Financial instruments' replaces IAS 39 'Financial instruments: Recognition and Measurement' with the exception of macro hedge accounting. The standard is effective for accounting periods beginning on or after 1 January 2018. The standard covers three elements:

- Classification and measurement: Changes to a more principle-based approach to classify financial assets as either held at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss, dependent on the business model and cash flow characteristics of the financial asset; and
- Impairment: Moves to an impairment model based on expected credit losses based on a three-stage approach; and
- Hedge accounting: The IFRS 9 hedge accounting requirements are designed to allow hedge accounting to be more closely aligned with the group's underlying risk management. A new International Accounting Standards Board (IASB) project is in progress to develop an approach to better reflect dynamic risk management in entities' financial statements.

Notes to the Financial Statements

for the year ended 30 April 2019

New Standards, Amendments and Interpretations (continued)

The group have applied IFRS 9 for the first time in the current year, in replacement of IAS 39. For trade receivables, the group applied the simplified method of the expected credit loss model when calculating impairment losses on its financial assets measured at amortised cost. This resulted in greater judgement due to the need to factor in forward-looking information when estimating the appropriate amount of provisions.

In applying IFRS 9 the group considered the probability of a default occurring over the contractual life of its trade receivables balances on initial recognition of those assets. Under the previous incurred loss model, the historical loss rate has typically been between 1% and 2% of the gross carrying amount of receivables over the last 2 years, and at 30 April 2018 this provision amounted to £186,000.

The group has chosen not to restate comparatives on adoption of IFRS 9 as there has been no material impact and the provision calculated under the expected loss model is not significantly different. Due to this, there has been no adjustment recorded in respect of the IFRS 9 transition in opening equity at 1 May 2018. The key assumptions, inputs and estimation techniques for this calculation are set out on page 38.

The classification of certain financial instruments was affected on initial application of IFRS 9. Financial assets previously categorised as Loans and receivables under IAS 39 are now classified as Amortised cost, however the measurement remains consistent subject to the application of the expected credit loss model outlined above.

Financial liabilities continue to be recognised and measured under the Amortised cost category.

IFRS 15 Revenue from contracts with customers

IFRS 15, 'Revenues from Contracts with Customers' is effective for periods beginning on or after 1 January 2018. IFRS 15 introduces a five-step approach to the timing of revenue recognition based on performance obligations in customer contracts. The group has adopted IFRS 15 – Revenue from Contracts with Customers for the financial year starting 1 May 2018, applying the fully retrospective method of transition.

With the exception of the additional disclosure requirements, the new standard has not had a material impact on the Group's Financial Statements. Further details on the revenue recognition accounting policy are given on page 34.

Other new and amended standards and interpretations issued by the IASB that apply for the first time in the annual financial statements have not impacted the Group as they are not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

New Standards, Amendments and Interpretations Not Yet Effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9 (amendments) prepayment features with negative compensation (effective 1 January 2019);
- Amendments to references to the Conceptual Framework in IFRS (effective 1 January 2020);
- IFRS 3 (amendments) business combinations – definition of a business (effective 1 January 2020);
- IAS 1 and IAS 8 (amendments) – definition of material (effective 1 January 2020);
- Annual Improvements to IFRSs 2015-2017 Cycle (effective from 1 January 2019); and
- IFRIC 23 (amendments) Uncertainty over Income Tax Treatment (effective from 1 January 2019).

Notes to the Financial Statements

for the year ended 30 April 2019

New Standards, Amendments and Interpretations Not Yet Effective (continued)

IFRS 16 Leases (effective from 1 January 2019, EU-endorsed)

Adoption of IFRS 16 will result in the group recognising right-of-use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the group does not recognise related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

The Board has decided it will apply the modified retrospective adoption method in IFRS 16, and, therefore, will only recognise leases on balance sheet as at 30 April 2019. In addition, it has decided to measure right-of-use assets by reference to the measurement of the lease liability on that date. This will ensure there is no immediate impact to net assets on that date. At 30 April 2019 operating lease commitments amounted to £1,180k (see note 26) which is not expected to be materially different to the anticipated position on 30 April 2020 or the amount which is expected to be disclosed at 30 April 2020. Assuming the group's lease commitments remain at this level, the effect of discounting those commitments is anticipated to result in the right-of-use assets and lease liabilities of approximately £980k being recognised on 30 April 2019. However, further work still needs to be carried out to determine whether and when extension and termination options are likely to be exercised, which may result in the actual liability recognised being different.

Instead of recognising an operating expense for its operating lease payments, the group will instead recognise interest on its lease liabilities and amortisation on its right-of-use assets. This will increase reported EBITDA by the amount of its current operating lease cost, which for the year ended 30 April 2019 was approximately £171k.

The first set of interim accounts that will be prepared in accordance with IFRS 16 is the 6-month ending 31 October 2019.

Basis of Consolidation

The Group's financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 30 April 2019. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent Company and are based on consistent accounting policies. All intra-Group balances and transactions, including unrealised profits arising from them, are eliminated in full.

Business combinations are accounted for using the acquisition method. This method involves recognition at fair value of all identifiable assets and liabilities at the acquisition date. Goodwill represents the excess of acquisition costs over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. The costs of acquisition are expensed during the year.

Going Concern

In adopting the going concern basis for preparing the financial statements, the Board has considered the business activities as set out in the Chairman's Statement and the Strategic Report as well as the Group's principal risks and uncertainties as set out in the Strategic Report. Based on the Group's cash flow forecasts and projections, the Board is satisfied that the Group will be able to operate within the level of its facilities for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

Notes to the Financial Statements

for the year ended 30 April 2019

Going Concern (continued)

In carrying out their duties in respect of going concern, the directors have carried out a review of the Group's and the Company's financial position and cash flow forecast for a period of twelve months from the date of signing these financial statements. The forecasts have been based on a comprehensive review of revenue, expenditure and cash flows, taking into account specific business risks and the uncertainties brought about by the current economic environment.

To ensure the continuation of the Group the directors regularly review the revenue generating activities, gross margin levels and cash flows of the Group, both in the short and medium term, and have a thorough approach to managing the working capital of the business by holding regular reviews with the managing directors of each division of the Group. The Group meets its day to day working capital requirements through invoice discounting facilities, an overdraft and short-term borrowing facilities which are due for renewal in June 2020.

Forecasts are prepared and updated on a regular basis. The forecasts are compiled using key market data, extensive dialogue with customers and suppliers, in depth analysis of all the key input costs and a range of scenario and sensitivity planning.

Uncertainties in preparing these forecasts are:

- Movements in commodity prices
- Activities of competitors
- Reliance on key suppliers, particularly with regard to movements in the Euro as many of the Group's materials are purchased in Euro's
- The risk of the Government imposing budget cuts
- Credit risk in ensuring payments from customers are received in full and on a timely basis
- Legislative and regulatory risk as new requirements are being imposed on plastic businesses
- Brexit

Having taken all of the above factors into consideration, the directors have reached a conclusion that the Company and the Group are able to manage their business risks and operate within existing and future funding facilities for a period of at least twelve months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Underlying Profit

In the opinion of the directors the disclosure of these transactions should be reported separately for a better understanding of the underlying trading performance of the Group. These underlying figures are used by the Board to monitor business performance, form the basis of bonus incentives and are used for the purposes of the bank covenants. It is calculated as being operating profit or earnings before separately disclosed items. The term underlying earnings is not a defined term under IFRS and may not therefore be comparable with similar profit measurements reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measures of profit. A reconciliation to statutory profit measures is detailed in note 6.

Separately Disclosed Items

Separately disclosed items are those significant items which in management's judgement should be highlighted by virtue of their size or incidence to enable a full understanding of the Group's performance.

Segmental Reporting

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from other segments. The directors have considered the different business activities undertaken by the Group. The Group is organised around one operating segment, that being its core market of moulded plastic products, therefore its operations have been reported as being one business segment. Information reported to the Group's Executive Chairman for the purpose of resource allocation and assessment of performance is focused on the Group's performance as a whole.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. The Group considers it operates in one geographical segment.

Notes to the Financial Statements

for the year ended 30 April 2019

Revenue Recognition

IFRS 15 is effective from 1 January 2018, and replaces the previous revenue recognition standards and interpretations, including IAS 18 Revenue and IFRIC 13 Customer Loyalty Programmes. IFRS 15 establishes a single approach for the recognition and measurement of revenue, and requires an entity to recognise revenue as performance obligations are satisfied. It applies to all contracts with customers except for transactions specifically scoped out, which includes interest, dividends, leases, and insurance contracts. Revenue is derived from the transfer of goods at a point in time to customers when performance obligations to the customer have been satisfied.

Revenue represents the amounts receivable in the normal course of business from the Group's trading businesses.

Amounts received prior to the year-end in respect of services to be rendered in the following year are deferred to the following year.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales related taxes. For the majority of the Group revenue is recognised on despatch which is when the Group satisfy its performance obligation. Revenue for Global One-Pak Ltd is recognised on delivery based on existing terms of sale prior to acquisition. There have been no changes to the accounting for revenue during the year.

Foreign Currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Gains and losses arising on translation are included in the income statement for the period.

Pension Contributions

The Group contributes to defined contribution pension schemes and the pension charge represents the amount payable for that period. The Group has no defined benefit arrangements in place.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax liabilities are recognised on intangible assets and other temporary differences recognised in business combinations.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The unrecognised

deferred tax asset relates to losses carried forward.

Notes to the Financial Statements

for the year ended 30 April 2019

Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill representing the excess of the fair value of the consideration transferred ("cost") over the fair value of the Group's share of the identifiable assets acquired is capitalised and reviewed annually for impairment.

Cost comprises the fair value of assets acquired, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is measured at cost less accumulated impairment losses.

Impairment of Goodwill

Impairment tests on goodwill are performed annually at the financial year end. Determining whether goodwill is impaired requires an estimation of the value in use of cash generating units to which goodwill has been allocated. The calculation of value in use requires management to estimate the future cash flows expected to arise from cash generating units and a suitable discount rate in order to calculate present value. Any impairment of goodwill is charged to the Group income statement.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is charged so as to write off the cost less residual value of the assets over their estimated useful lives, using the straight-line method, on the following bases:

Property	-	2%
Plant and equipment	-	10-25%
Fixtures and fittings	-	10-33%
Motor vehicles	-	25%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

The Group utilises a revaluation model of measurement for land and buildings with fair value being determined by reference to market-based evidence.

Notes to the Financial Statements

for the year ended 30 April 2019

Intangible Assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

Intangible assets comprise customer lists acquired in business combinations, as well as license fees paid in advance for the use of trademarks and technology. Such assets are defined as having finite useful lives and the costs are amortised on a straight-line basis over their estimated useful lives as follows:

Customer relationships	-	12.5-33%
Brands	-	10%
Licences	-	10%

Impairment of Tangible and Intangible Assets Excluding Goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods manufactured includes appropriate materials, labour and production overhead expenditure. Net realisable value is the estimated selling price less the costs of disposal. Provision is made to write down obsolete or slow-moving inventory to their net realisable value.

Notes to the Financial Statements

for the year ended 30 April 2019

Financial Assets and Liabilities

IFRS 9 'Financial Instruments' outlines the principles an entity must apply to measure and recognise financial assets and liabilities. The following section sets out the accounting policies that were applied in the reporting period under IFRS 9.

Initial recognition of financial assets and financial liabilities

The Group recognises financial assets and liabilities when it becomes a party to the terms of the contract, which is the settlement date.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are capitalised to the initial carrying amount of the financial asset/liability, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of significant unobservable inputs, the difference between the model valuation and the initial transaction price is recognised in profit or loss either on a straight line basis over the term of the transaction, or over the reporting period until all model inputs will become observable where appropriate, or released in full when previously unobservable inputs become observable. Financial liabilities are subsequently measured at amortised cost.

Classification

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables.

Financial assets

On initial recognition, the Group classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss.

The classification and subsequent measurement of financial assets depends on:

- The business model within which the financial assets are managed; and
- The contractual cash flow characteristics of the asset (that is, whether the cash flows represent solely payments of principal and interest).

Business model assessment:

The business model reflects how the Group manages the financial assets in order to generate cash flows and returns. The Group makes an assessment of the objective of a business model in which a financial asset is held. The factors considered in determining the business model include how the financial asset's performance is evaluated and reported to management.

Notes to the Financial Statements

for the year ended 30 April 2019

Financial Assets and Liabilities (continued)

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI):

The Group has undergone a Solely Payments of Principal and Interest (SPPI) test to classify financial assets. The SPPI test assesses whether the contractual cash flows of an asset gives rise to payments on specified dates that are solely payment of principal and profit on the principal amount outstanding.

In making the assessment of whether the contractual cash flows have SPPI characteristics, the Group considers whether the cash flows are consistent with a basic lending arrangement. That is, the contractual cash flows recovered must represent solely the payment of principal and interest.

Principal is the fair value of the financial asset on initial recognition. Interest typically includes only consideration for the time value of money and credit risk but may also include consideration for other basic lending risks and costs, such as liquidity risk and administrative costs.

Where the contractual terms include exposure to risk or volatility that is inconsistent with a basic lending arrangement, the cash flows would not be considered to be SPPI and the assets would be mandatorily measured at fair value through profit or loss.

In making the assessment, the Group considers, inter alia, contingent events that would change the amount and timing of cash flows, prepayment and extension terms, leverage features, terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements), and features that modify consideration of the time value of money (e.g. tenor mismatch). Contractual cash flows are assessed against the SPPI test in the currency in which the financial asset is denominated.

Expected credit losses on financial assets

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to year-end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Amounts owed by subsidiary undertakings

At initial recognition, the parent company makes an assessment as to the initial credit risk of the amounts owed by subsidiary undertakings by taking into account available relevant information about subsidiary undertakings current and expected operating performance and cashflow position. This incorporates forward looking information such as the general economic environment, consumer confidence and inflation, changing consumer demands and the competitive environment.

The parent company has defined a default of amounts owed by subsidiary undertakings to be when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient liquid assets to repay the loan when due. This is assessed based on a number of factors including key liquidity and solvency ratios. An assessment is made of significant increases in credit risk since initial recognition, using a qualitative assessment focusing on a comparison of forecasted KPIs over the expected life of the amounts owed by subsidiary undertakings at initial recognition to forecasted KPIs over the remaining expected life of the amounts owed by subsidiary undertakings at the reporting date (taking into account forward looking information such as the updated economic and business environment). The parent company has also considered credit impaired indicators and define this to be when amounts owed by subsidiary undertakings meets the definition of a default.

Notes to the Financial Statements

for the year ended 30 April 2019

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances together with bank overdrafts that are repayable on demand.

Leased Assets

Leases for which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease. The capital element reduces the balance owed to the lessor.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight-line basis over the lease term.

Research and Development

Research and development tax credits are included and offset against the research and development line within administration expenses.

Share-based Payment Transactions

The Group's equity-settled share-based payments comprise the grant of options under the Group's share option schemes.

In accordance with IFRS2 "Share-based payment", the Group recognises an expense to the income statement representing the fair value of outstanding equity-settled share-based payment awards to employees which have not vested as at 30 April 2019.

Those fair values are charged to the income statement over the relevant vesting period adjusted to reflect the actual and expected vesting levels. The Group calculates the fair market value of the options as being based on the market value of a Company's share at the date of grant adjusted to reflect the fact that an employee is not entitled to receive dividends over the relevant holding period.

The total amount to be expensed over the vesting period is determined with reference to the fair value of options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the assumptions about the number of options expected to vest. At each reporting date the Group revises its estimate of the number of options expected to vest.

It recognises the impact of revisions to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium when the options are exercised.

Investments in Subsidiaries

Investments in subsidiaries are shown in the parent Company balance sheet at cost less any provision for impairment.

Notes to the Financial Statements

for the year ended 30 April 2019

Dividends

Dividends receivable by the Company are recognised in the income statement if they are declared, appropriately authorised and no longer at the discretion of the entity paying the dividend, prior to the balance sheet date. Dividends payable by the Company are recognised when declared and therefore final dividends proposed after the balance sheet date are not recognised as a liability at the balance sheet date. Dividends paid to shareholders are shown as a movement in equity.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities, are outlined below.

Inventory Valuation

Inventories are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires estimates to be made, which include forecast consumer demand, the promotional, competitive and economic environment, and inventory loss trends. Due to the nature of inventory provisions, it is impractical to disclose the assumptions that underlie estimates and quantify the impact of sensitivity on those provisions.

Impairment Reviews

The Board reviews the useful economic lives and residual values attributed to assets on an ongoing basis to ensure they are appropriate and performs an annual impairment review of goodwill and impairment reviews on tangible and other intangible assets (other than goodwill) when there are indicators of impairment. The recoverable amount is the greater of the net selling price and value in use, where value in use is determined by discounting the future cash flows generated from the continuing use of the unit. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value (see note 14).

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Group is exposed through its operations to one or more of the following financial risks:

- Market price risk
 - Fair value or cash flow interest rate risk
 - Foreign currency risk
- Liquidity risk
- Credit risk

Policies for managing these risks are set by the Board following recommendations from the Finance Director. The policy for each of the above risks is described in more detail below. Further quantitative information in respect of these risks is presented throughout these financial statements.

Notes to the Financial Statements

for the year ended 30 April 2019

Principal Financial Instruments

The principal financial instruments used by the Group, from which financial risk arises, are as follows:

- Trade and other receivables (note 18)*
- Cash at bank*
- Trade and other payables (note 19)**
- Finance leases (note 19,20), operating leases and hire purchase agreements
- Bank loans, overdrafts and invoice discounting facilities (note 19,20)**
- Other external loans (note 20)**

*Financial assets held at amortised cost

**Financial liabilities held at amortised cost

Market Risk

Market risk arises from the Group's use of interest bearing, tradeable and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

The Group's main exposure to market risk arises from increases in input costs in so far as it is unable to pass them on to customers through price increases. The Group does not undertake any hedging activity in this area and all materials and utilities are purchased in spot markets. The Group seeks to mitigate increases in input costs through a combination of continuous improvement activities to minimise increases in input costs and passing cost increases on to customers, where this is commercially viable.

The Group is also aware of market risk in relation to the dependence upon a relatively small number of key vendors in its supply chain. This risk could manifest in the event of a commercial or natural event leading to reduced or curtailed supply. The Group seeks to mitigate these risks by maintaining transparent and constructive relationships with key vendors, sharing long term plans and forecasts, and encouraging effective disaster recovery planning. Alternative sources of supply in different geographic regions have also been put into place.

The Group is also exposed to the risk of a downturn in its customers' end markets leading to reduced levels of activity for the Group. The Directors seek to ensure that the Group's activities are not significantly concentrated in sales to either one individual customer or into a single market sector in order to mitigate the exposure to a downturn in activity levels.

Interest Rate Risk

The Group is exposed to movements in interest rates in currencies in which it has borrowings, namely Sterling and Euros, and this risk is controlled by managing the proportion of fixed to variable rates within limits. Interest rate swaps are used to achieve the desired mix if the Board consider the proportion to be outside the limits. The Group uses a mixture of fixed and variable rate loan and finance lease facilities in order to mitigate its interest rate exposure. During the current and prior financial year, the Group has not utilised interest rate swaps.

Foreign Currency Risk

The Group conducts business in both Sterling and Euros. As a result, the Group is exposed to foreign exchange risks, which will affect transaction costs and the translation of debtor and creditor balances. A significant amount of the Group's raw material purchases are in Euros and this helps to provide a natural match to the exposure from sales in that currency. Foreign currency is bought to match liabilities as they fall due where currency receipts are insufficient to match the liability.

Notes to the Financial Statements

for the year ended 30 April 2019

Liquidity Risk

Borrowing facilities are monitored against the Group's forecast requirements and the Group mitigates financial risk by staggering the maturity of borrowings and by maintaining undrawn committed facilities. Short term flexibility is achieved by bank overdraft and invoice discounting facilities.

Credit Risk

Cash deposits and financial transactions give rise to credit risk in the event that counterparties fail to perform under the contract. The Group regularly monitors the credit ratings of its counterparties and controls the amount of credit risk by adhering to limits set by the board. Where a customer is deemed to represent an unacceptable level of credit risk, terms of trade are modified to limit the Group's exposure.

Information Technology (IT) Risk

Group IT systems and the information they contain are subject to security risks including the unexpected loss of continuity from virus or other issues, and the deliberate breach of security controls for commercial gain or mischief. Any such occurrences could have a significant detrimental effect on the Group's business activities. These risks are mitigated by the utilisation of physical and embedded security systems, regular back-ups and comprehensive disaster recovery plans.

Capital Disclosures

Capital comprises share capital, share premium and retained earnings.

The Group's objective when maintaining capital is to safeguard the Group's ability to continue as a going concern so that it can provide returns to shareholders and benefits for other stakeholders. In order to maintain the capital structure, the Group may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Sensitivity Analysis

Whilst the Group takes steps to minimise its exposure to cash flow interest rate risk and foreign exchange risk as described above, changes in interest and foreign exchange rates will have an impact on profit.

The annualised effect of a 1% increase in the interest rate at the balance sheet date on the variable rate debt carried at that date would, all other variables being held constant, have resulted in a decrease of the Group's post-tax profit for the year of £35,000. A 1% decrease in the interest rate would, on the same basis, have increased post-tax profits by the same amount.

The Group's foreign exchange risk is dependent on the movement in the Euro to Sterling exchange rate. The effect of a 5% strengthening in the Euro against Sterling at the balance sheet date on the Euro denominated debt at the date and on the annualised interest on that amount would, all other variables being held constant, have resulted in a decrease in the post-tax profit for the year of £27,000. A 5% weakening in the exchange rate would, on the same basis, have increased post-tax profit by £30,000.

The other numerical disclosures required by IFRS7 in relation to financial instruments are included in notes 18, 19 and 20.

Notes to the Financial Statements

for the year ended 30 April 2019

5. REVENUE

A breakdown of Group revenues by geographical region, based on the location of the customer is shown as follows:

	2019 £'000	2018 £'000
Continuing operations:		
UK	23,269	21,068
Rest of Europe	715	1,326
Rest of the World	749	1,011
	24,733	23,405

A breakdown of Group revenues by product group is shown as follows:

	2019 £'000	2018 £'000
Food containers	7,454	6,767
Extrusion	6,628	6,745
Trigger sprays and nozzles	3,069	3,109
Injection & Blow Moulding	7,582	6,784
	24,733	23,405

All Group revenue is in respect of the sale of goods and originated in the UK. No single customer contributed 10% or more to the Group's revenue for the year ended 30 April 2019 or the year ended 30 April 2018.

There are no contract assets or liabilities arising from contracts with customers.

6. UNDERLYING PROFIT AND SEPARATELY DISCLOSED ITEMS

Underlying profit before tax, underlying earnings per share, underlying operating profit, underlying earnings before interest, tax and depreciation are defined as being before share based payment charges, amortisation of intangibles recognised on acquisition, acquisition costs, reorganisation costs, compensation for loss of office and impairment loss on trade receivables. Collectively these are referred to as separately disclosed items. In the opinion of the directors the disclosure of these transactions should be reported separately for a better understanding of the underlying trading performance of the Group.

	2019 £'000	2018 £'000
Operating profit/(loss)	479	(186)
Separately disclosed items within administrative expenses		
Share based payment charge (note 21)	71	50
Amortisation of intangible assets (customer relationships and brands) (note 15)	289	348
Impairment losses on trade receivables (note 18)	-	186
Reorganisation costs	179	481
Total separately disclosed items	539	1,065
Underlying operating profit	1,018	879
Depreciation	1,461	1,212
Underlying EBITDA	2,479	2,091
Separately disclosed items (excluding amortisation)	(250)	(717)
EBITDA	2,229	1,374

Notes to the Financial Statements

for the year ended 30 April 2019

6. UNDERLYING PROFIT AND SEPARATELY DISCLOSED ITEMS (continued)

Separately disclosed items in the current year are referenced where applicable to other notes. In the year the items include reorganisation costs of £179,000 which included acquisition due diligence costs of £72,000, reorganisation costs of £38,000 and redundancy costs of £69,000.

The share-based payment charge and amortisation charge have both been separately disclosed as are not controlled by management and do not represent the underlying trading performance of the Group.

Separately disclosed items in the prior year include reorganisation costs of £481,000 which included set up costs of the new automotive plant of £200,000, the write off of slow moving and obsolete stock of £225,000 and redundancy costs of £56,000, in addition to a provision of £186,000 for impairment of trade receivables in respect of specific customers.

7. OPERATING PROFIT

	2019 £'000	2018 £'000
This is stated after charging/(crediting) the following		
Staff costs (note 9)	5,114	5,396
Impairment loss recognised on trade receivables	34	186
Cost of inventories recognised as expense	13,576	12,189
Net foreign exchange gains	(86)	(65)
Depreciation of property, plant and equipment:		
Owned assets	1,058	826
Under finance leases	403	386
Amortisation of intangible assets	289	348
Rentals under operating leases:		
Hire of plant and machinery	43	39
Land and buildings	128	128
R&D Expenditure	739	307
Auditors remuneration for statutory audit services to this Company	20	15
Auditors remuneration for statutory audit services to subsidiaries	48	40

Non-audit fees of £nil (2018: £3,000) were payable to the auditor.

8. FINANCE COSTS

	2019 £'000	2018 £'000
Interest payable on bank borrowings	126	79
Interest payable on finance leases	227	167
Interest payable on term loans	85	57
Interest payable on other loans	-	8
	438	311

Notes to the Financial Statements

for the year ended 30 April 2019

9. STAFF COSTS

	2019 No.	2018 No.
Average number of employees (including executive directors) comprised		
Production	125	129
Selling and distribution	18	20
Administration	28	31
	171	180

	2019 £'000	2018 £'000
Their aggregate remuneration comprised		
Wages and salaries	4,477	4,844
Social security costs	458	430
Other pension costs	108	72
Retirement costs to former directors	-	-
Total remuneration before share option charge	5,043	5,346
Share option charge/(credit)	71	50
Total remuneration	5,114	5,396

Other than the Directors, the parent company had 2 employees (2018: none). Details of Directors' emoluments are shown in the Directors' Remuneration Report on pages 17 to 19.

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company and the site general managers.

	2019 £'000	2018 £'000
Their aggregate remuneration comprised		
Wages and salaries	502	570
Social security costs	63	68
Other pension costs	13	9
Share option charge	10	9
	588	656

Notes to the Financial Statements

for the year ended 30 April 2019

10. TAXATION

The (credit)/charge for taxation on the profit/(loss) for the financial year is as follows:

	2019 £'000	2018 £'000
Current tax		
Current tax on profit/(loss) for the year	-	(74)
Deferred tax		
Reversal of temporary differences	(43)	(53)
Total taxation credit for the financial year	<u>(43)</u>	<u>(127)</u>

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled as follows

Reconciliation of taxation credit

	2019 £'000	2018 £'000
Profit/(loss) on ordinary activities before tax	41	(497)
Tax on profit on ordinary activities at 19% standard rate of tax (2018: 19%)	8	(94)
Non-deductible expenses	42	(24)
Deferred tax not recognised	(79)	-
Other differences	(14)	(9)
Total taxation credit	<u>(43)</u>	<u>(127)</u>

Deferred tax liability – Group

	2019 £'000	2018 £'000
At 1 May 2018	409	462
Adjustment in respect of prior year	2	-
Reversal of temporary differences credited to profit and loss	(43)	(53)
At 30 April 2019	<u>368</u>	<u>409</u>
Comprising:		
Accelerated capital allowances	150	58
Other temporary differences	(66)	14
Liability arising on business combination	284	337
	<u>368</u>	<u>409</u>

The Group has not recognised a deferred tax asset of £1,860 (2018: £95,396) in relation to tax losses that can be carried forward indefinitely.

Changes in tax rates and factors affecting the future tax charge

Reductions in the UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will impact the Group's future tax charge accordingly. The deferred tax liability at 30 April 2019 has been calculated based on the rates substantively enacted at the reporting date and that are expected to apply when the deferred tax liability settles.

Notes to the Financial Statements

for the year ended 30 April 2019

11. EARNINGS PER ORDINARY SHARE

Number of Shares	2019	2018
Weighted average number of shares for the purposes of basic earnings per share	82,614,865	82,614,865
Effect of share options	4,000,000	4,000,000
Weighted average number of shares for the purposes of diluted earnings per share	86,614,865	86,614,865
	2019	2018
Earnings per share	0.10p	(0.45)p
Diluted earnings per share	0.10p	(0.45)p
Underlying earnings per share	0.75p	0.84p

Basic and underlying earnings per share have been calculated as follows:

	2019				2018	
	Earnings £'000	Weighted average number of shares	Earnings per share (pence)	(Loss)/ earnings £'000	Weighted average number of shares	(Loss)/ earnings per share (pence)
Profit for the year	84	82,614,865	0.10	(370)	82,614,865	(0.45)
Separately disclosed items (note 6)	539			1,065		
Underlying profit for the period	623	82,614,865	0.75	695	82,614,865	0.84

Underlying earnings per share

Underlying earnings per share has been presented in addition to basic earnings per share since in the opinion of the directors this provides shareholders with a more meaningful representation of the earnings derived from the Group's operations. This measure is not intended to be a substitute for, or superior to, the IFRS measure.

12. DIVIDENDS PAID AND PROPOSED

	2019 £'000	2018 £'000
Interim dividend 0.25p paid 28 March 2019 (2018: nil)	207	-
Final dividend for 2018 0.25p paid 20 December 2018 (2017: 0.37p paid 31 October 2017)	207	306
	414	306

No final dividend (2018: 0.25p) is to be recommended at the forthcoming AGM. The final dividend is subject to approval by shareholders at the Annual General Meeting on 25 September 2019 and has not been included as a liability in these financial statements.

Notes to the Financial Statements

for the year ended 30 April 2019

13. INVESTMENTS: SHARES IN GROUP UNDERTAKINGS

Parent Company	2019 £'000	2018 £'000
Cost and net book value		
At 1 May 2018	10,866	10,816
Share options granted to employees in subsidiaries (note 21)	71	50
At 30 April 2019	10,937	10,866

Investments in subsidiary undertakings are recorded at cost, which is the fair value of the consideration paid.

All subsidiaries of the company are wholly owned, incorporated in England and Wales and operate in the United Kingdom.

Company	Business activity	Holding	Registered office
Interpack Limited	Importers and distributors of plastic containers	100%	Florida Road, Haydock Industrial Estate, Haydock, Merseyside, WA11 9TP
Coral Products (Mouldings) Limited	Manufacture of plastic products using plastic injection moulding machines	100%	Florida Road, Haydock Industrial Estate, Haydock, Merseyside, WA11 9TP
Tatra Rotalac Limited	Manufacture of plastic mouldings and extrusions	100%	Florida Road, Haydock Industrial Estate, Haydock, Merseyside, WA11 9TP
Rotalac Plastics Limited	Manufacture of plastic mouldings and extrusions	100%	Florida Road, Haydock Industrial Estate, Haydock, Merseyside, WA11 9TP
Global One-Pak Limited	Design, packaging and distribution of lotion pumps, trigger sprays and aerosol caps	100%	Hyde Park House, Cartwright Street, Newton Hyde, Cheshire, SK14 4EH

14. GOODWILL

Group	£'000
At 30 April 2019 and 2018	5,495

Goodwill has been allocated to cash generating units (CGUs), which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. This allocation is shown in the table below:

	Interpack Limited £	Tatra Rotalac Limited £	Global One-Pak Limited £	Other £	Total £
Goodwill					
At 30 April 2019 and 2018	3,457	1,311	634	93	5,495

Notes to the Financial Statements

for the year ended 30 April 2019

14. GOODWILL (continued)

The Group tests goodwill and intangible assets annually for impairment. The recoverable amount of goodwill and intangibles arising on the acquisition of Interpack, Tatra and Global One-Pak in previous years is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, revenue and overhead growth rates, and perpetuity growth rate. Management estimates discount rates using pre-tax rates that reflect market assessments of the time value of money and the risks specific to the acquired subsidiaries. In assessing goodwill and intangibles for impairment, the directors consider each subsidiary to be the smallest Group of assets that generate cash flows and represent the lowest level within the Group at which goodwill is monitored for internal management purposes. As at the year-end of 30 April 2019, the impairment review has concluded that the value in use of each exceeds the total goodwill and intangible carrying value. In performing this impairment review, the Group has prepared cash flow forecasts derived from the most recent financial budgets approved by the Board, and then estimates revenue growth for the following four years at 2.5% per annum, with overheads also assumed to increase at 2.5% per annum. Thereafter, a growth rate for pre-tax profit of 2.5% per annum is assumed into perpetuity. The growth rate of 2.5% exceeds the long-term average growth rate, however, management have estimated this based on a prudent view of future growth in demand. A pre-tax rate of 11.5% has been used to discount the forecast cash flow. The key assumptions are based on past experience for expected changes in future conditions.

The Group has conducted a sensitivity analysis on the impairment test of each CGU and the Group of units carrying value. A decrease in the growth rate of profit to 0% (i.e. the current level of profit being generated remains constant) over the forthcoming five years would not cause the carrying value to be impaired for either Interpack, Tatra-Rotalac or Global One-Pak, nor would a reduction of the growth rate for pre-tax profit into perpetuity to 0%. An increase in the discount rate to 15% (Interpack), 15% (Tatra) and 15% (Global One-Pak) respectively would not create a potential impairment indicator, however such levels are not deemed to be reasonable by management.

15. OTHER INTANGIBLE ASSETS

	Customer relationships £'000	Brands £'000	Licences £'000	Total £'000
Group				
Cost				
At 1 May 2017, 1 May 2018 and 30 April 2019	2,653	322	573	3,548
Amortisation				
At 1 May 2017	899	38	573	1,510
Charge in the year	316	32	-	348
At 1 May 2018	1,215	70	573	1,858
Charge in the year	257	32	-	289
At 30 April 2019	1,472	102	573	2,147
Net book value				
At 30 April 2019	1,181	220	-	1,401
At 30 April 2018	1,438	252	-	1,690

Notes to the Financial Statements

for the year ended 30 April 2019

15. OTHER INTANGIBLE ASSETS (continued)

	Licences £'000	Total £'000
Parent Company		
Cost		
At 1 May 2017, 1 May 2018 and 30 April 2019	403	403
Depreciation		
At 1 May 2017, 1 May 2018 and 30 April 2019	403	403
Net book value		
At 30 April 2019	-	-
At 30 April 2018	-	-

As set out in note 14, the Group tests goodwill and intangible assets annually for impairment.

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Fixtures and fittings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Group					
Cost or Valuation					
At 1 May 2017	2,508	239	12,837	20	15,604
Additions	-	176	1,936	-	2,112
Disposals	-	(95)	-	(20)	(115)
At 1 May 2018	2,508	320	14,773	-	17,601
Additions	12	17	1,554	-	1,583
Disposals	-	-	(547)	-	(547)
At 30 April 2019	2,520	337	15,780	-	18,637
Depreciation					
At 1 May 2017	-	90	7,095	8	7,193
Charge in the year	-	103	1,109	-	1,212
Disposals	-	(95)	-	(8)	(103)
At 1 May 2018	-	98	8,204	-	8,302
Charge in the year	-	119	1,342	-	1,461
Disposals	-	-	(537)	-	(537)
At 30 April 2019	-	217	9,009	-	9,226
Net book value					
At 30 April 2019	2,520	120	6,771	-	9,411
At 30 April 2018	2,508	222	6,569	-	9,299

The net book value of plant and equipment includes £3,415,000 (2018: £3,125,000) in respect of assets held under finance leases. Depreciation for the year in respect of these assets was £403,000 (2018: £386,000).

Notes to the Financial Statements

for the year ended 30 April 2019

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Revaluation of land and buildings

The Group uses the revaluation model of measurement of land and buildings. The Group previously engaged Lambert Smith Hampton, an accredited independent valuer, to determine the fair value of its land and buildings.

Fair value is determined by reference to market-based evidence. This is a level 2 hierarchy valuation. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent revaluation was 17 April 2018. The previous revaluation was on 16 December 2016.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	2019 £'000	2018 £'000
Cost	2,103	2,103
Accumulated depreciation	(227)	(185)
Net carrying amount	1,876	1,918

	Land and buildings £'000
Parent Company	
Cost or Valuation	
At 1 May 2017 and 1 May 2018	2,508
Additions	11
Revaluation	-
At 30 April 2019	2,519
Depreciation	
At 1 May 2017 and 1 May 2018	-
Revaluation	-
At 30 April 2019	-
Net book value	
At 30 April 2019	2,519
At 30 April 2018	2,508

Notes to the Financial Statements

for the year ended 30 April 2019

17. INVENTORIES

	Group		Parent Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Raw materials	1,571	1,256	-	-
Work in progress	252	179	-	-
Finished goods and goods for resale	1,682	1,429	-	-
	3,505	2,864	-	-

Write-downs of inventories to net realisable value amounted to £nil (2018 – £50,000). These were recognised as an expense during the year ended 30 April 2019 and included in 'cost of sales' in profit or loss.

18. TRADE AND OTHER RECEIVABLES

	Group		Parent Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Current				
Trade receivables	4,645	5,050	-	-
Less: provision for impairment of trade receivables	(34)	(186)	-	-
	4,611	4,864	-	-
Amounts owed by subsidiary undertakings	-	-	455	1,017
Corporation tax recoverable	288	33	-	-
Prepayments and accrued income	622	555	28	14
	5,521	5,452	483	1,031

The fair value of trade and other receivables approximates to book value at 30 April 2019 and 2018.

The Group is exposed to credit risk with respect to trade receivables due from its customers. The Group currently has around 930 customers predominantly in the manufacturing and retail sectors.

Amounts owed by subsidiary undertakings are interest free and due on demand. The credit risk for amounts owed by subsidiary undertakings has not increased materially since the initial recognition. There is no impairment allowance for amounts owed by subsidiary undertakings for either the year ended 30 April 2019, or the year ended 30 April 2018.

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

	Group		Parent Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Sterling	4,577	4,725	-	-
Euros	34	139	-	-
	4,611	4,864	-	-

Notes to the Financial Statements

for the year ended 30th April 2019

18. TRADE AND OTHER RECEIVABLES (continued)

As 30 April 2019 the lifetime expected loss provision for trade receivables is as follows:

Group	Current	Overdue less than 1 month	Overdue 1 -2 months	Overdue more than 2 months	Total
	£'000	£'000	£'000	£'000	£'000
Expected loss ratio	0.1%	1.0%	2.0%	3.0%	
Gross carrying amount	2,300	1,613	518	214	4,645
Loss provision	(2)	(16)	(10)	(6)	(34)

Movement in the loss provision for trade receivables has been included in administrative expenses in the financial statements and receivables are shown net of allowance. In the previous period, impairment was assessed under IAS 39 and the charge was included in separately disclosed items (see note 6). No adjustment has been made under IFRS 9 based upon the loss experience over the past three years as the impact is immaterial.

To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to year-end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates.

The movement in the loss provision has been as follows:

	Group		Parent Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
At 30 April 2018 under IAS 39	186	-	-	-
Restated on adoption of IFRS 9	-	-	-	-
Opening provision for impairment	186	-	-	-
Utilised in the period/unused provision released	(186)	-	-	-
Provided in the period	34	186	-	-
Closing Provision	34	186	-	-

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable set out above. The Group did not hold any significant interest swaps or forward foreign exchange contracts at the year-end.

Notes to the Financial Statements

for the year ended 30 April 2019

19. TRADE AND OTHER PAYABLES

	Group		Parent Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade payables	2,938	3,079	12	-
Other taxes and social security	408	530	-	-
Corporation tax payable	-	-	-	-
Accruals and deferred income	464	272	47	5
Other payables	24	28	-	-
	3,834	3,909	59	5

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The average credit period taken for trade purchases is 46 days (2018: 48 days).

The directors consider that the carrying amount of trade payables approximates to their fair value.

20. FINANCIAL LIABILITIES

The maturity profile of the non-current financial liabilities as at 30 April 2019 is set out below:

	Group		Parent Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Borrowings				
Current				
Term loan	150	1,604	150	1,604
Bank overdraft	27	-	-	-
Invoice discounting facility	3,513	3,395	-	-
Finance lease liabilities	1,260	940	-	-
	4,950	5,939	150	1,604
Non-current				
Finance lease liabilities	1,965	1,843	-	-
Term loan	1,303	-	1,303	-
	3,268	1,843	1,303	-

The effective interest rates at the balance sheet date are as follows:

	2019	2018	
Invoice discounting facility	2.3%	2.3%	over base
Finance leases	5.5%	5.5%	
Term loan	3.0%	3.0%	over base

The bank loans and overdraft are secured by a fixed and floating charge over the Group's assets. Finance lease liabilities are secured on the assets to which the contracts relate. The invoice discounting facility is secured over trade receivables. The directors estimate that the fair value of the Group's borrowings is the same as the above book values as at 30 April 2019 and as at 30 April 2018.

Notes to the Financial Statements

for the year ended 30 April 2019

20. FINANCIAL LIABILITIES (continued)

The maturity profile of the non-current financial liabilities as at 30 April 2019 is set out below:

	Group		Parent Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
In more than one year but not more than two years				
Finance lease liabilities	1,053	939	-	-
Term loan	150	-	150	-
In more than two years but not more than five years				
Finance lease liabilities	912	904	-	-
Term loan	451	-	451	-
In more than five years				
Term loan	702	-	702	-
	3,268	1,843	1,303	-

Undrawn borrowing facilities

The Group has a maximum Invoice Discounting Facility of £5.1m, subject to debtor levels and restrictions, together with a £50,000 bank overdraft facility. At the year-end there was a temporary overdraft facility in place of £500,000 whilst an application for a new mortgage was in progress with the bank. The mortgage was completed during May 2019 and the temporary overdraft repaid in full.

Finance leases

Future minimum lease payments under finance leases including future finance charges are as follows:

	Group		Parent Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Not later than one year	1,526	998	-	-
After one year but not more than five years	2,674	2,191	-	-
	4,200	3,189	-	-
Future finance charge on finance lease	(975)	(406)	-	-
Present value of finance lease liabilities	3,225	2,783	-	-

The present value of minimum lease payments under finance leases are as follows:

	Group		Parent Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Not later than one year	1,260	940	-	-
After one year but not more than five years	1,965	1,843	-	-
	3,225	2,783	-	-

There is no material difference between the maturity analysis presented above and the undiscounted cash flow analysis.

Notes to the Financial Statements

for the year ended 30 April 2019

21. SHARE OPTIONS

On 8 December 2014 share options were granted to 9 employees including 1 director under an EMI Scheme, the "Coral Products plc EMI Share Option Plan". Options were granted over 1,650,000 1p ordinary shares of the Company with an exercise price of 16p per share. The share price at the date of grant was 14.5p per share. 2 employees, including 1 director, with options totalling 600,000 1p ordinary shares have left the Company during the two-year vesting period.

On 30 May 2017 share options were granted to 4 employees under an EMI Scheme, the "Coral Products plc EMI Share Option Plan". Options were granted over 550,000 1p ordinary shares of the company with an exercise price of 21p per share. The share price at the grant date was 15p per share. 1 employee with options totalling 100,000 1p ordinary shares has left the Company during the two-year vesting period.

On 22 August 2017 share options were granted to 2 employees, both of which are directors of the company, under the EMI scheme. Options were granted over 2,500,000 1p ordinary shares of the company with an exercise price of 15p. The share price at the grant date was 14.5p.

The options can be exercised two years after the grant date and there are no exercise conditions other than that for the options to vest, the individual must remain an employee of the Group over the two-year vesting period.

The weighted average fair value of the options as at 30 April 2019 was £156,327 based on a fair value of 4.4p per share and 4,000,000 options. The assumptions used in the calculation are as follows:

	8 December 2014	30 May 2017	22 August 2017
Option pricing model used	Black-Scholes	Black-Scholes	Black-Scholes
Expected volatility	30%	46%	45%
Option life	10 years	10 years	10 years
Risk-free interest rate	1.9%	1.09%	1.09%
Expected dividend yield	3.45%	4.7%	4.8%

A debit of £71,000 (2018: £50,000) has been recognised in the income statement in the current year in relation to these share options.

No options have been exercised in the year (2018: none). The maximum term on the options is 10 years from the issue date, which remains the weighted average remaining life.

22. SHARE CAPITAL

	Group		Parent Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Allotted, called up and fully paid				
82,614,865 ordinary shares of 1p each	826	826	826	826

Notes to the Financial Statements

for the year ended 30 April 2019

23. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Group		Parent Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Net (decrease)/increase in cash and cash equivalents	(498)	(202)	27	-
Decrease on invoice discounting facility	(118)	(551)	-	-
Decrease/(increase) in bank loans and other loans	151	(142)	151	(142)
Increase in finance lease liability	(441)	(806)	-	-
Movement in net debt for the period	(906)	(1,701)	178	(142)
Net debt at beginning of period	(7,311)	(5,610)	(1,604)	(1,462)
Net debt at end of period	(8,217)	(7,311)	(1,426)	(1,604)

Other than the movement in finance leases, the Group had no non-cash changes arising from financing activities.

	2018	Cashflow	Non-cash changes	2019
	£'000	£'000	New leases £'000	£'000
Finance lease liability	2,783	(451)	893	3,225

24. RELATED PARTY TRANSACTIONS

Group

The Group has a related party relationship with its subsidiaries and with its key management personnel, who are considered to be its directors. Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation for the Group and are not disclosed in this note. All related party transactions are conducted on an arms' length basis.

Key management personnel

Details of the compensation of the key management personnel have been disclosed in note 9, no other transactions were entered into with key management personnel in the year other than as detailed below:

Parent Company

The amounts due to the Company in respect of its subsidiaries are set out in note 18. The transactions entered into between the Company and its subsidiaries were as follows:

	2019 £'000	2018 £'000
Rentals received from Group undertakings	300	300
Recharge of overheads to Group undertakings	324	204

Notes to the Financial Statements

for the year ended 30 April 2019

25. POST BALANCE SHEET EVENTS

The land and buildings at Haydock were refinanced in May 2019 raising £500,000 in cash, this was used to clear a temporary overdraft balance in Coral Products (Mouldings) Ltd.

26. COMMITMENTS

Operating lease arrangements

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Parent Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Within one year	231	238	-	-
Between two and five years	727	615	-	-
More than five years	222	229	-	-
	1,180	1,082	-	-

The Group leases certain plant and equipment under non-cancellable operating lease agreements.

27. ULTIMATE CONTROLLING PARTY

In the opinion of the directors there is no ultimate controlling party.

Five Year Record (unaudited)

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Turnover	24,733	23,405	21,432	18,714	17,425
Profit					
Underlying operating profit	1,018	879	1,093	1,649	1,349
Net interest payable	(438)	(311)	(228)	(180)	(184)
Underlying profit before taxation	580	568	865	1,469	1,165
Separately disclosed items	(539)	(1,065)	(400)	(711)	(974)
Taxation	43	127	(7)	(15)	-
Profit/(loss) after taxation	84	(370)	458	743	191
Interest cover (times)	2.3	2.7	4.8	9.2	7.3
Underlying earnings per share (pence)	0.75	0.84	1.04	2.20	2.12
Dividend per share (pence)	0.25	0.4	1.0	0.8	0.7
Assets employed					
Non-current assets	16,307	16,484	15,944	14,402	10,570
Other net (liabilities)/assets	(3,394)	(3,313)	(2,147)	(714)	(1,449)
Net assets	12,913	13,171	13,797	13,688	9,121
Financed by					
Share capital	826	826	826	826	579
Reserves	12,087	12,345	12,971	12,862	8,542
Shareholder's funds	12,913	13,171	13,797	13,688	9,121
Gearing (%)	64	56	41	24	44
Net assets per share (pence)	15	16	17	17	16

Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Coral Products plc (the Company) will be held in Leverhulme Room One at Haydock Race Track, Newton-le-Willows, Merseyside, WA12 0HQ, on Wednesday 25 September 2019, at 12.00 noon for the purpose of considering and, if thought fit, passing of the following resolutions, of which Resolutions 1 to 7 will be proposed as Ordinary Resolutions, to be passed with more than half of the votes in favour of the resolution and Resolutions 8 and 9 will be proposed as Special Resolutions, to be passed with at least three-quarters of the votes in favour of the Resolution.

Ordinary business

Ordinary resolutions

1. To receive and adopt the audited accounts for the year ended 30 April 2019, together with the Reports of the Directors and Auditors.
2. To re-elect Joe Grimmond, who retires by rotation as a Director of the Company.
3. To re-elect David Low, who retires by rotation as a Director of the Company.
4. To re-appoint BDO LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and that the Directors be authorised to fix their remuneration.
5. To declare a final dividend of 0.00p per ordinary share in respect of the year ended 30 April 2019.
6. To approve the Board Report on Directors' Remuneration for the year ended 30 April 2019.
7. That the Directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "2006 Act") to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £550,765, provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the end of the Company's annual general meeting in 2019, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is (i) subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange and (ii) in substitution for all previous authorities conferred on the directors in accordance with section 551 of the 2006 Act but without prejudice to any allotment of shares or grant of Rights already made or offered or agreed to be made pursuant to such authorities.

Special resolutions

8. That, subject to and conditional upon the passing of resolution 7 set out in this notice, the directors be generally empowered to allot equity securities (as defined in section 560 of 2006 Act) pursuant to the authority conferred by resolution 8 as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall:
 - 8.1 be limited to:
 - 8.1.1 the allotment of equity securities in connection with an offer of equity securities:
 - (a) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - (b) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary;
 - 8.1.2 the allotment of equity securities (otherwise than pursuant to paragraph 8.1.1 above) up to an aggregate nominal amount of £550,765;
 - 8.2 be subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
 - 8.3 expire at the end of the Company's annual general meeting in 2020 (unless renewed, varied or revoked by the Company prior to or on that date), 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 allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

Notice of the Annual General Meeting

continued

Special business

Special resolution

9. That the Company be generally and unconditionally authorised for the purposes of Section 701 of the 2006 Act to make market purchases (within the meaning of Section 693(4) of the 2006 Act) of ordinary shares of 1 pence each in the Company in such manner and upon such terms as the Directors may from time to time determine, provided that:
- (a) the maximum number of ordinary shares which may be purchased is 12,392,230;
 - (b) the minimum price which may be paid for an ordinary share is 1 pence (being the nominal value of the ordinary share) exclusive of expenses;
 - (c) the maximum price which may be paid for an ordinary share exclusive of expenses is equal to the higher of (i) 105 per cent of the average of the middle market quotations for an ordinary share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (ii) the higher of (a) the price of the last independent trade and (b) the highest current independent bid (in each case, in relation to (a) and (b), for any number of the Company's ordinary shares on the trading venue where the purchase is carried out); and
 - (d) the authority to purchase hereby conferred shall expire at the end of the next annual general meeting in 2020, save that the Company may make a contract to purchase ordinary shares under this authority before the expiry of the authority which will or may be completed wholly or partly thereafter and a purchase of shares may be made in pursuance of any such contract.

By order of the Board
Sharon Gramauskas
Company Secretary

21 August 2019

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

Notice of the Annual General Meeting

continued

Notes

1. A member entitled to attend and vote at the Annual General Meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the Annual General Meeting. A member can appoint more than one proxy in relation to the Annual General Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the Annual General Meeting to represent you. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the Annual General Meeting for your vote to be counted. Appointing a proxy does not preclude you from attending the Annual General Meeting and voting in person.
3. A Proxy Form which may be used to make this appointment and give proxy instructions accompanies this Notice of Annual General Meeting. Details of how to appoint a proxy are set out in the notes to the Proxy Form. If you do not have a Proxy Form and believe that you should have one, or if you require additional forms, please contact the Company.
4. In order to be valid an appointment of proxy must be returned (together with any authority under which it is executed or a copy of the authority certified) in hard copy form by post, by courier or by hand to the office of the Company at North Florida Road, Haydock Industrial Estate, Haydock, Merseyside WA11 9TP, and must be received by the Company at least 48 hours prior to the meeting.
5. To change your proxy instructions, you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy Proxy Form and would like to change the instructions using another hard copy Proxy Form, please contact the Company. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. To terminate your proxy instruction, please send a written notice to the Company stating your intention to revoke the proxy instruction, to be received by the Company no later than 48 hours prior to the meeting. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the others.
6. A copy of this Notice of Annual General Meeting may have been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person"). The rights to appoint a proxy cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Annual General Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
7. To be entitled to attend and vote at the Annual General Meeting, members must be registered in the register of members of the Company 48 hours prior to the meeting (or, if the meeting is adjourned, 48 hours prior to the date of the adjourned meeting). Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote (and the number of votes they may cast) at the meeting or adjourned meeting.
8. Voting on all Resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as member votes are to be counted according to the number of shares held. As soon as practicable following the Annual General Meeting, the results of the voting at the Annual General Meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the Resolutions will be announced via a regulatory information service.
9. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Annual General Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.
10. The Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a member attending the Annual General Meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
11. As at 20 August 2019 (being the last Business Day prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital consists of 82,614,865 ordinary shares of 1p each with voting rights. Therefore, the number of total voting rights in the Company is 82,614,865.
12. The contents of this Notice of Annual General Meeting and details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice of Annual General Meeting will be available on the Company's corporate website: www.coralproducts.com.
13. You may not use any electronic address provided in this Notice of Annual General Meeting to communicate with the Company for any purposes other than those expressly stated.

Financial Calendar

Annual General Meeting	25 September 2019
Payment of Final Dividend	N/A
Provisional - Interim results	January 2020

Shareholder Information

Coral Products shareholders register is maintained by Share Registrars Limited who are responsible for updating the register, including details of shareholders' addresses. If you have a query about your shareholding in Coral Products, you should contact Share Registrars by telephone on 01252 821390, by email to enquiries@shareregistrars.uk.com or in writing to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR.

The Coral Products website at www.coralproducts.com provides news and details of the Group's activities plus information for Shareholders. The investor section of the website contains real time and historical share price data as well as the results and announcements

