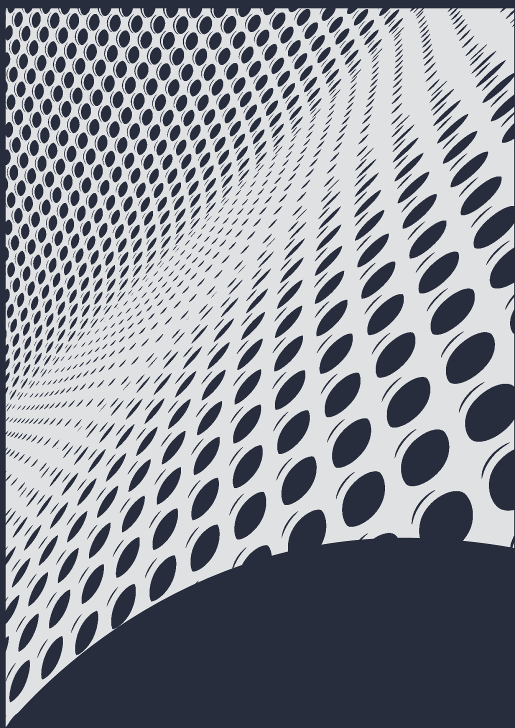
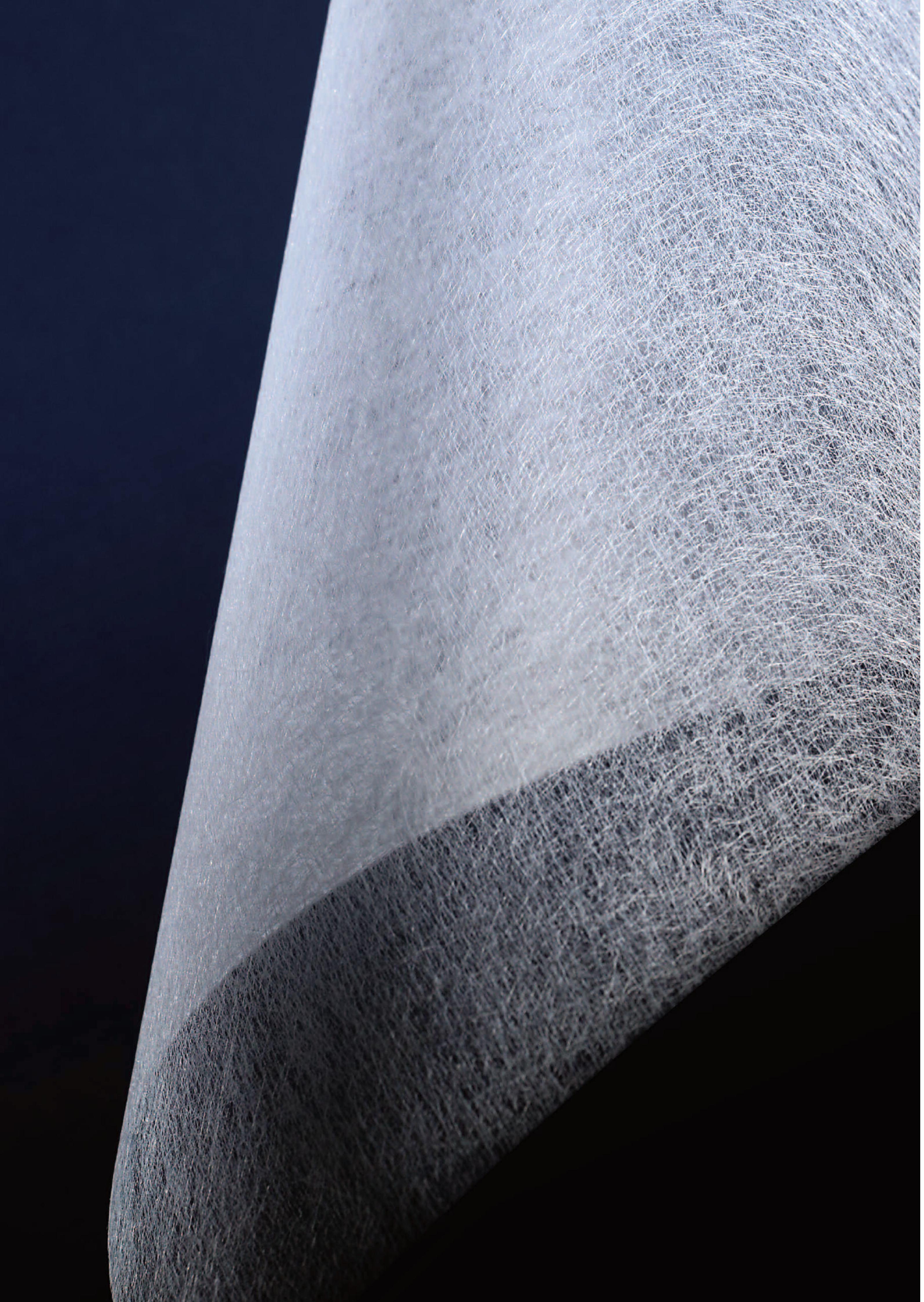
James Cropper plc

Specialist Paper & Advanced Materials



Annual Report & Accounts 2012



Vision Statement

Our Company Goal

To prosper and grow through developing a portfolio of complementary and successful business activities

Our Values

- the beliefs and standards by which we will deliver our Company Goal

- An absolute commitment to safety and the environment
- Having integrity and high standards in everything we do
- Treating everyone with dignity and respect
- Valuing customers as the lifeblood of our business
- Developing the potential of our employees in a stimulating and enjoyable workplace
- Being enthusiastic about doing things better
- Making a positive contribution to our community
- Improving profitability and having the drive to succeed

2012 Pride Awards

Many companies have their own set of organisational values and shareholders will have seen those of James Cropper published in the Annual Report every year since the late 1990's. In 2009 we reaffirmed this commitment to our values by introducing the James Cropper Pride Awards which set out to celebrate outstanding achievement and effort in a number of different categories.

Employees are nominated by their colleagues.

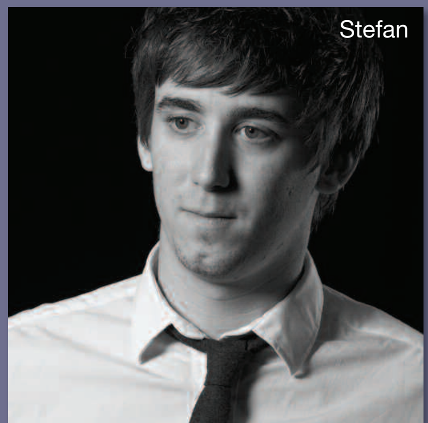
Customer Service

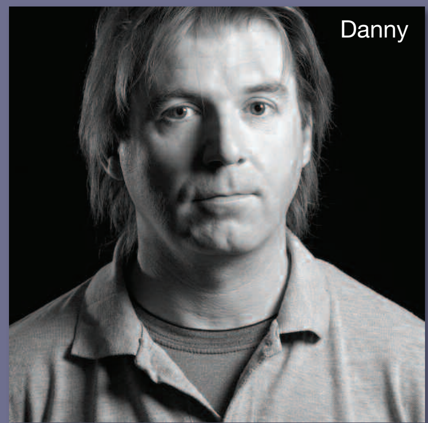
Our statement of Values recognises customers as the lifeblood of our business. Everyone in the organisation has the opportunity of contributing towards the exceptional service which our customers expect, even if they are several links in the chain removed from the final customer. The winners of this category were Sherrie Brown, TFP Customer Service, Stefan Pryor, JCSP Inside Sales Executive and Danny Little, JCSP Palletmaker.

Taking Pride

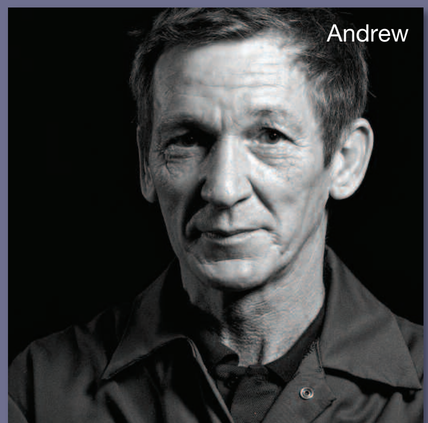
It might sound a bit old fashioned and can take many forms, but we all recognise it when we see it. The Values statement talks about having high standards in everything we do and this category recognises those employees who set the bar when it comes to doing their job to the highest personal and professional standards. The winners of this category were Andrew Ferguson, TFP Operator and Marcus Deacon, TFP Warehouse Operator.


Sherrie


Stefan


Danny

"the Pride Awards are a celebration of the outstanding achievements of our employees"


Andrew


Marcus


Chris


Mike

"the winners of the Pride Awards set the bar for personal and professional standards "


Kevin


Tony


Alan

Safety Improvement

Our absolute commitment to safety needs passionate safety champions throughout the organisation. Winners of this award have all contributed to making the workplace safer for everyone and have been ready to challenge unsafe practices wherever they have seen them. The winner of this category was Chris May, JCC Converting Operator.

Community

The Mill has been a central part of the local community for 167 years. Many employees make a valuable contribution to the fabric of life in Burneside and South Lakeland, whether in education, sport or charitable activities. The winner of this category was Mike Jeschke, TFP Research Manager.

Support for Colleagues

Life inevitably throws up challenges to all of us from time to time, either at work or in our private lives. This award recognises those unsung individuals who colleagues know they can turn to for help, advice or simply someone to talk to. The winners of this category were Kevin Allen, JCSP Shift Co-ordinator and Tony Bellas, JCSP Blenderman.

Innovation and Creativity

A key element in ensuring that the Company continues to maintain a competitive edge in a fast changing and dynamic world. Having the desire and confidence to do new things and old things differently has characterised the development of the business for generations and is more important now than ever. The winner of this category was Alan McKnight, JCSP Cutterman.

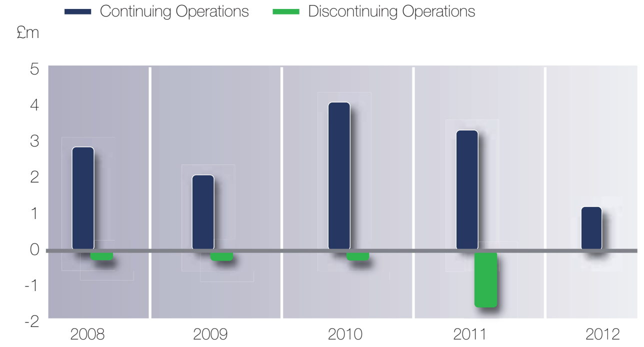
The full Pride Award story which relates to Winners and Commendations, can be read by scanning the QR code or visiting www.jamescropper.com/pride

Contents

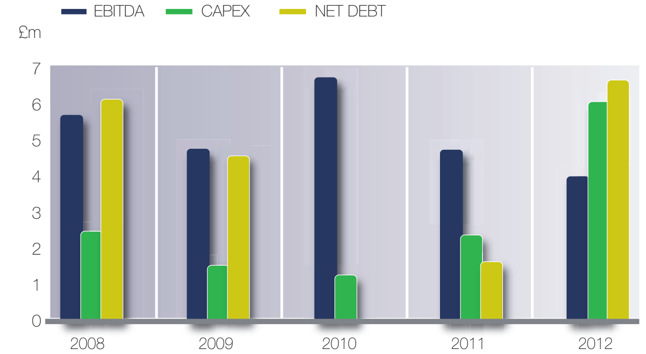
Summary of Results

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Group turnover					
Continuing operations	78,223	83,264	70,714	69,129	66,542
The Paper Mill Shop (discontinued operation)	-	3,609	5,516	5,674	6,202
	78,223	86,873	76,230	74,803	72,744
Trading profit before interest	1,207	1,665	3,568	1,556	2,365
Depreciation	2,675	3,072	3,138	3,179	3,280
EBITDA (before IAS 19 pension adjustment)	3,882	4,737	6,706	4,735	5,645
Trading profit before interest					
Continuing operations	1,207	3,361	3,942	1,944	2,723
The Paper Mill Shop (discontinued operation)	-	(1,696)	(374)	(388)	(358)
	1,207	1,665	3,568	1,556	2,365
Trading activities					
Technical Fibre Products	629	2,289	1,327	2,099	1,426
Speciality Papers	1,430	587	3,437	(310)	1,281
Converting	192	1,272	446	406	548
The Paper Mill Shop (discontinued operation)	-	(1,696)	(374)	(388)	(358)
Other Group expenses	(158)	(119)	(393)	(19)	(147)
	2,093	2,333	4,443	1,788	2,750
Director and employee bonuses	(86)	(668)	(875)	(232)	(324)
Trading operating profit	2,007	1,665	3,568	1,556	2,426
Joint venture	-	-	-	-	(61)
Redundancy provision	(800)	-	-	-	-
Trading profit before interest	1,207	1,665	3,568	1,556	2,365
Net interest	(364)	29	(271)	(448)	(402)
Trading profit before tax	843	1,694	3,297	1,108	1,963
(After future service pension contributions paid)					
Net IAS 19 pension adjustments to					
Net current service charge required	(539)	(763)	(255)	(476)	(610)
Exceptional curtailment adjustment	-	10,158	-	-	-
Operating profit	(539)	9,395	(255)	(476)	(610)
Net interest	667	(3)	(626)	226	227
Net pension adjustment before tax	128	9,392	(881)	(250)	(383)
Overall Group after pension adjustments					
Operating profit	1,468	11,060	3,313	1,080	1,816
Joint venture	-	-	-	-	(61)
Redundancy provision	(800)	-	-	-	-
Profit before interest	668	11,060	3,313	1,080	1,755
Net interest	303	26	(897)	(222)	(175)
Profit before Tax	971	11,086	2,416	858	1,580
Profit/(loss) before Tax					
Continuing operations	971	12,812	2,790	1,246	1,938
The Paper Mill Shop (discontinued operation)	-	(1,726)	(374)	(388)	(358)
	971	11,086	2,416	858	1,580
Earnings/(losses) per Share - diluted	9.5p	117.4p	25.5p	(1.0p)	14.0p
Continuing operations after IAS 19					
Dividends per Share	7.9p	7.9p	7.5p	5.1p	7.3p
Balance Sheet Summary £'000					
Non-pension assets - excluding cash	46,278	44,000	43,852	43,753	45,616
Non-pension liabilities - excluding borrowings	(11,956)	(13,841)	(15,800)	(12,592)	(12,640)
	34,322	30,159	28,052	31,161	32,976
Net IAS 19 pension deficit (after deferred tax)	(5,850)	(1,039)	(10,210)	(6,535)	(1,299)
	28,472	29,120	17,842	24,626	31,677
Net borrowings	(6,505)	(1,711)	(31)	(4,452)	(6,016)
Equity shareholders' funds	21,967	27,409	17,811	20,174	25,661
Gearing % - before IAS 19 deficit	23	6	-	17	22
Gearing % - after IAS 19 deficit	30	6	-	22	23
Capital Expenditure £'000	5,934	2,276	1,228	1,333	2,337

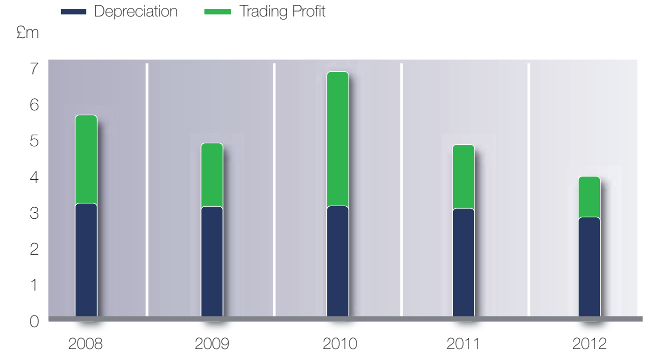
Trading Profit



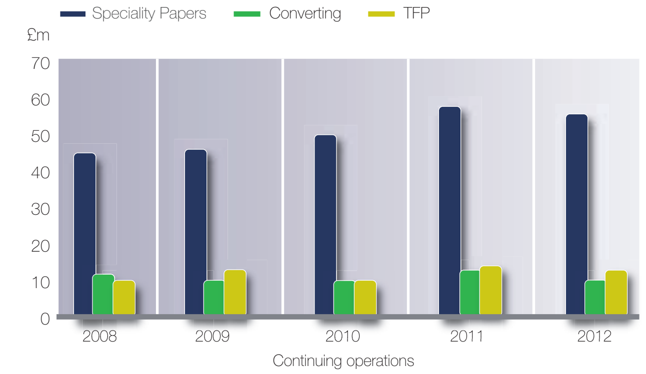
Funds and Capital Expenditure



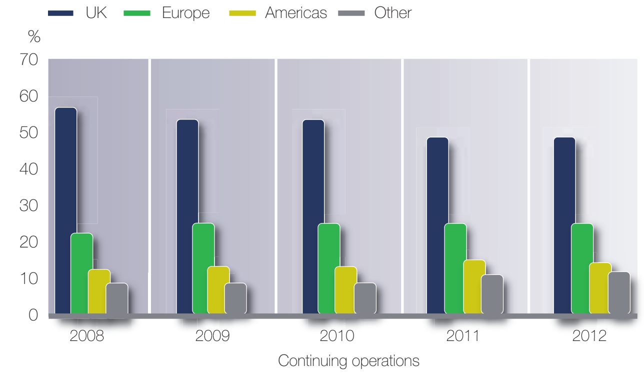
EBITDA



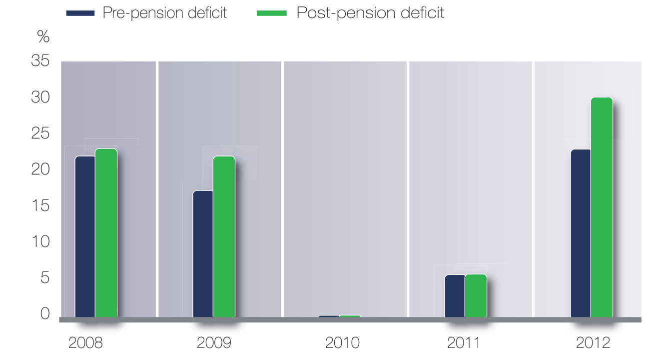
External Turnover - Business Segmentation



External Turnover - Geographical Segmentation



Gearing



Notes to Summary of Results

1. All references to: "Profit and Loss Account" refers to the Statement of Comprehensive Income. "Balance Sheet" refers to the Statement of Financial Position. "Reserves" refers to the Statement of Changes in Equity.
   Management have chosen to maintain the terminology that readers are familiar with.
2. "Trading Profit" refers to profits prior to interest on borrowings, "Net IAS 19 pension adjustment" and tax.
3. "Trading Profit before tax" refers to profits prior to "Net IAS 19 pension adjustment".
4. "Net IAS 19 pension adjustment" in the Profit and Loss Account refers to the net impact on the Profit and Loss Account of the pension schemes' operating costs and finance costs, as described in the IAS 19 section of the Financial and Operating Review.

Directors, Bankers and Advisors

Chairman

Mark Cropper, MA
Born in 1974. He joined the Board in 2006 and succeeded his father as Chairman following the 2010 AGM. Mark Cropper is the sixth generation of the Cropper family to be involved in the business. He is Managing Director of Ellergreen Hydro Ltd, a developer of hydro-electric projects. He is also a director of Ellergreen Ltd, Ellergreen Tidal Ltd and Logan Gill Hydro Ltd.

Executive Directors

Alun I Lewis, BSc, MBA
Chief Executive · Managing Director, James Cropper Speciality Papers Limited
Born 1957. He joined the Group in 1987 from Wiggins Teape Limited and the Board in April 1998, becoming Chief Executive in January 2001.

John M Denman, BSc, FCA
Group Finance Director
Born 1952. He joined the Group and the Board in 1995 from Cable & Wireless PLC. He is responsible for Finance, Purchasing, Information Systems and Safety and Environment. He is a former trustee of the James Cropper plc Pension Scheme, Treasurer of the Confederation of Paper Industries Limited and a former Director of the Paper Federation of Great Britain Limited.

Nigel A Read, BA
Sales and Marketing Director, James Cropper Speciality Papers Limited
Born 1954. He joined the Group in 1981 from Robert Fletcher & Sons Limited and the Board in 1998. He is a former trustee of the James Cropper plc Pension Scheme.

Patrick J Willink, BSc, MBA
Operations Director, James Cropper Speciality Papers Limited
Born 1964 – is also related to the founder. He joined the Group in 1990 from Aquascutum Limited and the Board in 1998.

George T Quayle, BSc, C. Chem, MRSC
Managing Director, Technical Fibre Products Limited
Born 1953. He joined the Group in 1992 from Whatman PLC and the Board in 1998.

Non Executive Directors

Sir James A Cropper, KCVO, BA, FCA
Born 1938. He joined the Company in 1966. He became Non-Executive Chairman in 2001 and resigned from this position following the 2010 AGM. He is now a Non-Executive Director. He is Lord-Lieutenant of Cumbria.

David R Wilks, LLB (Hons)
Born 1954. He joined the Board in April 2004. He is a Director of Wilks & Partners, a management consultancy company he founded in 2001. Prior to this, he had extensive manufacturing operations experience with H J Heinz and United Biscuits and was a Director of ER Consultants.

James Sharp, BA
Born 1967. He joined the Board in 2009. He is a partner of Sirius Equity LLP, an investment firm which specialises in the retail and luxury goods sectors, whose investments include L K Bennett and Jeckerson. Previously he was a Director of J Henry Schroder & Co. Limited, the investment banking arm of Schroders plc.

Douglas Mitchell, BSc (Hons)
Born 1950. He joined the Board in January 2012. Prior to his retirement in 2010 he was Managing Director of 3M UK and Ireland following a high profile career within 3M that included many senior roles in General Management, Sales and Marketing, Logistics and Manufacturing.

Company Secretary

David R Carey, FCCA
Born 1947. He joined the Group in 1974 as Chief Accountant. He became Company Secretary in 1996.

Bankers and Advisors

Bankers
Barclays Bank PLC
HSBC Bank PLC
Svenska Handelsbanken AB (publ)

Independent Auditor
KPMG Audit PLC, Preston

Tax Advisors
PricewaterhouseCoopers LLP, Newcastle upon Tyne

NOMAD & Stockbrokers
Westhouse Securities Limited, London

Corporate Lawyers
Dickinson Dees, Newcastle upon Tyne

Registrars
Capita Registrars, Huddersfield

Pension Advisor
Towers Watson, Manchester

Company Details

James Cropper plc
Burneside Mills, Kendal, Cumbria, England LA9 6PZ
Telephone 01539 722002
Fax 01539 720001
info@cropper.com
www.cropper.com

Company Registration
No: 30226 (Limited by shares)

BS EN ISO 9001: 2000
FM 10048

OHSAS 18001: 1999
OHS 93474

BS EN ISO 14001: 2004
EMS 57536

Chairman's Review

Against the background of a challenging economic climate, the Group has made major strategic investments in its capabilities and has announced a significant restructuring of its UK workforce during the year.

After allowing for major project expenditure and redundancy costs, profit before tax was £843,000 compared to £1,694,000 in 2010/11 (prior to the IAS 19 pension adjustment).

Profit after the IAS 19 pension adjustment but before tax was £971,000 compared to £11,086,000 in 2010/11.

Major project expenditure expensed against profit was £1,444,000. This sum included costs associated with the consolidation of Technical Fibre Products ("TFP") US activities onto one site.

A provision relating to redundancy costs of £800,000 has been recognised in the financial statements for the year ended 31 March 2012.

Group turnover relating to continuing operations for the financial year was £78,223,000, down 6% on last year. Both UK and export sales were down 6%. Exports represented 51% of turnover.

The weakening US$ had an adverse impact on the £Sterling value of TFP and Converting sales and a broadly favourable impact on Speciality Papers. The average exchange rate for the year was US$1.60/£ compared to US$1.55/£ in the previous year, a weakening of 3%.

Diluted Earnings per Share of the continuing operations, before the adjustment for IAS 19 curtailment was 9.5 pence compared to 33.3 pence in the previous year.

Dividend

The Board has decided to maintain the final dividend at 5.7 pence per share making a total dividend for the full year of 7.9 pence (7.9 pence in 2010/11).

Technical Fibre Products ("TFP")

TFP's operating profit for the year was £629,000 compared to £2,289,000 in 2010/11, with turnover down by 9% on the previous year at £11,942,000.

Early in the year it became apparent that growing concerns amongst TFP's US customers relating to resurgent recessionary pressures and Federal austerity measures were beginning to be reflected in TFP's order book. In the event sales in the USA were down by 16% and 13% in £Sterling and US$ terms respectively. Sales to the USA accounted for 50% of TFP's turnover compared with 54% in the previous year. Sales outside of the USA were down by 2%. All sectors were adversely affected with the exception of aerospace, which grew strongly.

TFP supplies specialist metal-coated fibres and non-woven material to the aerospace, defence and electronic sectors. The primary manufacture of these materials takes place at TFP's existing US facilities in Cincinnati, OH and Stratford, CT with secondary processing at the Group's main site in Kendal, UK. In late 2011 TFP entered into a 10 year lease of a 50,000 square foot facility in Schenectady, New York State, in order to consolidate all of its US activities onto one site as the existing US manufacturing sites did not have the capacity or capability to meet the expected growing demand in a number of customer programmes which are anticipated to generate significant long term revenues.

An initial investment of US$3 million at the Schenectady facility has also been authorised. This will include the installation of two fibre plating lines.

As the first step in consolidating our US facilities, the Cincinnati facility was closed in April 2012. It will take until Autumn 2013 for the facility at Schenectady to attain accreditation to a number of important customer programmes which consume materials sourced from the Stratford facility. Once accreditation has been achieved the Stratford facility will also be closed.

James Cropper Speciality Papers ("Speciality Papers")

Speciality Papers reported an operating profit of £1,430,000 against £587,000 in the previous year.

Turnover fell by £2,003,000 to £59,591,000, a 3% decline. Overall volume was down 9%, with UK and export volumes down by 13% and 4% respectively. All sectors were lower with the exception of the Luxury & Packaging sector.

The price of pulp continued to move upward during the first four months of the financial year. Northern Bleached Softwood Kraft ("NBSK") pulp opened at US$965/tonne and peaked at US$1020/tonne in July, an increase of 60% since July 2009. By the period end the price of NBSK had fallen to US$840/tonne. Since then however it has been on a rising trend and was US$855/tonne at the end of May 2012.

The overall cost of consumption of natural gas at commodity prices was £3.9 million compared to £3.5 million in the prior year, up 11%.

James Cropper Converting ("Converting")

Converting's operating profit was £192,000 compared to £1,272,000 in the previous year.

Turnover was down 15% to £10,997,000 with volume down by 12%. Sales denominated in US$ fell by 27% and 24% in £Sterling and US$ terms respectively. Over the course of the financial year sales in US$ accounted for 30% of Converting's turnover compared to 35% in the previous year. A significant fall in sales of digital printing grades into the US retail sector was expected in 2011/12 as a proportion of the 2010/11 sales included customer launch stocks. Display board sales were down 20% reflecting recessionary pressures in the UK retail sector. Mount board sales were in line with last year.

Restructuring process

In late March 2012 the Group advised its employees of its intent to embark on a restructuring process which would lead to changes in working practices. This process, which will reduce the size of the Group's UK workforce by 8% during the course of 2012, is expected to result in cost savings of approximately £1.0 million on an annualised basis from 2013/14 onwards, with savings of £0.3 million in 2012/13. The resultant increase in productivity will improve the Group's competitive position. The capacity and capability of the Group's three businesses will be unaffected by this process. A full provision relating to redundancy costs of £0.8 million has been recognised in the financial statements for the year ended 31 March 2012.

People

Our employees are resourceful and resilient and will rise to the challenge of making our businesses more efficient and effective and hence more competitive as a consequence. I am pleased to report that the restructuring changes we plan to make will be achieved without the need for compulsory redundancies. As ever, I am very grateful to our work force for the commitment and energy that they devote to the success of James Cropper plc.

The Board recognises the continuing need to bring new talent and experience into the Group. During the year TFP recruited commercial and technical personnel both in the UK and USA to strengthen its expertise.

I am also pleased to welcome Douglas Mitchell to the Board as a Non-Executive Director. Prior to his retirement in 2010 he was Managing Director of 3M UK and Ireland following a high profile career within 3M, that included many senior roles in General Management, Sales and Marketing, Logistics and Manufacturing. I am confident that Douglas' experience will be of great value to the Group and TFP in particular.

Cash and borrowings

Capital expenditure during the year was £5.9 million (£2.3 million in 2010/11). At 31st March 2012 gross drawn down loans totalled £11.9 million, with £5.4 million held as cash at bank. In addition the Group had un-drawn overdraft facilities of £3.3 million, US$1.4 million and €1.0 million. Gearing at the financial year end, after deduction of the IAS 19 pension deficit, was 30%. Capital expenditure in the coming year will revert to normal levels and working capital will remain under tight control.

Outlook

In TFP current demand in the aerospace sector remains strong through USA supply routes, whilst other sectors remain somewhat unpredictable as short term buying patterns prevail.

In Speciality Papers the new financial year has opened in a similar way to how last year ended. The economic uncertainty, which led to the significant loss of confidence amongst customers in many export paper markets in the second half of last year, shows no immediate sign of lifting. In the home market we have been successful in winning some business in new areas which has helped to fill the capacity gap.

In Converting sales of mount board and digital printing grades in the new financial year are broadly in line with the same period last year, whilst display board sales are on an improving trend.

Although the troubles in the Euro-zone economy are a particular challenge, I am confident that our competitiveness will improve over the coming year as a consequence of our capability, products and excellent service levels coupled with our recent investments and the restructuring process.

We are also reorganising and strengthening our commercial teams across the Group, not least in response to the significant business development opportunities available to our businesses in spite of the economic climate. Identifying and converting these opportunities are the key to our future prosperity.

Mark Cropper

Chairman

Financial and Operating Review

Overall Performance

- Trading operating profit for the year was £2,007,000 prior to a provision for redundancy costs.
- A provision for redundancy of £800,000 was charged in the year as a consequence of the restructuring process.
- Trading profit of continuing operations was £1,207,000 compared to £3,361,000 in the previous year. (Overall trading profit in the previous year inclusive of discontinued operations was £1,665,000).
- The net IAS 19 pension adjustment was a credit of £128,000.
- Post net IAS 19 pension adjustment the Group recorded an overall profit before tax of £971,000 for the year.
- A tax charge of £134,000 arose; an effective rate of 14%.
- The profit after tax was therefore £837,000.
- Post net IAS 19 pension adjustment diluted earnings per share were 9.5 pence.
- The IAS 19 pension deficit increased by £6,294,000 to £7,698,000 as a consequence of the Bank of England's Quantitative Easing measures.
- Shareholders' funds at the year-end were £21,967,000, with net debt of £6,505,000, resulting in a gearing ratio of 30%.

All references to:

"Profit and Loss Account" refers to the Statement of Comprehensive Income.

"Balance Sheet" refers to the Statement of Financial Position.

"Reserves" refers to the Statement of Changes in Equity.

Turnover	2012 £'000	2011 £'000	Change £'000s	Change %
Technical Fibre Products	11,942	13,152	(1,210)	(9)
Speciality Papers	59,591	61,594	(2,003)	(3)
Converting	10,997	12,981	(1,984)	(15)
The Paper Mill Shop (discontinued operation)	-	3,609	(3,609)	-
	82,530	91,336	(8,806)	(10)
Less inter-segmental sales	(4,307)	(4,463)	156	(3)
	78,223	86,873	(8,650)	(10)
Expenses				
Raw materials and consumables used	(35,433)	(41,950)	6,517	(16)
Energy costs	(4,616)	(4,268)	(348)	8
Employee benefit costs *	(20,140)	(20,070)	(70)	-
Depreciation and amortisation	(2,675)	(3,072)	397	(13)
Other expenses	(14,987)	(17,337)	2,350	(14)
Other income and changes in inventory	835	1,489	(654)	(44)
	(77,016)	(85,208)	8,192	(10)
Trading profit *	**1,207**	**1,665**	**(458)**	**(28)**
(* Before net pension adjustments)				
Continuing operations	**1,207**	**3,361**	**(2,154)**	
Discontinued operation	-	(1,696)		
	1,207	1,665		
Trading profit	1,207	1,665	(458)	
Depreciation	2,675	3,072	(397)	
EBITDA (before IAS 19 pension adjustment)	**3,882**	**4,737**	**(855)**	
Profit and Loss Summary				
Trading activities				
Technical Fibre Products	629	2,289	(1,660)	
Speciality Papers	1,430	587	843	
Converting	192	1,272	(1,080)	
The Paper Mill Shop (discontinued operation)	-	(1,696)	1,696	
Other Group expenses	(158)	(119)	(39)	
	2,093	2,333	(240)	
Director and employee bonuses	(86)	(668)	582	
Trading operating profit	**2,007**	**1,665**	**342**	
Redundancy provision	(800)	-	(800)	
Trading profit	**1,207**	**1,665**	**(458)**	
Net interest	(364)	29	(393)	
Trading profit before tax	**843**	**1,694**	**(851)**	
(After future service pension contributions paid)				
Net pension adjustments				
Net current service charge required	(539)	(763)	224	
Exceptional curtailment adjustment	-	10,158	(10,158)	
Group operating profit	(539)	9,395	(9,934)	
Net interest	667	(3)	670	
Net pension adjustment before tax	**128**	**9,392**	**(9,264)**	
Overall Group after pension adjustments				
Profit before interest	668	11,060	(10,392)	
Net interest	303	26	277	
Profit before Tax	**971**	**11,086**	**(10,115)**	
Profit before Tax				
Continuing operations	**971**	**12,812**		
The Paper Mill Shop (discontinued operation)	-	(1,726)		
	971	11,086		
Balance Sheet Summary				
Non-pension Assets - excluding Cash	46,278	44,000	2,278	
Non-pension Liabilities - excluding Borrowings	(11,956)	(13,841)	1,885	
	34,322	30,159	4,163	
Net pension liabilities	(5,850)	(1,039)	(4,811)	
	28,472	29,120	(648)	
Net Borrowings	(6,505)	(1,711)	(4,794)	
Equity shareholders' funds	**21,967**	**27,409**	**(5,442)**	
Gearing % - before IAS 19 deficit	23	6		
Gearing % - after IAS 19 deficit	30	6		

Financial and Operating Review
continued

Trading Profit and Loss Account in summary

Group turnover was £78,223,000 compared to £86,873,000 last year, down £8,650,000, of which £5,041,000 was attributable to continuing businesses. Overall turnover declined by 10%.

Overall Group raw material and consumable costs, excluding energy, were £35,433,000, down 12% on last year. The cost of energy consumption increased over the previous year by £348,000 to £4,616,000, up 8%.

Prior to the net IAS 19 pension adjustment employment costs were £20,140,000 compared to £20,070,000 in the previous year. The average number of people employed decreased from 597 to 527 over the year. For greater analysis of employment costs see Table G.

Other external charges fell by £2,350,000 from £17,337,000 to £14,987,000, primarily as a result of the closure of TPMS in the previous year.

Foreign Currency

The majority of exports into continental Europe are invoiced in €s. €s are used to purchase € priced pulp and other raw materials sourced from Europe in €s. Similarly, export sales outside Europe are invoiced in US$ and the receipts fund the purchase of US$ priced pulp. These steps reduce exposure to foreign currency rate fluctuations. The situation is monitored to ensure that whenever possible currency receipts and payments are matched. Table A compares the opening and closing exchange rates for the financial year.

Table A

Currency		US$	€
Opening rate April 2011 v. £		1.61	1.13
Closing rate March 2012 v. £		1.60	1.20
Exchange rate movement Strengthen/(Weaken) v. £	%	0.8	(5.8)
Currency transactions in year			
Sales receipts	'000	21,410	21,432
Purchase payments	'000	(22,079)	(22,046)
Surplus/(deficit)	'000	(669)	(614)
£ @ Opening rate	£'000	(414)	(541)
£ @ Closing rate	£'000	(418)	(512)
Gain/(loss)	£'000	(4)	29

Potential foreign currency surpluses or deficits are dealt with by a combination of foreign currency forward selling and forward purchasing contracts.

TFP and Converting generate surplus US$s. Speciality Papers absorb these US$ funds. A weakening US$ will have an adverse impact on the £ value of TFP and Converting sales and a broadly favourable impact on Speciality Papers. The average exchange rate for the year was US$1.60/£ compared to US$1.55/£ in the previous year, a weakening of 3%.

Technical Fibre Products

	2012 £'000	2011 £'000	Change £'000	Change %
Turnover	11,942	13,152	(1,210)	(9)
Operating profit	629	2,289	(1,660)	

Turnover was down by 9% on the previous year. All sectors were adversely affected with the exception of aerospace, which grew strongly. Sales in the USA were down by 16% and 13% in £Sterling and US$ terms respectively as a consequence of resurgent recessionary pressures and Federal austerity measures. Sales to the USA accounted for 50% of TFP's turnover compared 54% in the previous year. Sales outside of the USA were down by 2%.

Major revenue project expenditure chargeable against profit was £500,000. This sum includes costs associated with the consolidation of US activities onto one site.

Speciality Papers

	2012 £'000	2011 £'000	Change £'000	Change %
Turnover	59,591	61,594	(2,003)	(3)
Operating profit/(loss)	1,430	587	843	

Turnover fell by 3%. Overall volume was down 9%, with UK and export volumes down by 13% and 4% respectively. All sectors were down with the exception of the Luxury & Packaging sector.

The price of pulp continued to move upward during the first four months of the financial year. Northern Bleached Softwood Kraft ("NBSK") pulp opened at US$965/tonne and peaked at US$1020/tonne in July, an increase of 60% since July 2009. By the period end the price of NBSK had fallen to US$840/tonne. Since then however it has been on a rising trend and was US$855/tonne at the end of May 2012.

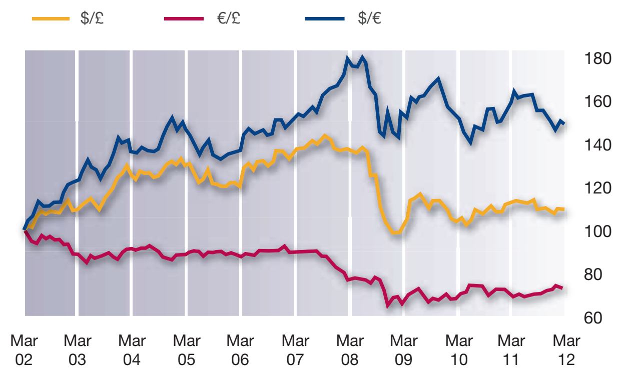
The overall cost of consumption of natural gas at commodity prices was £3.9 million compared to £3.5 million in the prior year, up 11%.

Converting

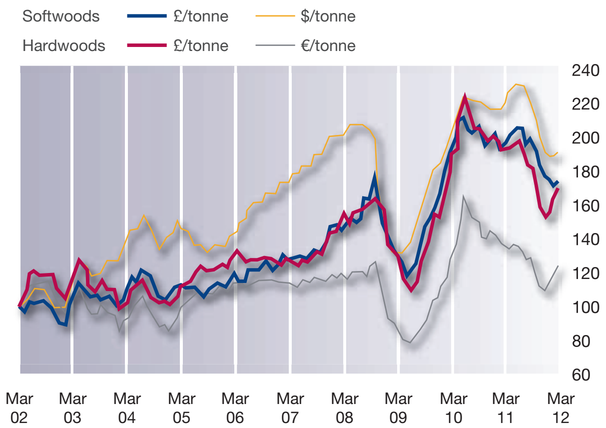
	2012 £'000	2011 £'000	Change £'000	Change %
Turnover	10,997	12,981	(1,984)	(15)
Operating profit	192	1,272	(1,080)	

Turnover was down 15% to £10,997,000 with volume down by 12%. Sales denominated in US$s fell by 27% and 24% in £Sterling and US$ terms respectively. Over the course of the financial year sales in US$s accounted for 30% of Converting's turnover compared to 35% in the previous year. A significant fall in sales of digital printing grades into the US retail sector was expected in 2011/12 as a proportion of the 2010/11 sales included customer launch stocks. Display board sales were down 20% reflecting recessionary pressures in the UK retail sector. Mount board sales were in line with last year.

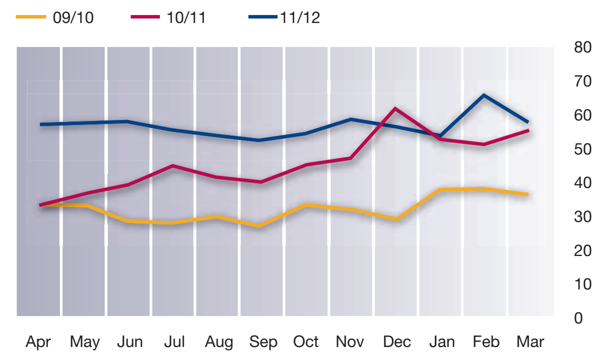
Currency Index



Pulp Index in Denominated Currencies



Gas Cost (pence per therm)



Financial and Operating Review continued

Taxation

Table B	Prior years £000	Current year £000	Future years £000	Total change £000
Corporation Tax	(45)	481	-	436
Foreign tax	-	15	-	15
Deferred tax	(28)	(70)	(219)	(317)
	(73)	426	(219)	134
Effective tax rate - %				14%

The adjustment in respect of future years reflects the reduction in the Corporation Tax rate from 26% to 24% as from the start of the new financial year.

Balance Sheet

Shareholders' Funds fell by £5,442,000 from £27,409,000 at the previous year-end to £21,967,000 as at 31 March 2012.

The overall IAS 19 pension deficit increased by £6,294,000 to £7,698,000. This was offset by a £1,483,000 increase in the Deferred Tax Asset to £1,848,000. The IAS 19 pension deficit net of Deferred Tax increased by £4,811,000 over the year. For greater analysis of IAS 19 see Table F.

Net borrowings increased by £4,794,000, whilst other liabilities excluding pensions fell by £2,459,000.

Capital expenditure was £5,934,000 (£2,275,000 in previous year).

Net current assets increased by £1,231,000 over the year from £18,367,000 to £19,598,000, with working capital (stocks, debtors, net of creditors) increasing by £718,000 and net cash increasing by £513,000. Working capital movements included;

- A £405,000 increase in stocks, a £818,000 decrease in trade and other creditors and a £808,000 decrease in current tax liabilities offset by
- A £1,283,000 decrease in trade and other debtors.

Over the year bank loans falling due after more than a year increased by £5,307,000 from £4,567,000 to £9,874,000.

Cash Flow

Summarised cash flow is shown in table C.

Table C Cash Flow	2012 £'000	2011 £'000	Change £'000
Net cash inflow from operating activities	2,028	1,172	856
Net cash outflow from investing activities	(5,928)	(2,269)	(3,659)
	(3,900)	(1,097)	(2,803)
Net cash flow from financing activities	5,056	329	4,727
Net increase in cash and cash equivalents	1,156	(768)	1,924
Opening cash and cash equivalents	4,282	5,050	(768)
Closing cash and cash equivalents	5,438	4,282	1,156

Net cash inflow from operating activities in the year was after deducting past service pension deficit payments of £996,000. Net cash outflow from investing activities in the year includes capital expenditure totalling £5,934,000.

Total cash and borrowing changes over the year and facilities available are shown in table D.

Table D Net debt	2012 £'000	2011 £'000	Change £'000
Cash and cash equivalents	5,438	4,282	1,156
Borrowings: repayable within one year	(2,069)	(1,426)	(643)
Net cash	3,369	2,856	513
Borrowings: non-current	(9,874)	(4,567)	(5,307)
Net debt	**(6,505)**	**(1,711)**	**(4,794)**
Facilities			
Borrowings: repayable within one year	2,069	1,426	643
Borrowings: non-current	9,874	4,567	5,307
Facilities drawn down	11,943	5,993	5,950
Undrawn facilities	4,959	5,001	(42)
Facilities	**16,902**	**10,994**	**5,908**
Funds available			
Cash and cash equivalents	5,438	4,282	1,156
Undrawn facilities	4,959	5,001	(42)
Funds available at year end	**10,397**	**9,283**	**1,114**
Borrowings: repayable within one year	(2,069)	(1,426)	(643)
Funds available in excess of one year	**8,328**	**7,857**	**471**

At 31 March 2012 the Group had undrawn overdraft facilities of £3.3 million, US$1.4 million and €1.0 million. At this date these facilities, which are renewable annually, were valued in total at £4,959,000.

Pensions

The Group operates two funded pension schemes providing defined benefits for the majority of its full time employees including Executive Directors. Membership of the Schemes has been closed to new members for a number of years in order to contain the Group's exposure to rising pension costs. Since 2001 all new employees have been able to join a defined contribution Group Personal Pension Plan. The Group exposure to employee's GPP plans is limited to a fixed percentage of contractual pay. The latest actuarial "on-going" valuations of the James Cropper plc Pension Scheme (the "Staff Scheme") and the James Cropper plc Works Pension Plan (the "Works Scheme") were conducted as at April 2010.

As from 1 April 2011 active members' benefits have been reduced such that future increases in pensionable salaries are restricted to RPI up to a maximum of 2% per annum. Thus the Staff and Works Schemes will remain defined benefit schemes but they will no longer be "final salary" schemes. Table E reflects the "on-going" valuations as at April 2010 based upon these reduced benefits.

Financial and Operating Review continued

Pensions continued

Table E

	Staff	Works	Total
Discount rate	5.60%	5.60%	
	£'000	£'000	£'000
Assets	28,877	33,301	62,178
Liabilities	(31,794)	(35,642)	(67,436)
(Deficit)	(2,917)	(2,341)	(5,258)
Funding level - %	91	93	92

The Group intends to continue paying deficit contributions on a equal monthly basis, totalling £876,000 per annum, with the aim of removing the combined deficit in accordance with the Schemes' agreed Schedules of Contributions.

IAS 19

IAS 19 requires that actuaries calculate the assets and liabilities of companies' pension schemes based on values and interest rates at their annual Balance Sheet date. Under IAS 19 pension scheme liabilities are measured on an actuarial basis using the projected unit method. Pension liabilities are discounted at the current rate of return on an AA rated quality corporate bond of equivalent currency and term. The pension scheme assets are measured at fair value at the Balance Sheet date. The net of these two figures gives the scheme surplus or deficit. As market values of the scheme assets and the discount factors applied to the scheme liabilities will fluctuate, this method of valuation will often lead to large variations in the "pension balance" year on year. An "on-going" valuation takes account of the projected growth in the pension schemes' assets by asset type over the projected life of the scheme.

The assumptions used by the actuaries for their IAS 19 valuations are likely to be very different from those that they used with regard to their "on-going" valuations.

IAS 19 regards a sponsoring company and its pension schemes as a single accounting entity rather than two or more separate legal entities. The actuarial valuation is the starting point for the creation of the IAS 19 accounting entity. The valuation determines the net position of a pension scheme, i.e. the difference between its assets and liabilities. On the introduction of IAS 19 the net position, surplus or deficit, is brought onto the sponsoring company's Balance Sheet such that Reserves are immediately adjusted by the net position reduced by deferred tax. This obviously results in either an increase or decrease in the net asset value of the sponsoring company. Upon valuation at subsequent year-ends the movement in value from the previous valuation is expressed in the following component parts:

Those which affect Profit

Operating costs

- Current service charge, being the cost of benefits earned in the current period shown net of employees' contributions.
- Past service costs, being the costs of benefit improvements.
- Curtailment and settlement costs.

Finance costs, being the net of

- Expected return on pension scheme assets.
- Interest cost on the accrued pension scheme liabilities.

Those which do not affect Profit

- Actuarial gains and losses arising from variances against previous actuarial assumptions.

The above items are offset in the year-to-year movement by actual contributions paid by the employer in the period.

Table F shows the results of the IAS 19 valuations.

Table F

IAS19 DEFICIT	Staff 2012 £'000	Works 2012 £'000	Total 2012 £'000	Total 2011 £'000	Change £'000	Change %
Current Service Charge	(449)	(851)	(1,300)	(1,370)	70	
Future service contributions paid	385	376	761	607	154	
Curtailment	-	-	-	10,158	(10,158)	
Net impact on Operating Profit	(64)	(475)	(539)	9,395	(9,934)	
Finance costs	318	349	667	(3)	670	
Net impact on Profit and Loss Account	254	(126)	128	9,392	(9,264)	
Past service deficit contributions paid	432	564	996	996	-	
Actuarial (losses)/gains	(2,708)	(4,710)	(7,418)	2,388	(9,806)	
Opening deficit	(561)	(843)	(1,404)	(14,180)	12,776	
Closing deficit	(2,583)	(5,115)	(7,698)	(1,404)	(6,294)	
Deferred Taxation	620	1,228	1,848	365	1,483	
Net deficit	(1,963)	(3,887)	(5,850)	(1,039)	(4,811)	
Assets	34,385	35,922	70,307	68,189	2,118	3.1%
Liabilities	(36,968)	(41,037)	(78,005)	(69,593)	(8,412)	12.1%
Closing deficit	(2,583)	(5,115)	(7,698)	(1,404)	(6,294)	
Assets						
Equities	16,848	19,558	36,406	38,384	(1,978)	
Gilts and Corporate Bonds	14,555	14,474	29,029	25,667	3,362	
Property	-	285	285	80	205	
Annuities	2,058	-	2,058	1,992	66	
Cash	924	1,605	2,529	2,066	463	
	34,385	35,922	70,307	68,189	2,118	
Asset - %						
Equities	49.0	54.4	51.8	56.3		
Gilts and Corporate Bonds	42.3	40.3	41.3	37.7		
Property	-	0.8	0.4	0.1		
Annuities	6.0	-	2.9	2.9		
Cash	2.7	4.5	3.6	3.0		
	100.0	100.0	100.0	100.0		

The overall value of the schemes' assets grew by 3% over the period however their liabilities increased by 12%. The IAS19 valuations of these schemes as at 31 March 2012 revealed a combined deficit of £7,698,000, compared with £1,404,000 at the previous year end, an increase of £6,294,000. The primary reason for the increase in the schemes' liabilities is the discount rate of 4.95% used at March 2012 compared to 5.50% at March 2011, reflecting the decline in corporate bond yields over this period as a consequence of the Bank of England's "Quantitative Easing" programme.

Financial and Operating Review
continued

IAS 19 continued

As from 1 April 2011 active members' benefits have been reduced such that future increases in pensionable salaries are restricted to RPI up to a maximum of 2% per annum.

Actual future service pension contributions paid in the period by the Group to its two final salary schemes in accordance with the actuaries' recommendations, resulting from their 2010 "on-going" valuations, were £761,000. Under IAS 19 the charge against operating profit in the year was £1,300,000. This sum includes an excess charge required by IAS 19 over and above the future service contributions.

Table G analyses employment costs charged against Operating Profit.

Table G

Total adjusted employment costs	2012 £'000	2011 £'000	Change £'000
Wages and salaries	16,461	16,874	413
Director and employee bonuses	86	668	582
Social security costs	1,484	1,339	(145)
Future service pension contributions paid	761	607	(154)
Other pension costs	548	582	34
Total employment costs	19,340	20,070	730
Provision for redundancy costs	800	-	(800)
Chargeable against Trading Operating Profit	**20,140**	**20,070**	**(70)**
Wages and salaries	16,461	16,874	413
Director and employee bonuses	86	668	582
Social security costs	1,484	1,339	(145)
Current service pension charge (IAS 19)	1,300	1,370	70
Other pension costs	548	582	34
Total employment costs	19,879	20,833	954
Provision for redundancy costs	800	-	(800)
Chargeable against Group Operating Profit	**20,679**	**20,833**	**154**
Difference being:			
Net IAS 19 pension adjustment against operating profit	539	763	224
Average monthly number of employees	527	597	70

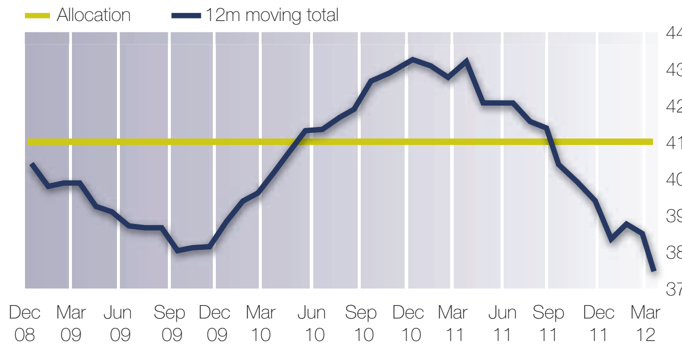
Environmental Management

Over the next few years it is anticipated that there will be a significant increase in output from our manufacturing facility in Burneside. As a consequence there will be a corresponding increase in energy consumption, water abstraction and waste generation, balanced wherever possible by in-house conservation and minimisation activities. This expansion will take place against the background of increasingly tighter regulatory control by Government agencies, most notably through the terms and conditions of the Group's Environmental Permit Regulations (EPR), Climate Change Agreement and the European Union Emission Trading Scheme ("EUETS"). The Group's location on the edge of the Lake District National Park and on the River Kent, a Site of Special Scientific Interest and a European Site, Special Area of Conservation, will ensure that its activities will come under close scrutiny. In addition the rapid increase in energy costs in recent years brings consumption and conservation of energy into sharp business focus particularly when weighed against the background of increasing manufacturing output. Unless managed effectively, a number of energy and environmental issues could constrain the Group from meeting its strategic objectives.

Climate Change Regulations

EUETS, a mandatory scheme for greenhouse gas emission allowance trading within the EU, was introduced in phases from 2005. It is one of the policies being introduced by the EU to tackle emissions of carbon dioxide and other greenhouse gases from a number of specific industrial activities. The Group's combustion facilities became subject to this Scheme as from 1 January 2008. Under the Scheme the Group is allocated carbon allowances to emit 41,000 tonnes per annum. Any emissions above 41,000 tonnes must be covered by additional allowances that may be purchased, banked from earlier years or brought forward from future years The chart displays the Group's actual performance. From 1 January 2013 annual allowance will be reduced to 17,000 tonnes per annum.

EUETS Performance ('000 tonnes of CO_2)



The Group is a signatory to the paper sector Climate Change Agreement ("CCA") negotiated with HM Government by the Confederation of Paper Industries, the industry's trade association. Under the Agreement, by virtue of the classification of the Group's Combined Heat and Power (CHP) Plant as "Good Quality" by the Government's CHP Quality Assurance (CHPQA) scheme, the Group receives:

- exemption from the Climate Change Levy for the vast majority of its natural gas consumption,
- an 65% discount against the Levy attributable to imported electricity and
- exemption from Business Rates otherwise chargeable on our CHP plant.

In return, the Group is committed to a series of increasingly stringent energy use targets that take effect over milestone target periods, every other year, for the 10 year term of the CCA.

Financial and Operating Review continued

Forestry

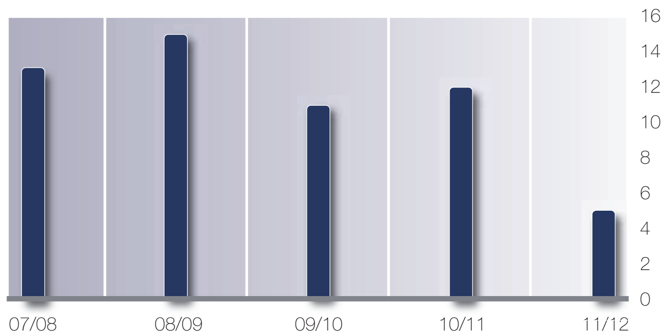
James Cropper plc continued its policy of purchasing only from those suppliers who demonstrate practical application of sound environmental management. Annually James Cropper Speciality Papers purchases some 40,000 tonnes of virgin wood pulp of the highest environmental pedigree, which is largely sourced from long established suppliers based in Sweden, Finland, Spain and Portugal. All suppliers are committed to sustainable forest management and comply fully with their local national standards and legislation. The Group has accreditation to International Standards ISO 9000 and ISO 14001 relating to quality and environmental management procedures respectively. James Cropper Speciality Papers also holds dual accreditation to FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification) standards. Certification imposes strict controls, including an auditable chain of custody for pulp sourced by the mill. This enables the subsidiary to satisfy the increasing demand from customers and end consumers for creditable certification of the source of fibre used in the products they purchase.

Health and Safety

The Group's Safety Strategy embraces the need to create well-developed safety management processes and a sound safety culture. The aim of the Strategy is to achieve zero Lost Time Accidents ("LTAs"). By adopting the principle that all LTAs are preventable, management are accepting that it is their responsibility to achieve this aim.

There were 5 LTAs in the past financial year compared to 12 in the previous year.

Total Lost Time Accidents



Report of the Directors

The Directors have pleasure in submitting to the members their Annual Report and the audited accounts of the Group for the 52 weeks ended 31 March 2012.

The Annual General Meeting of the Group will be held at the Bryce Institute, Burneside on Wednesday, 1 August 2012 at 11.00am

Review of the Business

The Group's principal activities comprise the manufacture of specialist paper and advanced materials.

The Chairman's Review includes a review of business activities during the year and comments on future developments and prospects. Details of the Group's activities are included in the Divisional Reviews.

Results

The profit attributable to equity holders of the Company for the 52 weeks ended 31 March 2012 is set out in the Statement of Comprehensive Income. The dividends paid during the year, and the proposed final dividend, are set out in the Notes to the Financial Statements.

Research and Development

The Group continues to invest in research and development to ensure that the range and quality of products are continually updated.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

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

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the Parent Company financial statements in accordance with IFRSs as adopted by the EU and applicable law. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

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 Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate Governance

(i) Directors' Responsibilities

The Board is accountable to the Group's shareholders for corporate governance. Whilst there is no requirement to comply with the Combined Code, the Group is committed to a high standard of corporate governance and this section describes how the relevant principles of governance are applied to the Group.

(ii) The Board

The Group Board considers that it is well balanced and operates in an effective manner and is collectively responsible for the success of the Company. It comprises five Executive Directors and five Non-Executive Directors.

Report of the Directors continued

(ii) The Board continued
Despite two Directors not being independent under the Combined Code, the Board deems all the Non-Executive Directors to be independent even though Mark Cropper and James Cropper have close family ties. They display independence of character and judgment and provide unequivocal counsel and advice to the Board.

Mark Cropper is the Chairman of the Company and is responsible for the running of the Board.

Alun Lewis is the Chief Executive and is responsible for the running of the Company's business.

David Wilks is the senior independent Non-Executive Director.

The Group Board met eight times during the year, with prepared agendas for discussion and formal schedules of items to be approved covering structure and strategy, management, financial reporting and controls, board membership and committees, and corporate governance. There is a schedule of matters reserved for the Board's decision.

The Executive Committee, under the chairmanship of Alun Lewis, met twelve times during the year with prepared agendas for discussion.

All Directors have access to the advice and services of the Company Secretary. The Board has also established a formal procedure whereby Directors, wishing to do so in the furtherance of their duties, may take independent professional advice, if necessary, at the Company's expense. All Directors are aware of their responsibility to regularly update their skills and knowledge.

(iii) Board Committees
There are four sub-committees reporting to the Group Board:

- Executive Committee
- Remuneration & Management Development Committee
- Audit Committee
- Nomination Committee

The Executive Committee comprises the Executive Directors and one senior executive. The Committee's terms of reference include the development and implementation of strategies, operational plans, and the assessment and control of risk. Alun Lewis, the Company's Chief Executive, is Chairman of the Committee.

The Audit Committee, the Remuneration & Management Development Committee, and the Nomination Committee comprise the Non-Executive Directors of the Company. Jim Sharp is Chairman of the Audit Committee, David Wilks is Chairman of the Remuneration & Management Development Committee, and Mark Cropper is Chairman of the Nomination Committee. These committees do not consist solely of Directors deemed independent under the Combined Code.

The Board is satisfied that the Audit Committee has at least two members who have relevant financial experience.

The Committees' terms of reference are displayed on the Company's website.

(iv) Re-election
The Directors are subject to retirement on a periodic basis and re-election by the shareholders in accordance with the Articles of Association whereby a Director shall retire from office at the first AGM after their appointment and thereafter shall retire at every third AGM after the AGM at which last appointed. Alun Lewis, Patrick Willink and David Wilks retire by rotation in accordance with the Articles of Association and, being eligible, offer themselves up for re-election.

Douglas Mitchell was appointed a Director in January 2012 and offers himself for re-election.

Non-Executive Directors who have served on the Board for more than 9 years are put forward for re-election on an annual basis. James Cropper has served on the Board for more than 9 years and offers himself for re-election.

Resolutions 3 to 7 at the Annual General Meeting deal with the proposed re-election of Directors.

(v) Performance Evaluation
The Chairman undertakes an annual Group Board appraisal with each Executive Director.

The performance evaluation process includes the Chairman reviewing and monitoring the Chief Executive's performance on an annual basis and the Chief Executive reviewing and monitoring the Executive Directors. The high level individual objectives agreed at the reviews are communicated to the Remuneration & Management Development Committee.

The Chairman reviews the Non-Executive Directors' performance annually on an individual basis.

The Chairman's performance is appraised by the senior independent Director and the other Non-Executive Directors without the Chairman being present, and the comments fed back to him for discussion.

(vi) Financial Policies and Internal Controls
The Board is committed to presenting a full, balanced and understandable assessment of the Company's position and prospects, both in the Annual Report and at other times as appropriate throughout the year.

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those 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 the financial statements comply with IFRSs as adopted by the European Union;

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board is responsible for and sets appropriate policies on internal control and seeks regular assurance, at least annually, that enables it to satisfy itself that processes are functioning effectively. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss. If a failure is discovered the Board will take remedial action.

There is no internal audit function within the Company and the Board consider that this is appropriate given the nature of the Group's activities. The letter from the external auditors' confirming their independence and objectivity was reviewed by the Audit Committee. KPMG Audit Plc have confirmed their independence and the Directors believe KPMG Audit Plc to be independent and objective.

The Audit Committee monitors and reviews the effectiveness of the Company's financial accounting process.

The Key Performance Indicators (KPIs) and principal risks and uncertainties affecting the Group are considered in the Chairman's Review and the Financial Review.

(vii) Risk Management
The Directors continually review the effectiveness of the Group's system of internal controls.

The Board has overall ownership of the risk management strategy and process and coordinates activity across the Group. There is an ongoing process for identifying, evaluating and managing significant risks faced by the Group, which has been in place for the year under review and up to the date of approval of this Annual Report. The Group manages risk by a combination of insurance and self-insurance. Self-insurance refers to actions taken internally or in conjunction with other third parties. In broad terms, high risks in financial and operational areas are more dependent on insurance than risks in commercial and personnel areas, which because of their nature are more likely to be managed by self-insurance.

Each subsidiary Company has a strategy and process for highlighting the key risk areas of their business, and explaining the control measures and risk exposure. It then takes appropriate steps to manage the risk exposure taking into consideration the likelihood, impact and cost/benefit of each of the risks, In addition to the Audit Committee, which is a mandatory requirement under the Combined Code, the Board has Steering Groups with risk management briefs.

These include:

- Health & Safety • Environment
- Insurance • Foreign Currency
- Human Resources • Purchasing
- Pensions • Information Systems

Report of the Directors continued

(viii) Relations with Shareholders

The Finance Director, the Chairman and the Chief Executive maintain contact with institutional investors as appropriate and any presentations made to them can be found on the Company's website.

The Non-Executive Directors attend the Annual General Meeting and are available for discussions with shareholders.

Currently the Company makes available its financial results on the website www.cropper.com and issues printed copies of the Annual Report to shareholders.

(ix) Going Concern

The Directors consider that the risks noted in (vii) above are the most significant to the Group but these do not necessarily comprise all risks to which the Group is exposed. In particular, the Group's performance could be adversely affected by poor economic conditions. Additional risks and uncertainties currently unknown to the Directors, or which the Directors currently believe are immaterial, may also have a material adverse effect on its business, financial condition or prospects.

At 31 March 2012 the Group's available borrowing facilities were £10,397,000, of which £4,959,000 was undrawn. Having taken account of current borrowings to be repaid within 12 months of the balance sheet date, £8,328,000 was available to the Group beyond 12 months.

The Directors having considered the current trading prospects, identifiable risks, working capital requirements and the availability of finance are of the opinion that the Group and Company are going concerns. The accounts have been prepared on this basis.

At the Annual General Meeting the Chairman will give an update on the current trading position and invites shareholders to table any questions and encourages their participation.

Payment of Creditors

The Company had 30 days (2011: 36 days) purchases outstanding at 31 March 2012. It is the Group's policy to agree terms of payment with its suppliers when agreeing the terms of a business transaction or transactions. All suppliers are aware of this procedure and the Group abides by the agreed payment terms subject to the terms and conditions being met by the supplier.

Employee Involvement

Regular Consultative Meetings are held with the employee trade union representatives to advise them on all aspects of Company developments. A monthly briefing on Group performance is carried out for all employees and they have access to a copy of the Annual Report. As a matter of policy, plans are formally discussed with those who will use new equipment, plant and computer systems before designs are finalised. Safety Improvement teams deal with day-to-day aspects of safety improvement.

The Group operates an Employee Profit Sharing Scheme which is made up of three elements – financial performance, safety performance, and attendance performance. A Save as You Earn Share Option Scheme is also available to encourage employee involvement.

Independent to the assets on the Group Balance Sheet there is an Employee Share Trust which currently holds approx 128,000 shares in James Cropper plc for the benefit of all employees so that their interests are linked to the Company's future growth.

The Trust was set up in 1997 and the initial finance came from savings achieved through the introduction of a Profit Related Pay salary replacement scheme.

No Director is a trustee of the Scheme, and the trustees confirm that they apply the assets for purely benevolent purposes.

Employment of Disabled People

It is the Group's policy to give equality of opportunity when considering applications from disabled people where the job requirements are considered to be within their ability. When existing employees become disabled they are retained wherever reasonable and practicable. The Group tries to provide equal promotion opportunities wherever possible.

Donations for Political and Charitable Purposes

It is the Company's policy not to make any donations to, or incur expenditure on behalf of political parties, other political organisations or independent election candidates and the Board does not intend to change this policy.

Donations totalling £6,000 (2011: £14,000) were made for various local charitable purposes.

Directors' Authority to Allot Shares

Resolution 11 which will be proposed as a special resolution renews an existing authority which expires this year and gives the Directors authority to exercise the powers of the Company to allot un-issued shares.

The Directors have no present intention of exercising the allotment authority proposed by the resolution other than pursuant to existing rights under employee share schemes.

To ensure compliance with institutional guidelines and market practice, it is proposed that the authority will:-

- be limited to £381,083, being less than one-third of the Company's issued share capital; and
- expire at the conclusion of the next Annual General Meeting or, if earlier, 15 months from the forthcoming Annual General Meeting except insofar as commitments to allot shares have been entered into before that date.

It is the intention of the Directors to seek a similar authority annually.

Directors' Power to Disapply Pre-emption Rights

Resolution 12 is being proposed as a special resolution granting the Directors authority for the ensuing year to allot shares by way of rights to shareholders and to issue a maximum of £211,892 of the nominal share capital of the Company for cash without first offering the shares to the existing shareholders pursuant to Section 570 of the Companies Act 2006. The resolution also disapplies pre-exemption rights in the event of the sale of treasury shares. Other than in the case of rights issues, the amount of the general authority to the Directors is limited to allotments of shares for cash up to a total nominal value of £211,892 which represents approximately 10% of the issued ordinary share capital. The authority will terminate at the next Annual General Meeting or 15 months after the forthcoming Annual General Meeting, whichever comes first. The Directors propose to renew this authority annually.

Company's Authority to Purchase Shares

Resolution 13 will be proposed as a special resolution to renew an existing authority which expires at the Annual General Meeting and gives the Company authority to make market purchases of its own shares. The Directors would only exercise this power when it would be in the interests of the Group's shareholders as a whole to do so, having regard to the effect on both earnings and net asset values per share. Currently there is no intention of making repurchases.

If such repurchases were made, the Directors would have to agree whether the shares are to be cancelled or to be held in treasury so as to be available for sale at a later date.

The amount of the general authority to the Directors represents approximately 15% of the issued ordinary share capital. The authority will terminate at the next Annual General Meeting or 15 months after the forthcoming Annual General Meeting, whichever comes first. The Directors intend to renew this authority annually.

Substantial Interests

Shareholdings in excess of 3% of the issued capital at 5 June 2012 were as follows: -

Name of shareholding	Number of shares	% holding	Note no.
M A J Cropper Directors' Beneficial Interest	1,206,540	14.2	
P J Willink Directors' Non-beneficial Interest	1,132,408	13.4	1
J A Cropper 1974 Settlement	1,062,974	12.5	2
J A Cropper Directors' Beneficial Interest	568,337	6.7	
Principal Nominees Ltd	549,098	6.5	5
J A Cropper Directors' Non-beneficial Interest	454,418	5.4	3
Barclayshare Nominees Ltd	428,040	5.1	4

Notes on Shareholding Table

1. Included in this percentage is 12.5% disclosed in the shareholding of J A Cropper 1974 Settlement.
2. Included in this percentage is 6.3 % disclosed in the shareholding of M A J Cropper – Directors' Beneficial Interest.
3. Included in this percentage is 3.3% disclosed in the shareholding of M A J Cropper – Directors' Beneficial Interest.
4. Included in this percentage is 4.2% disclosed in the shareholding of M A J Cropper – Directors' Beneficial Interest.
5. Included in this percentage is 0.7% disclosed in the shareholding of J A Cropper – Directors' Beneficial Interest.

Auditor and Disclosure of Information to Auditor

Each Director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware, and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The auditor, KPMG Audit Plc, have indicated their willingness to continue in office and Resolution 8 will be proposed at the Annual General Meeting for their re-appointment.

Report of the Directors continued

Details of Directors' Interests

		At 31 March 2012		At 2 April 2011	
		Ordinary Shares	Options on Ordinary Shares	Ordinary Shares	Options on Ordinary Shares
Director	Interest				
M A J Cropper	Beneficial	1,206,540	-	1,206,540	-
	Non-beneficial	114,000	-	174,000	-
J A Cropper	Beneficial	568,337	-	568,337	-
	Non-beneficial	454,418	-	532,752	-
A I Lewis	Beneficial	67,761	63,000	55,261	103,000
J M Denman	Beneficial	11,716	52,000	7,716	75,000
	Non-beneficial	-	-	381,000	-
N A Read	Beneficial	19,289	52,000	9,289	75,000
	Non-beneficial	-	-	381,000	-
P J Willink	Beneficial	36,306	52,000	26,306	75,000
	Non-beneficial	1,132,408	-	1,132,408	-
G T Quayle	Beneficial	20,327	52,000	10,327	75,000
	Non-beneficial	28,084	-	28,084	-
D R Wilks	Beneficial	7,445	-	7,445	-
	Non-beneficial	114,000	-	174,000	-
J E Sharp	Beneficial	7,950	-	7,950	-
	Non-beneficial	114,000	-	174,000	-
D Mitchell	Beneficial	1,000	-	-	-
	Non-beneficial	114,000	-	-	-

Details of Directors' Interests

The Directors who served throughout the period are detailed in the Directors' Remuneration Report, and details of their interests in shares of the Company are listed above.

Any material related party transactions between the Directors and the Company are set out in the Notes to the Accounts.

Further information relating to the interests of the Directors regarding options on ordinary shares is given in the Directors' Remuneration Report.

Non-beneficial interests include shares held jointly as trustee with other Directors.

There have been no material changes between the year end and 25 June 2012.

Approved by the Board of Directors on 25 June 2012 and were signed on its behalf by

M A J Cropper
Chairman

Burneside Mills
Kendal

Directors' Remuneration Report

This Report provides details of Directors' remuneration.

Service Contracts

The Executive Directors are employed on rolling one year contracts subject to one year's notice served by the Group on the Executive, and six months notice served by the Executive on the Group. The Chairman is employed on a rolling contract subject to twelve months notice by either side. Other Non-Executive Directors are on one month's notice by either side and they are typically expected to serve two three-year terms, with additional terms of office agreed on an annual basis.

Salaries and Fees

The remuneration and emoluments of Executive Directors are determined by the Remuneration Committee. The remuneration of the Non-Executive Directors is agreed by the Group Board and they are not entitled to participate in pension schemes, bonus arrangements or share schemes. The basic salaries of the Executive Directors are reviewed annually and take into consideration cost of living and overall accountability. Also considered is remuneration paid to senior executives in comparable public companies. This information is checked by reference to published surveys, but no formula is in place to determine any specific relationship.

The remuneration of senior management is discussed by the Chairman of the Remuneration Committee and the Chief Executive and their recommendations endorsed by the Remuneration Committee.

No Director can take part in the decision on his own salary or reward.

Annual Bonus

The Group operates an Executive Directors' Reward Scheme which is structured to reward the Executive Directors if targets are achieved on Group profitability, return on investment, safety, productivity improvements and a discretionary element agreed by the Remuneration Committee. The total bonus payable to a Director is capped at 25% of their contractual salary and is not pensionable.

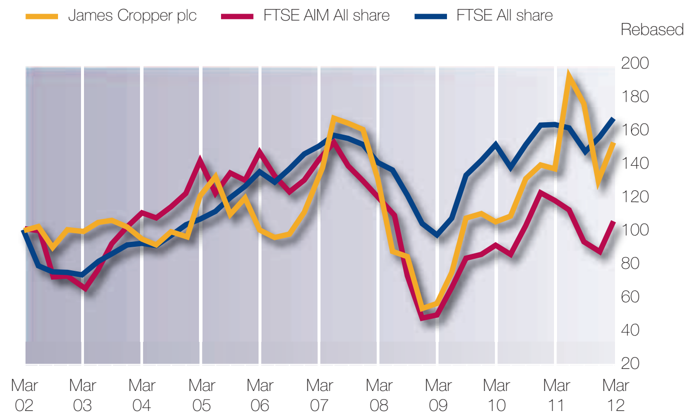
Employee Share Schemes

The Group operates Inland Revenue Approved and Unapproved Share Option Schemes, and a Long Term Incentive Plan Scheme for the Executive Directors, of which details of the options granted are shown later in this Report.

Comparison of Five Year Cumulative Total Shareholder Return (TSR)

To enable shareholders to assess the Company's performance against the London Stock Exchange, the cumulative TSR for the period ended 31 March 2012 is shown in the graph below. The FTSE All Share is deemed to be the most appropriate comparison in terms of performance. TSR is the total return to shareholders in terms of capital growth and dividends reinvested.

Total Shareholder Return



Directors' Remuneration Report continued

Details of Directors' Remuneration

The financial details within this report have been audited. The following table brings together the various elements of remuneration of each Director for the financial year period ended 31 March 2012: -

	Salary & Fees		Benefits		Annual Bonus		Total	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Executive								
A I Lewis	117	114	19	17	-	17	136	148
J M Denman	93	91	17	17	-	17	110	125
N A Read	89	86	17	16	-	15	106	117
P J Willink	88	86	19	19	-	15	107	120
G T Quayle	93	91	19	17	-	24	112	132
Non-Executive								
M A J Cropper	46	40	-	-	-	-	46	40
J A Cropper	18	37	-	11	-	-	18	48
D R Wilks	22	21	-	-	-	-	22	21
J E Sharp	18	18	-	-	-	-	18	18
D Mitchell (appointed January 2012)	6	-	-	-	-	-	6	-
	590	584	91	97	-	88	681	769

Highest paid Director

	2012 £'000	2011 £'000
Aggregate emoluments	136	148
Accrued pension under defined benefit pension scheme	48	45
Long term incentive scheme	3	7

Directors' Pensions

The Executive Directors who served during the year have retirement benefits accruing under the Group's Staff Pension Scheme, which is a Defined Benefit Scheme.

The following table shows the amount of entitlements earned, the accrued pension liabilities and the changes therein:

	Increase in accrued pension during year after inflation £'000	Increase in accrued pension during year before inflation £'000	Total accrued pension at 31 March 2012 £'000	Transfer value of net increase in accrual after inflation during year £'000	Increase in transfer value less Directors' contri-butions £'000	Transfer value of accrued pension at 31 March 2012 £'000	Transfer value of accrued pension at 2 April 2011 £'000
A I Lewis	-	3	48	(6)	235	904	660
J M Denman	1	4	53	21	275	1131	849
N A Read	-	2	45	(10)	223	926	697
P J Willink	-	2	31	(3)	133	432	291
G T Quayle	-	2	31	1	153	649	489

The accrued pension is the amount that the Director would receive if he retired at the end of the year. The increase in the accrued pension is the difference between the accrued benefit at the year end and that at the previous year end.

All transfer values have been calculated on the basis of actuarial advice in accordance with technical actuarial standards issued by the Board for Actuarial Standards. The transfer values represent the value of assets that the pension scheme would need to transfer to another pension provider on transferring the scheme's liability in respect of the Directors' pension benefits. They do not represent sums payable to individual Directors and therefore cannot be added meaningfully to annual remuneration.

The increase in transfer value less Directors' contributions is the increase in the transfer value of the accrued benefits during the year after deducting the Directors' personal contributions to the scheme.

The transfer value of net increase in accrual, required by the Listing Rules, discloses the current value of the increase in accrued benefits that the Director has earned in the period, whereas his change in transfer value, required by the Companies Act, discloses the absolute increase or decreases in his transfer value and includes the change in value of the accrued benefits that results from market volatility affecting the transfer value at the beginning of the period, as well as the additional value earned in the year.

Share Options

At the 2000 Annual General Meeting shareholders approved the introduction of the Unapproved Part of the 1998 Senior Executive Share Option Scheme. The movements on this Scheme during the year were: -

	Number at 2 April 2011	Number granted in period	Number exercised in period	Options lapsed in period	Exercise Price £	Exercisable	Number at 31 March 2012
A I Lewis	30,000	-	-	30,000	2.065	June 2004 to June 2011	-
J M Denman	15,000	-	-	15,000	2.065	June 2004 to June 2011	-
N A Read	15,000	-	-	15,000	2.065	June 2004 to June 2011	-
P J Willink	15,000	-	-	15,000	2.065	June 2004 to June 2011	-
G T Quayle	15,000	-	-	15,000	2.065	June 2004 to June 2011	-

The Senior Executive Share Option Scheme has now ceased.

Long Term Incentive Plans

Awards were made during the year under the Long Term Incentive Plan were as follows:

	Number at 2 April 2011	Number granted in period	Number exercised in period	Options lapsed in period	Number at 31 March 2012
A I Lewis	73,000	15,000	25,000	-	63,000
J M Denman	60,000	12,000	20,000	-	52,000
N A Read	60,000	12,000	20,000	-	52,000
P J Willink	60,000	12,000	20,000	-	52,000
G T Quayle	60,000	12,000	20,000	-	52,000

The maximum number of shares that can be awarded to any participant in a financial year under the Long Term Incentive Scheme, determined by reference to average mid market prices at the time of the award, is limited to 50% of the participant's basic salary. The average mid market price of the awards granted in the year was £2.273.

The Awards are subject to the following performance conditions:

- Awards will vest in full if the earnings per share, adjusted for IFRS pension adjustments, exceed the increase in retail price index plus 10% per annum over a three year period;
- Awards will vest as to 10% if the earnings per share, adjusted for IFRS pension adjustments, exceed the increase in retail price index plus 2.5% per annum over a three year period;
- Awards will vest proportionally between 10% and 100% if the earnings per share, adjusted for IFRS adjustments, exceed the increase in retail price index by more than 2.5% and less than 10% per annum over a three year period;
- Awards will lapse if earnings per share, adjusted for IFRS pension adjustments, do not exceed the increase in retail price plus 2.5% per annum over a three year period.

The market price of the shares at the period end was £1.81 and the high and low for the period was £2.43 and £1.52 respectively.

D R Wilks
Chairman of the Remuneration Committee
25 June 2012

Report of the Independent Auditor

We have audited the financial statements of James Cropper plc for the period ended 31 March 2012 set out on pages 33 to 66. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the 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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 23, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

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 31 March 2012 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 EU;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Jonathan Hurst
Senior Statutory Auditor
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
Edward VII Quay
Navigation Way
Preston
PR2 2YF

25 June 2012

Statement of Comprehensive Income

	Note	52 week period to 31 March 2012 Continuing Operations £'000	53 week period to 2 April 2011 Continuing Operations £'000	53 week period to 2 April 2011 Pension Curtailment £'000	53 week period to 2 April 2011 Total £'000
Continuing operations					
Revenue	2	78,223	83,264	-	83,264
Other income		187	209	-	209
Changes in inventories of finished goods and work in progress		648	1,281	-	1,281
Raw materials and consumables used		(35,433)	(40,494)	-	(40,494)
Energy costs		(4,616)	(4,255)	-	(4,255)
Employee benefit costs	20	(20,679)	(19,596)	-	(19,596)
Depreciation and amortisation	4	(2,675)	(2,908)	-	(2,908)
Exceptional Pension Credit	17	-	-	10,158	10,158
Other expenses		(14,987)	(14,903)	-	(14,903)
Operating Profit	2	668	2,598	10,158	12,756
Interest payable and similar charges	3	(369)			(137)
Interest receivable and similar income	3	672			193
Profit before taxation	4	**971**			**12,812**
Tax expense	5	(134)			(2,598)
Profit from continuing operations		**837**			**10,214**
Discontinued operation	25	-			(1,726)
Profit for the period		**837**			**8,488**
Other comprehensive income					
Foreign currency translation		4			4
Retirement benefit liabilities – actuarial (losses) / gains	17	(7,418)			2,388
Deferred tax on actuarial losses / (gains) on retirement benefit liabilities	18	1,483			(621)
Income tax on other comprehensive income		292			-
Total comprehensive income for the period attributable to equity holders of the Company		**(4,802)**			**10,259**
Earnings per share - basic	6	9.9p			100.2p
Earnings per share -diluted	6	9.5p			97.6p
Continuing Operations Earnings per share - basic	6	9.9p			120.6p
Continuing Operations Earnings per share -diluted	6	9.5p			117.4p
Dividend declared in the period - pence per share		7.9p			7.9p

Statement of Financial Position

	Note	Group As at 31 March 2012 £'000	Group As at 2 April 2011 £'000	Company As at 31 March 2012 £'000	Company As at 2 April 2011 £'000
Assets					
Intangible assets	8	943	1,386	723	1,140
Property, plant and equipment	9	19,748	16,177	2,875	2,137
Investments in subsidiary undertakings	10	-	-	7,350	7,350
Deferred tax assets		-	-	1,437	-
Total non-current assets		20,691	17,563	12,385	10,627
Inventories	11	12,361	11,956	-	-
Trade and other receivables	12	13,198	14,481	30,945	27,540
Cash and cash equivalents		5,438	4,282	3,608	3,001
Current tax assets		28	-	-	-
Total current assets		31,025	30,719	34,553	30,541
Total assets		51,716	48,282	46,938	41,168
Liabilities					
Trade and other payables	13	9,328	10,146	14,445	11,985
Other financial liabilities	14	30	-	30	-
Loans and borrowings	15	2,069	1,426	1,773	1,399
Current tax liabilities		-	780	54	-
Total current liabilities		11,427	12,352	16,302	13,384
Long-term borrowings	15	9,874	4,567	6,600	2,909
Retirement benefit liabilities	17	7,698	1,404	7,698	1,404
Deferred tax liabilities	18	750	2,550	-	108
Total non-current liabilities		18,322	8,521	14,298	4,421
Total liabilities		29,749	20,873	30,600	17,805
Equity					
Share capital	19	2,119	2,118	2,119	2,118
Share premium		575	573	575	573
Translation reserve		273	269	-	-
Reserve for own shares		(226)	(222)	-	-
Retained earnings		19,226	24,671	13,644	20,672
Total shareholders' equity		21,967	27,409	16,338	23,363
Total equity and liabilities		51,716	48,282	46,938	41,168

The financial statements on pages 33 to 66 were approved by the Board of Directors on 25 June 2012 and were signed on its behalf by:

M A J Cropper
Chairman

Company Registration No: 30226

Statement of Cash Flows

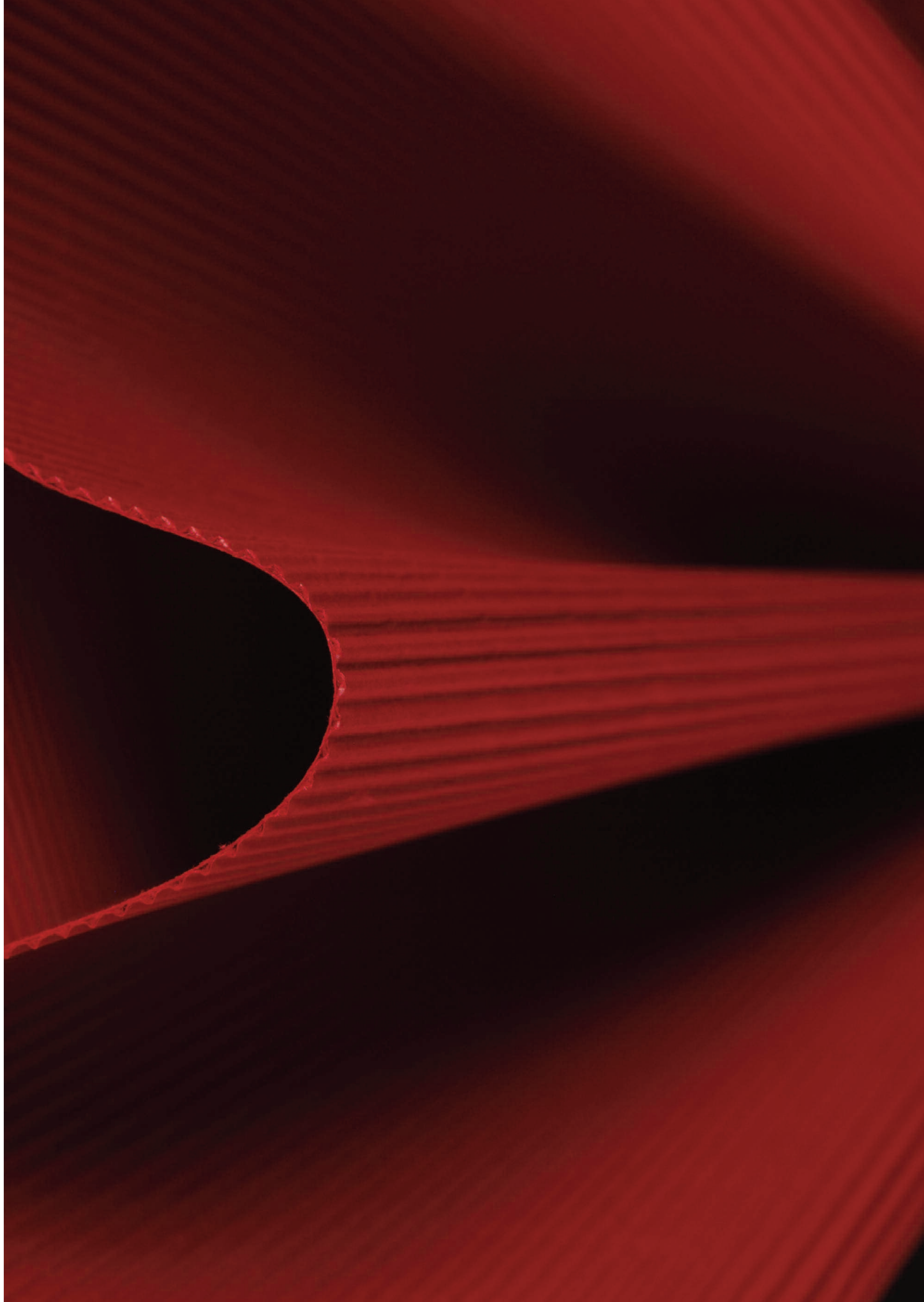
for the period ended 31 March 2012
(2011: for the period ended 2 April 2011)

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Cash flows from operating activities				
Net Profit	837	8,488	(746)	5,954
Adjustments for:				
Tax	134	2,598	283	2,899
Depreciation and amortisation	2,675	3,072	521	500
Net IAS 19 pension adjustments within SCI	(128)	(9,392)	(128)	(9,392)
Past service pension deficit payments	(996)	(996)	(996)	(996)
Foreign exchange differences	196	(121)	85	-
(Profit)/loss on disposal of property, plant and equipment	(2)	113	-	-
Net bank interest income & expense	364	(29)	(589)	(736)
Share based payments	145	114	145	114
Dividends received from Subsidiary Companies	-	-	(400)	(2,500)
Impairment of inter-company loan	-	-	208	-
Changes in working capital:				
Increase in inventories	(406)	(1,767)	-	-
Decrease / (increase) in trade and other receivables	1,181	(26)	2,359	294
(Decrease) / increase in trade and other payables	(657)	(326)	2,605	(5,224)
Interest received	5	197	767	802
Interest paid	(355)	(309)	(164)	(211)
Tax paid	(965)	(444)	-	(452)
Net cash generated from / (used by) operating activities	2,028	1,172	3,950	(8,948)
Cash flows from investing activities				
Purchase of intangible assets	(14)	(75)	-	-
Purchases of property, plant and equipment	(5,920)	(2,200)	(963)	(80)
Proceeds from sale of property, plant and equipment	6	6	-	-
Dividends received	-	-	400	2,500
Net cash (used in) / generated from investing activities	(5,928)	(2,269)	(563)	2,420
Cash flows from financing activities				
Proceeds from issue of ordinary shares	3	-	3	-
Proceeds from issue of new loans	7,609	3,153	5,625	3,000
Repayment of borrowings	(1,636)	(2,120)	(1,560)	(2,104)
Repayment / (issue) of inter-company loans	-	-	(6,099)	5,848
Purchase of LTIP investments	(131)	(152)	-	-
Dividends paid to shareholders	(657)	(623)	(657)	(635)
Net cash generated from / (used in) financing activities	5,188	258	(2,688)	6,109
Net increase / (decrease) in cash and cash equivalents	1,288	(839)	699	(419)
Effect of exchange rate fluctuations on cash held	(132)	71	(92)	-
Net increase / (decrease) in cash and cash equivalents	1,156	(768)	607	(419)
Cash and cash equivalents at the start of the period	4,282	5,050	3,001	3,420
Cash and cash equivalents at the end of the period	5,438	4,282	3,608	3,001
Cash and cash equivalents consists of:				
Cash at bank and in hand	5,438	4,282	3,608	3,001

Statement of Changes in Equity

Group	Share capital £'000	Share premium £'000	Translation reserve £'000	Own shares £'000	Retained earnings £'000	Total £'000
At 27 March 2010	2,118	573	265	(128)	14,983	17,811
Profit for the period	-	-	-	-	8,488	8,488
Exchange differences	-	-	4	-	-	4
Actuarial gains on retirement benefit liabilities (net of tax)	-	-	-	-	1,767	1,767
Total other comprehensive income	-	-	4	-	1,767	1,771
Dividends paid	-	-	-	-	(623)	(623)
Share based payment charge	-	-	-	-	114	114
Distribution of own shares	-	-	-	58	(58)	-
Consideration paid for own shares	-	-	-	(152)	-	(152)
Total contributions by and distributions to owners of the Group	-	-	-	(94)	(567)	(661)
At 2 April 2011	2,118	573	269	(222)	24,671	27,409
Profit for the period					837	837
Exchange differences	-	-	4	-	-	4
Actuarial losses on retirement benefit liabilities (net of tax)	-	-	-	-	(5,643)	(5,643)
Total other comprehensive income	-	-	4	-	(5,643)	(5,639)
Dividends paid	-	-	-	-	(657)	(657)
Share based payment charge	-	-	-	-	145	145
Distribution of own shares	-	-	-	127	(127)	-
Proceeds from issue of ordinary shares	1	2	-	-	-	3
Consideration paid for own shares	-	-	-	(131)	-	(131)
Total contributions by and distributions to owners of the Group	1	2	-	(4)	(639)	(640)
At 31 March 2012	2,119	575	273	(226)	19,226	21,967

Company	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 27 March 2010	2,118	573	13,530	16,221
Profit for the period	-	-	5,954	5,954
Actuarial gains on retirement benefit liabilities (net of tax)	-	-	1,767	1,767
Total other comprehensive income	-	-	1,767	1,767
Dividends paid	-	-	(635)	(635)
Share based payment charge	-	-	114	114
Distribution of own shares	-	-	(58)	(58)
Total contributions by and distributions to owners of the Group	-	-	(579)	(579)
At 2 April 2011	2,118	573	20,672	23,363
Profit for the period	-	-	(746)	(746)
Actuarial losses on retirement benefit liabilities (net of tax)	-	-	(5,643)	(5,643)
Total other comprehensive income	-	-	(5,643)	(5,643)
Dividends paid	-	-	(657)	(657)
Share based payment charge	-	-	145	145
Proceeds from issue of ordinary shares	1	2	-	3
Distribution of own shares	-	-	(127)	(127)
Total contributions by and distributions to owners of the Group	1	2	(639)	(636)
At 31 March 2012	2,119	575	13,644	16,338



Notes to the Financial Statements

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The accounting "year" for the Group is a 52 week accounting period ending 31 March 2012, (2011: 53 week accounting period ended 2 April 2011).

Throughout these notes, the following references apply:

The Statement of Comprehensive Income is referenced as "SCI"

The Statement of Financial Position is referenced as "SFP"

Both the Parent Company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and related notes that form a part of these approved financial statements.

Use of estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The following are the policies and accompanying notes are where the assumptions and judgements made by management could have an impact on the Group's consolidated financial statements.

Note 9 Property, plant and equipment

It is the Group's policy to depreciate categories within property, plant and equipment on a straight line basis over their estimated useful lives. A key element of this policy is the estimate of the useful life applied to each category of asset which in turn determines the annual depreciation charge. Variations in asset lives could affect Group profit through an increase or decrease in the depreciation charge.

Note 11 Inventories

In the course of normal trading activities management uses its judgement to establish the net realisable value of its stocks. Provisions are established for obsolete or slow moving stocks, based on past practice, current conditions and aged inventory facts available to management.

Note 12 Trade receivables

In estimating the collectability of trade receivables judgement is required and the policies in regard to credit risk are further described in note 16.2.

Note 17 Retirement benefits

Assumptions used in the calculation of the Group's retirement liability have the biggest impact on these financial statements and are detailed in note 17.

Basis of consolidation

The financial statements of the Group consolidate the accounts of the Company and those of its subsidiary undertakings. No subsidiaries are excluded from consolidation. The results and cash flows of subsidiary undertakings acquired are included from the effective date of acquisition. Intragroup balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer. For the majority of customers this is when delivery has been made or specifically when title has passed, the point at which title passes varying in accordance with the terms and conditions of trade. Revenue is recognised when the amount of the revenue and related costs can be measured reliably and the collectability of the related receivables is reasonably assured.

Revenue is measured at the fair value of the amount received or receivable which is arrived at after deducting trade rebates, customer returns and value added tax. Shipping and handling costs, such as freight to our customers' destination are included in cost of sales. These costs, when included in the sales price charged for our products are recognised in net sales.

Operating segments

IFRS 8 Operating Segments has been adopted by the Group and requires that entities reflect the 'management approach' to reporting the financial performance of its operating segments. Management has determined the segments that are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, identified as the Executive Committee that makes strategic decisions. The committee considers the business principally via the four main business segments, on the basis of its statutory structure. Business segments are those components of the Group that are engaged in providing a group of related products that are subject to risks and returns that are different to other business segments. Geographical segments are components where the eventual product destination is in a particular geographic environment which is subject to risks and returns that are different from other such segments. Costs are allocated to segments based on the segment to which they relate. Central costs are recharged on an appropriate basis.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations are translated at foreign exchange rates ruling at the Statement of Financial Position date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from translation of foreign operations are taken directly to the translation reserve; they are released into the Statement of Comprehensive Income upon disposal.

The portion of gain or loss on foreign currency borrowings that are used to hedge a net investment in a foreign operation, that is determined to be an effective hedge, is included as a movement in the cumulative translation reserve. On subsequent disposal such gains or losses will form part of the profit/loss on disposal within the Statement of Comprehensive Income. Any ineffective portion is recognised immediately in the Statement of Comprehensive Income. This Policy was adopted for the first time in the period ended 27 March 2010.

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the IAS38 conditions are met. Other development expenditures are recognised as an expense as incurred. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding 5 years.

Retirement benefits

The Group operates various pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial valuations. The Group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement. A defined contribution plan is a pension plan under which the Group pays fixed contributions.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur outside of Statement of Comprehensive Income in the Statement of Changes in Equity.

Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays agreed contributions to the schemes. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

Share based payments

Options granted to employees are recognised as employee expenses based on fair value at grant date, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Notes to the Financial Statements continued

Intangible fixed assets
Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The following useful lives have been determined for intangible assets.

Trade secrets such as processes or unique recipes	10 years
Computer software	3 - 10 years
Emission Allowances	0 years (refer to note below on Emissions trading scheme for policy)

Property plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost less residual value of each asset evenly over its expected useful life, as follows:

Freehold land and buildings	14 - 40 years
Plant and machinery	4 - 20 years

Residual values and useful lives are reviewed annually.

Inventories
Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Emissions trading scheme
The Group's power generation facilities became subject to the European Union Emission Trading Scheme ("EUETS") as from 1 January 2008. The Group's is permitted to emit 41,000 tonnes of carbon dioxide in a calendar year. Credits for this quantum are issued to the Group free of charge by HM Government. The Group has adopted an accounting policy which recognises the emission allowances as an intangible asset and an associated liability. The intangible asset is valued at the market price on the date of issue. The liability is valued at the market price on the date of issue up to the level of allocated allowances held. Should emissions exceed the annual allowance any excess of liability above the level of the allowances held is valued at the market price ruling at the Statement of Financial Position date and charged against operating profit. Un-utilised allowances are maintained against a potential future shortall. When allowances are utilised both the intangible asset and liability are amortised to the Statement of Comprehensive Income. Currently the Group's emissions are running in line with its permitted EUETS allowance and hence there is no impact on profit. At 31 March 2012 the intangible asset and an associated liability were valued at £256,000. The liability is categorised under current liabilities.

Grants
Capital grants are credited to a deferral account and released to income over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to the Statement of Comprehensive Income in the period to which they relate.

Leasing
Leases are classified as finance leases at inception where substantially all of the risks and rewards of ownership are transferred to the Group. Assets classified as finance leases are capitalised on the Statement of Financial Position and are depreciated over the expected useful life of the asset. The interest element of the rental obligation is charged to the Statement of Comprehensive Income over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Operating lease payments are charged to the Statement of Comprehensive Income in the appropriate period.

Taxation
Tax on the Statement of Comprehensive Income for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each Statement of Financial Position date. The resulting gain or loss on re-measurement is recognised in the Statement of Comprehensive Income, unless hedge accounting is applicable. There were no material balances at the year end.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those with maturities greater than twelve months after the Statement of Financial Position date, which are classified as non-current assets. Loans and receivables are included within trade and other receivables in the Statement of Financial Position.

The fair value of financial instruments traded in active markets is based on quoted market prices at the Statement of Financial Position date.

Investments
Trade investments are stated at cost less any impairment in value.

The Group's share of the profit is included in the Statement of Comprehensive Income on the equity accounting basis. The carrying value of joint ventures in the Group Statement of Financial Position is calculated by reference to the Group's equity in the net assets of such joint ventures as shown in the most recent accounts.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as borrowings within current liabilities on the Statement of Financial Position. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the Statement of Cash Flows.

Borrowing costs
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Interest is not capitalised within property, plant and equipment.

Interest
Interest is recognised in the Statement of Comprehensive Income on an accruals basis using the effective interest method.

Trade receivables
Trade receivables are recorded at their initial fair value after appropriate revision of impairment.

Trade payables
Trade payables are stated at their fair value.

Impairment of assets
At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount. Where the carrying value of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is deemed for an individual asset. If the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

Capital Management
Group and Company's capital includes share capital, reserves and retained earnings. The Group and Company's policy is to maintain the ability to continue as a going concern, in order to provide returns to the shareholder and benefits to other stakeholders. The Group, and Company, invest in financial assets that will provide an adequate level of return to the shareholder commensurate with the level of risk.

The Group and Company manages the capital structure and adjusts this in light of the changes in the economic conditions and risk associated with the underlying assets. In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of any dividend paid to the shareholder, return capital to the shareholder, issues new shares, or sell assets to reduce debt. Detail borrowings can be seen in note 15 and share holdings can be referred to in note 19. The Group, and Company, are not subject to any externally imposed capital requirements. There have been no material changes in the management of capital during the period.

Going Concern
The Directors have prepared the accounts for James Cropper plc on a going concern basis. See the Report of the Directors section (ix) for the basis of the going concern assumption.

New standards and interpretation not applied
From the beginning of the financial year, the Group has applied the revised IAS 24 'Related Party Disclosure'. The standard amends the definition of a related party. This has had no significant impact on the consolidated results or financial position of the Group.

A number of new standards, amendments to standards and interpretations have been issued during the year ended 31 March 2012 but are not yet effective, and therefore have not yet been adopted by the Group.

Notes to the Financial Statements continued

New standards and interpretation not applied continued

IFRS 9 'Financial Instruments' is applicable from 2015. If endorsed, this standard will simplify the classification of financial assets for measurement purposes, but is not anticipated to have a significant impact on the financial statements.

IFRS 17 'Leases' is applicable from 2015. If endorsed, this standard will significantly affect the presentation of the Group financial statements with all leases apart from short term leases being recognised as either finance leases or 'other than finance' leases with a corresponding liability being present value of the lease payments.

The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed by the European Union and require adoption by the Group in future reporting periods.

The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

2. Segmental reporting

IFRS 8 Operating Segments - requires that entities adopt the 'management approach' to reporting the financial performance of it's operating segments. Management has determined the segments that are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, identified as the Executive Committee that makes strategic decisions. The committee considers the business principally via the four main business segments, on the basis of it's statutory structure, principally based in the UK:

- JC Speciality Papers – relates to James Cropper Speciality Papers a manufacturer of specialist paper and boards.
- JC Converting – relates to James Cropper Converting - a converter of paper.
- Technical Fibre Products – a manufacturer of advanced materials.
- Group Services – comprises central functions providing services to the subsidiary companies.

"Eliminations" refers to the elimination of inter-segment revenues, profits and investments. "Trading Operating Profit before Interest" refers to profits prior to other income and expenditure and the IAS 19 pension adjustment. The "IAS 19 pension adjustment" refers to the impact on operating profits of the pension schemes' operating costs, as described in the IAS 19 section of the Financial Review. "Interest Expense" incorporates the IAS 19 pension impact of the pension schemes' finance costs, as described in the IAS 19 section of the Financial Review. The net IAS 19 pension adjustments to Operating profit and interest can be seen in the Summary of Results "Profit before tax" is consistent with that reported in the Statement of Comprehensive Income. Inter segment transactions are performed in the normal course of business and at arms length.

Business segments for the period ended 2 April 2011 also included;

- The Paper Mill Shop – a retailer of paper and associated products and is now discontinued.

2. Segmental reporting continued

Business segments

Period ended 31 March 2012

	Speciality Papers £'000	Converting £'000	Technical Fibre Products £'000	Group Services £'000	Other £'000	Eliminations £'000	Continuing Operations £'000
Revenue							
- External	56,188	10,093	11,942	-	-	-	78,223
- Inter-segment	3,403	904	-			(4,307)	-
	59,591	10,997	11,942	-	-	(4,307)	78,223
Segment Profit							
Trading Operating Profit before Interest	1,430	192	629	(1,044)	-	-	1,207
IAS 19 Pension adjustments to profit	-	-	-	(539)	-	-	(539)
Operating Profit	1,430	192	629	(1,583)	-	-	668
Interest Expense							(369)
Interest Income							672
Profit before tax							971
Tax on profit for year							(134)
Profit for the year							837
Total Assets	34,681	10,688	19,725	45,501	1,874	(60,753)	51,716
Total Liabilities	(26,636)	(7,908)	(17,203)	(29,163)	(226)	51,387	(29,749)

Period ended 2 April 2011

	Speciality Papers £'000	Converting £'000	Technical Fibre Products £'000	Group Services £'000	Other £'000	Eliminations £'000	Continuing Operations £'000	The Paper Mill Shop Discontinued £'000	Group £'000
Revenue									
- External	57,999	12,113	13,152	-	-	-	83,264	3,609	86,873
- Inter-segment	3,595	868	-	-	-	(4,463)	-	-	-
	61,594	12,981	13,152	-	-	(4,463)	83,264	3,609	86,873
Segment Profit									
Trading Operating Profit before Interest	587	1,272	2,289	(787)	-	-	3,361	(1,696)	1,665
IAS 19 Pension adjustments to profit	-	-	-	(763)	-	-	(763)	-	(763)
Pension curtailment	-	-	-	10,158	-	-	10,158	-	10,158
Operating Profit	587	1,272	2,289	8,608	-	-	12,756	(1,696)	11,060
Interest Expense							(137)	(34)	(171)
Interest Income							193	4	197
Profit before tax							12,812	(1,726)	11,086
Tax on profit for year									(2,598)
Profit for the year									8,488
Total Assets	28,485	10,595	18,130	41,169	1,902	(51,999)	48,282	-	48,282
Total Liabilities	(21,419)	(8,208)	(15,622)	(17,805)	(462)	42,643	(20,873)	-	(20,873)

Notes to the Financial Statements continued

2. Segmental reporting continued

Geographical segments

The Group's manufacturing operations are principally based in the UK. The sales analysis in the table below is based on the location of the customer.

	UK	Europe	Asia	The Americas	Australasia	Africa	Continuing operations	Discontinued	Group
Period ended 2 April 2011	41,172	20,484	6,853	12,795	1,182	778	83,264	3,609	86,873
Period ended 31 March 2012	38,548	19,774	7,095	10,745	1,553	508	78,223	-	78,223

3. Finance Costs

	2012 £'000	2011 £'000
Interest expense		
Interest payable on bank borrowings	284	104
Interest payable on finance leases	80	30
Other interest payable	5	-
Retirement benefits:		
Expected return on pension scheme assets	-	(4,430)
Interest on pension scheme liabilities	-	4,433
Total interest expense	369	137
Interest income		
Interest receivable on bank borrowings	5	28
Other Interest received	-	165
Expected return on pension scheme assets	4,456	-
Interest on pension scheme liabilities	(3,789)	-
Total interest income	672	193
Finance costs - net	(303)	(56)

4. Profit before tax

	2012 £'000	2011 £'000
The following items have been charged/(credited) in arriving at profit before tax:		
Staff Costs	20,679	19,596
Depreciation of property, plant and equipment		
- owned assets	2,340	2,576
- amortisation of intangibles	335	332
Profit on disposal of fixed assets	(2)	(6)
Other operating lease rentals payable		
- Plant & machinery	707	634
Repairs and maintenance expenditure on property, plant and equipment	3,779	3,566
Government grants received	(145)	(172)
Research and development expenditure	1,108	975
Foreign exchange differences	343	163
Trade receivables impairment	9	(193)

Government grants relate to assistance received for research projects and the development of new technology.

Services Provided by the Group's Auditor and network firms

During the year the Group obtained the following services from the Group's auditor at costs as detailed below:

	2012 £'000	2011 £'000
Audit Services		
- Fees payable to the Company's auditor for the audit of Parent Company and consolidated accounts	17	17
Other services		
- Remuneration payable to the Company's auditor for the auditing of subsidiary accounts and associates of the Company pursuant to legislation (including that of countries and territories outside Great Britain)	37	38
Auditors renumeration relating to discontinued operations	-	5
- Fees in respect of other accountancy matters	6	7
- Tax advisory services	8	5
	68	72

Notes to the Financial Statements continued

5. Taxation

Analysis of charge in the period

Continuing operations	Note	2012 £'000	2011 £'000
Current tax		481	817
Adjustments in respect of prior period current tax		(45)	(349)
Foreign tax		15	12
Total current tax		451	480
Deferred tax		(70)	2,311
Adjustments in respect of prior period deferred tax		(28)	(193)
Effects of changes in tax rate		(219)	-
Total deferred tax	18	(317)	2,118
Taxation		134	2,598

Tax on items charged to equity	2012	2011
Deferred tax on actuarial gains on retirement benefit liabilities	1,483	621

The tax for the period is lower from the standard rate of corporation tax in the UK of 26% (2011: 28%).
The differences are explained below:

	2012 £'000	2011 £'000
Profit before tax	971	11,087
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 26% (2011:28%)	252	3,104
Effects of:		
Adjustments to tax in respect of prior period	(73)	(568)
Overseas tax rates	109	1
Expenses not deductible for tax purposes	28	218
Rate change on deferred tax	(219)	(156)
Fixed asset timing differences	32	(1)
Other	9	-
Small companies rate relief	(4)	-
Total tax charge for the period	134	2,598

6. Earning per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has one class of dilutive potential ordinary shares - those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year. Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

Group	2012 Earnings £'000	2012 Weighted average number of shares '000	2012 Per-share amount pence	2011 Earnings £'000	2011 Weighted average number of shares '000	2011 Per-share amount pence
Basic EPS						
Earnings attributable to ordinary shareholders	837	8,473	9.9	8,488	8,472	100.2
Effect of dilutive securities - Options	-	333	-	-	227	-
Diluted EPS	837	8,806	9.5	8,488	8,699	97.6

Continuing Operations	2012 Earnings £'000	2012 Weighted average number of shares '000	2012 Per-share amount pence	2011 Earnings £'000	2011 Weighted average number of shares '000	2011 Per-share amount pence
Basic EPS						
Earnings attributable to ordinary shareholders	837	8,473	9.9	10,214	8,472	120.6
Effect of dilutive securities - Options	-	333	-	-	227	-
Diluted EPS	837	8,806	9.5	10,214	8,699	117.4

Discontinuing Operations	2011 Earnings £'000	2011 Weighted average number of shares '000	2011 Per-share amount pence
Basic EPS			
Losses attributable to ordinary shareholders	(1,726)	8,472	(20.4)
Effect of dilutive securities - Options	-	227	-
Diluted EPS	(1,726)	8,699	(19.8)

7. Dividends

	2012 £'000	2011 £'000
Final paid for the period ended 2 April 2011 / period ended 27 March 2010	474	440
Interim paid for the period ended 31 March 2012 / period ended 2 April 2011	183	183
Final dividend payment paid pence per share for the period ended 2 April 2011 / period ended 27 March 2010	5.7	5.3
Interim dividend payment paid pence per share for the period ended 31 March 2012 / period ended 2 April 2011	2.2	2.2

In addition, the Directors are proposing a final dividend in respect of the financial period ended 31 March 2012 of 5.7p per share (2011: 5.7p per share) which will absorb an estimated £474,000 (2011: £474,000) of shareholders' funds. If approved by members at the Annual General Meeting, it will be paid on 10 August 2012 to shareholders who are on the register of members at 11 July 2012. There are no tax implications in respect of this proposed dividend.

The proposed dividend is not accounted for until it is formally approved at the Annual General Meeting.

Notes to the Financial Statements

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8. Intangible assets

	Group				Company		
	Computer Software £'000	Trade Secrets £'000	Emission Allowances £'000	Total £'000	Computer Software £'000	Emission Allowances £'000	Total £'000
Cost							
At 2 April 2011	3,536	308	2,095	5,939	3,461	2,095	5,556
Additions – externally generated	14	-	305	319	-	305	305
At 31 March 2012	3,550	308	2,400	6,258	3,461	2,400	5,861
Aggregate amortisation							
At 2 April 2011	2,699	137	1,717	4,553	2,699	1,717	4,416
Charge for Period	304	31	427	762	296	426	722
At 31 March 2012	3,003	168	2,144	5,315	2,995	2,143	5,138
Net book value at 31 March 2012	547	140	256	943	466	257	723
Net Book Value at 2 April 2011	837	171	378	1,386	762	378	1,140

	Group				Company		
	Computer Software £'000	Trade Secrets £'000	Emission Allowances £'000	Total £'000	Computer Software £'000	Emission Allowances £'000	Total £'000
Cost							
At 27 March 2010	3,461	322	1,590	5,373	3,461	1,590	5,051
Additions – externally generated	75	-	505	580	-	505	505
Effects of movements in foreign exchange	-	(14)	-	(14)	-	-	-
At 2 April 2011	3,536	308	2,095	5,939	3,461	2,095	5,556
Aggregate amortisation							
At 27 March 2010	2,399	105	773	3,277	2,399	773	3,172
Charge for Period	300	32	944	1,276	300	944	1,244
At 2 April 2011	2,699	137	1,717	4,553	2,699	1,717	4,416
Net book value at 2 April 2011	837	171	378	1,386	762	378	1,140
Net Book Value at 27 March 2010	1,062	217	817	2,096	1,062	817	1,879

The computer software capitalised principally relates to the ongoing development of the Group's Enterprise Resource Planning and Financial systems. The remaining amortisation period of the assets at the period end is 3 years (2011: 4 years). There is a separate Enterprise Resource Planning system for the Technical Fibre Products Business segment and the remaining amortisation period of this asset at the period end is 9 years.

The trade secrets relate to certain recipes and know how acquired within the TFP division. The remaining amortisation period of the assets at the period end is 7 years.

The Emission Allowances relate to the allowances received through the European Emissions Trading Scheme (EUETS) and are valued at market value at the date of initial recognition. The allocated allowances are held throughout each compliance period and are used to meet the Group's emissions obligations.

9 Property plant and equipment

Group	Freehold land & buildings £'000	Plant & machinery £'000	Total £'000
Cost			
Brought forward at 2 April 2011	10,229	65,866	76,095
Additions at cost	90	5,830	5,920
Disposals	-	(96)	(96)
Effects of movements in foreign exchange	-	(4)	(4)
At 31 March 2012	10,319	71,596	81,915
Accumulated Depreciation			
Brought forward at 2 April 2011	5,248	54,670	59,918
Charge for Period	251	2,089	2,340
Disposals	-	(91)	(91)
At 31 March 2012	5,499	56,668	62,167
Net book value at 31 March 2012	4,820	14,928	19,748
Net Book Value at 2 April 2011	4,981	11,196	16,177

	Freehold land & buildings £'000	Plant & machinery £'000	Total £'000
Cost			
Brought forward at 27 March 2010	10,181	66,282	76,463
Additions at cost	48	2,152	2,200
Disposals	-	(2,541)	(2,541)
Effects of movements in foreign exchange	-	(27)	(27)
At 2 April 2011	10,229	65,866	76,095
Accumulated Depreciation			
Brought forward at 27 March 2010	4,996	54,604	59,600
Charge for Period	252	2,488	2,740
Disposals	-	(2,422)	(2,422)
At 2 April 2011	5,248	54,670	59,918
Net book value at 2 April 2011	4,981	11,196	16,177
Net Book Value at 27 March 2010	5,185	11,678	16.863

Assets held under finance leases, capitalised and included in tangible fixed assets:

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Brought forward Net book value	1,585	1,457	1,368	1,457
Additions in period	1,486	221	943	-
Depreciation in period	(178)	(93)	(126)	(89)
Net book value	2,893	1,585	2,185	1,368

Notes to the Financial Statements
continued

9. Property plant and equipment

Company	Freehold land & buildings £'000	Plant & machinery £'000	Total £'000
Cost			
Brought forward at 2 April 2011	863	3,829	4,692
Transfers	-	931	931
Additions at cost	-	34	34
At 31 March 2012	863	4,794	5,657
Accumulated Depreciation			
Brought forward at 2 April 2011	307	2,248	2,555
Charge for Period	14	211	225
Transfers	-	2	2
At 31 March 2012	321	2,461	2,782
Net book value at 31 March 2012	542	2,333	2,875
Net book value at 2 April 2011	556	1,581	2,137

	Freehold land & buildings £'000	Plant & machinery £'000	Total £'000
Cost			
Brought forward at 27 March 2010	863	3,731	4,594
Transfers	-	69	69
Additions at cost	-	81	81
Disposals	-	(52)	(52)
At 2 April 2011	863	3,829	4,692
Accumulated Depreciation			
Brought forward at 27 March 2010	293	2,043	2,336
Charge for Period	14	188	202
Transfers	-	69	69
Disposals	-	(52)	(52)
At 2 April 2011	307	2,248	2,555
Net book value at 2 April 2011	556	1,581	2,137
Net book value at 27 March 2010	570	1,688	2,258

10. Investments

(i) Investments in subsidiary undertakings

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
At 31 March 2012 and 2 April 2011	-	-	7,350	7,350

Investments in subsidiary undertakings are stated at cost. A list of principal subsidiary undertakings is given below:

	Country of incorporation	% holding (of ordinary shares)	Nature of business
James Cropper Speciality Papers Limited	England	100	Manufacture of specialist paper and boards
James Cropper Converting Limited	England	100	Paper converter
Technical Fibre Products Limited	England	100	Manufacture of advanced materials
Tech Fibers Inc.	USA	100	Holding Company
Technical Fibre Products Inc.	USA	100	Sales and marketing organisation
Metal Coated Fibers Inc.	USA	100	Manufacturer of metal coated carbon fibres
Electro Fiber Technologies LLC	USA	100	Manufacturer of metal coated fibres
James Cropper EBT Limited	England	100	Trustee of an employee benefit trust
Melmore Limited	England	100	Dormant company
Papermilldirect.com Limited	England	100	Dormant company
The Paper Mill Shop Company Limited	England	100	Dormant company

11. Inventories

	Group 2012 £'000	Group 2011 £'000
Materials	6,908	5,954
Work in progress	1,334	2,525
Finished goods	4,119	3,477
	12,361	11,956

Inventories are stated after a provision for impairment of £100,000 (2011: £122,000).

The cost of inventories recognised as expenses and included in cost of sales for continuing operations for the year ended 31 March 2012 was £62,458,000. (2011: £67,995,000).

The Company does not have inventories.

12. Trade and other receivables

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Trade debtors	12,381	13,581	-	-
Less: Provision for impairment of receivables	(100)	(148)	-	-
Trade debtors - net	12,281	13,433	-	-
Amounts owed by Group undertakings	-	-	30,349	26,753
Other debtors	229	191	208	190
Prepayments	688	857	388	597
	13,198	14,481	30,945	27,540

Management believe there is no further credit risk provision required in excess of normal provision for doubtful receivables. The adoption of IFRS 7 "Financial Instruments: Disclosure" has resulted in additional disclosures on credit risk which can be viewed in note 16.

Notes to the Financial Statements continued

13. Trade and other Payables

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Trade payables	2,611	2,475	2,000	1,959
Amounts owed to Group undertakings	-	-	10,380	8,130
Other tax and social security payable	404	481	73	143
Other payables	706	1,306	591	1,116
Accruals	5,607	5,884	1,401	637
Total contractual cash flows	9,328	10,146	14,445	11,985

Included within "Accruals" for Group and Company is a provision for redundancy of £800,000.

14. Other Financial Liabilities

	2012 £'000	2011 £'000
Interest rate swap	30	-

The Group uses an interest rate swap to hedge the risk associated with interest rate increases against a proportion of its existing borrowings.

The loss arising in the SCI on fair value hedging instruments was £30,000 (2011: £nil)

15. Borrowings

	Note	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Current					
Bank loans and overdrafts due within one year or on demand:					
Unsecured bank loans		1,357	1,061	1,215	1,061
Secured finance lease		712	365	558	338
		2,069	1,426	1,773	1,399
Non-current loans					
Unsecured bank loans		8,598	4,013	5,931	2,464
Secured finance lease		1,276	554	669	445
	16.3	9,874	4,567	6,600	2,909

Bank loans bear interest at rates between 1% and 4.5% above UK bank base rates.

The future minimum lease payments under finance leases held, together with the value of principal are as follows:

Group	Minimum lease payments 2012 £'000	Interest 2012 £'000	Principal 2012 £'000	Minimum lease payments 2011 £'000	Interest 2011 £'000	Principal 2011 £'000
Within one year	812	100	712	389	24	365
Greater than one year and less than five years	1,367	152	1,215	575	21	554
Greater than 5 years	63	2	61	-	-	-

Company	Minimum lease payments 2012 £'000	Interest 2012 £'000	Principal 2012 £'000	Minimum lease payments 2011 £'000	Interest 2011 £'000	Principal 2011 £'000
Within one year	611	53	558	389	24	365
Greater than one year and less than five years	751	82	669	575	21	554

16. Financial Instruments and Risk

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Currency risk
- Interest rate risk

This note presents information about the fair value of the Group's financial instruments, the Group's exposure to each of the risks noted and the Group's objectives, policies and processes for measuring and managing risk. The Board has overall responsibility of the risk management strategy and coordinates activity across the Group. This responsibility is discussed further in the Directors' Report.

Exposure to the financial risks noted, arise in the normal course of the Group's business.

Notes to the Financial Statements continued

16.1 Categories of non-derivative financial assets and liabilities and fair values

The fair values of the financial assets and liabilities of the Group together with their book values are as follows:

	Note	Group Book value 2012 £'000	Group Fair value 2012 £'000	Group Book value 2011 £'000	Group Fair value 2011 £'000
Financial assets					
Current					
Trade and other receivables	12	13,198	13,198	14,481	14,481
Cash and cash equivalents		5,438	5,438	4,282	4,282
		18,636	18,636	18,763	18,763
Financial liabilities					
Current					
Trade and other payables	13	9,328	9,328	10,146	10,146
Short term borrowings	15	2,069	2,069	1,426	1,426
		11,397	11,397	11,572	11,572
Non-current					
Long term borrowings	15	9,874	9,874	4,567	4,567

	Note	Company Book value 2012 £'000	Company Fair value 2012 £'000	Company Book value 2011 £'000	Company Fair value 2011 £'000
Financial assets					
Current					
Trade and other receivables	12	30,945	30,945	27,540	27,540
Cash and cash equivalents		3,608	3,608	3,001	3,001
		34,553	34,553	30,541	30,541
Non-current					
Investments in subsidiary undertakings	10	7,350	7,350	7,350	7,350
Financial liabilities					
Current					
Trade and other payables	13	14,445	14,445	11,985	11,985
Short term borrowings	15	1,773	1,773	1,399	1,399
		16,218	16,218	13,384	13,384
Non-current					
Long term borrowings	15	6,600	6,600	2,909	2,909

The fair values are stated at the reporting date and may be different from the amounts which will be actually paid or received on settlement of the instruments. The fair values are based on book values as the Directors do not consider that there is a material difference between the book values and the fair values.

16.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. Credit risk arising from the Group's normal commercial activities are controlled by individual business units operating in accordance with Group policies and procedures. Exposure to credit risk arises from the potential of a customer defaulting on their invoiced sales. Some of the Group's businesses have credit insurance in place. For un-insured customers, the financial strength and credit worthiness of the customer is assessed from a variety of internal and external information, and specific credit risk controls that match the risk profile of those customers are applied.

Trade receivables recorded by business held at the 31 March 2012 were:

	2012 £'000	2011 £'000
JC Speciality Papers	8,650	9,673
JC Converting	1,933	1,922
Technical Fibre Products	1,698	1,838
	12,281	13,433

The Company does not have trade receivables.

The ageing of trade receivables at the reporting date was:

	2012 £'000	2011 £'000
Not past due	10,134	11,564
Past due 0 - 30 days	2,196	1,890
Past due 31 - 60 days	50	102
Over 61 days	1	25
	12,381	13,581
Less impairment	(100)	(148)
	12,281	13,433

At the end of each reporting period a review of the provision for bad and doubtful debts is performed. It is an assessment of the potential amount of trade debtors which will not be paid by customers after the balance sheet date. This amount is calculated by reference to the age, status and risk of each receivable.

Provision for doubtful debts.

Group	2012 £'000	2011 £'000
Balance at start of period	147	340
Released during the period	(13)	(88)
Utilised during the period	(34)	(105)
Balance at end of period	100	147

Included in the outstanding trade receivables balance are debtors with an overdue amount of £2,147,000 (2011: £1,869,000) that the Group has not provided for. The Directors believe that these amounts are still considered recoverable from customers for whom there is no recent history of default.

Notes to the Financial Statements continued

16.3 Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient funds to meet liabilities. The Group's policy is to maintain a mix of short, medium and long term borrowings with a number of banks. Short term flexibility is achieved through overdraft facilities. In addition, it is the Group's policy to maintain undrawn committed borrowing facilities in order to provide flexibility in the management of liquidity.

Current and non-current financial liabilities

The maturity profile of the carrying amount of the current and non-current financial liabilities, at 31 March 2012, was as follows:

Group	Debt 2012 £'000	Finance lease obligations 2012 £'000	Total 2012 £'000	Debt 2011 £'000	Finance lease obligations 2011 £'000	Total 2011 £'000
In less than one year	1,357	712	2,069	1,061	365	1,426
In more than one year but not more than two years	2,703	498	3,201	814	484	1,298
In more than two years but not more than five years	3,214	684	3,898	3,199	70	3,269
In more than five years	2,681	94	2,775	-	-	-
	9,955	1,988	11,943	5,074	919	5,993

Company	Debt 2012 £'000	Finance lease obligations 2012 £'000	Total 2012 £'000	Debt 2011 £'000	Finance lease obligations 2011 £'000	Total 2011 £'000
In less than one year	1,214	558	1,772	1,061	338	1,399
In more than one year but not more than two years	1,000	333	1,333	814	375	1,189
In more than two years but not more than five years	2,250	243	2,493	1,650	70	1,720
In more than five years	2,681	94	2,775	-	-	-
	7,145	1,228	8,373	3,525	783	4,308

Trade payables

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Trade payables at the reporting date was	2,611	2,475	2,000	1,959
Total contractual cash flows	2,611	2,475	2,000	1,959

Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at 31 March 2012:

	at 31 March 2012 Floating rate £'000	at 2 April 2011 Floating rate £'000
Expiring within one year (renewable annually)	4,959	5,001

The Group's expiry profile of the drawn down facilities is as follows:

Bank Borrowings		Group at 31 March 2012 £'000	Group at 2 April 2011 £'000	Company at 31 March 2012 £'000	Company at 2 April 2011 £'000
Expiry by:	April 2012	-	175	-	175
	October 2012	215	500	214	500
	May 2013	1,561	1,549	-	-
	December 2014	1,248	-	-	-
	September 2015	2,250	2,850	2,250	2,850
	April 2017	2,000	-	2,000	-
	March 2020	2,681	-	2,681	-
		9,955	5,074	7,145	3,525

16.4 Currency risk

The Group publishes it's consolidated financial statements in sterling but also conducts business in foreign currencies. As a result it is subject to foreign currency exchange risk arising from exchange rate movements which will be reflected in the Group's transaction costs or in the underlying foreign currency assets of it's foreign operations. The Group has operations in the US. The Group is exposed to foreign exchange risks primarily with respect to US Dollars and the Euro. Where possible, the Group maintains a policy of balancing sales and purchases denominated in foreign currencies. Where an imbalance remains, the Group has also entered into certain forward exchange contracts. No material contracts were outstanding at the year end. The management of foreign currency is described in further detail in the Financial Review.

Represented below is the net exposure to foreign currencies, reported in pounds sterling, and arising from all Group activities, as at 31 March 2012.

	USD £'000	Euro £'000	GBP £'000	Total £'000
Trade Receivables	1,841	2,102	8,338	12,281
Cash and cash equivalents	1,800	1,052	2,586	5,438
Trade Payables	(281)	(286)	(2,044)	(2,611)
Unsecured current loans	(142)	-	(1,215)	(1,357)
Finance lease current	-	-	(712)	(712)
Unsecured non-current loans	(2,667)	-	(5,931)	(8,598)
Finance lease non-current	-	-	(1,276)	(1,276)
Net exposure	551	2,868	(254)	3,165

At the 2 April 2011 the Group's exposure to foreign currency risk was as follows:

	USD £'000	Euro £'000	GBP £'000	Total £'000
Trade Receivables	2,009	3,344	8,080	13,433
Cash and cash equivalents	1,012	17	3,253	4,282
Trade Payables	(348)	(378)	(1,749)	(2,475)
Unsecured current loans	-	-	(1,061)	(1,061)
Finance lease current	-	-	(365)	(365)
Unsecured non-current loans	(1,549)	-	(2,464)	(4,013)
Finance lease non-current	-	-	(554)	(554)
Net exposure	1,124	2,983	5,140	9,247

This represents the net exposure to foreign currencies, reported in pounds Sterling, and arising from all Group activities.

Notes to the Financial Statements continued

16.4 Currency risk continued

At the 31 March 2012 the Company's exposure to foreign currency risk was as follows:

	USD £'000	Euro £'000	GBP £'000	Total £'000
Cash and cash equivalents	1	1,050	2,557	3,608
Trade Payables	(233)	(98)	(1,669)	(2,000)
Unsecured current loans	-	-	(1,215)	(1,215)
Finance lease current	-	-	(558)	(558)
Unsecured non-current loans	-	-	(5,931)	(5,931)
Finance lease non-current	-	-	(669)	(669)
Net exposure	(232)	952	(7,485)	(6,765)

At the 2 April 2011 the Company's exposure to foreign currency risk was as follows:

	USD £'000	Euro £'000	GBP £'000	Total £'000
Cash and cash equivalents	2	5	2,994	3,001
Trade Payables	(335)	(221)	(1,403)	(1,959)
Unsecured current loans	-	-	(1,061)	(1,061)
Finance lease current	-	-	(338)	(338)
Unsecured non-current loans	-	-	(2,464)	(2,464)
Finance lease non-current	-	-	(445)	(445)
Net exposure	(333)	(216)	(2,717)	(3,266)

A 1% strengthening of the Pound against the Euro and the US Dollar at 31 March 2012 would have had the following impact on equity and profit by the amounts shown below:

Group		Equity £'000	SCI £'000
31 March 2012	USD	(5)	(15)
31 March 2012	Euro	(28)	(18)
02 April 2011	USD	(11)	(16)
02 April 2011	Euro	(30)	(29)

Company		Equity £'000	SCI £'000
31 March 2012	USD	2	2
31 March 2012	Euro	(9)	1
02 April 2011	USD	3	3
02 April 2011	Euro	2	2

This sensitivity analysis is indicative only and it should be noted that the Group's exposure to such market rate changes is continually changing. The calculations assume all other variables, in particular interest rates, remain constant.

16.5 Interest rate risk

Interest rate risk derives from the Group's exposure to changes in value of an asset or liability or future cash flow through changes in interest rates. The Group finances its operations through a mixture of retained profits and bank borrowings. The Group borrows in the desired currencies at fixed or floating rates of interest. As part of the Group's interest rate management strategy the Company entered into an interest rate swap which will mature in January 2015. Under the swap the maximum base rate the Group will pay on bank borrowings of up to £3m is 0.96%. The exposure is measured on variable rate debt and instruments. The net exposure to interest rates at the Statement of Financial Position date can be summarised as follows:

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Interest bearing liabilities - floating				
Borrowings	9,955	5,074	7,145	3,525
Finance lease	439	782	439	783
	10,394	5,856	7,584	4,308
Interest bearing liabilities - fixed				
Finance lease	1,549	137	789	-
Interest bearing liabilities	**11,943**	**5,993**	**8,373**	**4,308**

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

	2012 %	2011 %
Bank overdraft	1.5	1.5
Borrowings	3.9	3.7

The sensitivity analysis below assumes a 100 basis point change in interest rates from their levels at the reporting date, with all other variables held constant. A 1% rise in interest rates would result in an additional £47,000 for the Group and £27,000 for the Company in interest expense being incurred per year. The impact of a decrease in rates would be an identical reduction in the annual charge.

	Group SCI £'000	Company SCI £'000
31 March 2012	47	27
2 April 2011	42	34

17. Retirement benefits

The Group operates a number of pension schemes. Two of these schemes, the James Cropper plc Works Pension Plan ("Works Scheme") and the James Cropper plc Pension Scheme ("Staff Scheme") are funded schemes of the defined benefit type. The Group also operates a defined contribution scheme and makes contributions to personal pension plans for its employees in the USA. Pension costs for the defined contribution scheme and personal pension contributions are as follows:

	Group 2012 £'000	Group 2011 £'000
Defined contribution schemes	279	267
Personal pension contributions	18	28

Other pension costs totalled £251,000 (2011: £312,000) and represent life assurance charges and government pension protection fund levies.

Notes to the Financial Statements continued

17. Retirement benefits continued

Defined benefit plans

As from 1 April 2011 active members' benefits have been reduced such that future increases in pensionable salaries are restricted to RPI up to a maximum of 2% per annum. Thus the Staff and Works Schemes will remain defined benefit schemes but they will no longer be "final salary" schemes. The most recent actuarial valuations of the Staff Scheme and the Works Scheme have been updated to 31 March 2012 by qualified independent actuaries. The major assumptions used by the actuary for each scheme were as noted below. The expected return on plan assets is calculated by using a weighted average across each category of asset:

	Staff Scheme		Works Scheme	
	2012 %	2011 %	2012 %	2011 %
Inflation assumption	3.2	3.6	3.2	3.6
Rate of increase in pensionable salaries	2.0	2.0	2.0	2.0
Discount rate	5.0	5.5	5.0	5.5
Allowance for pension in payment increases of RPI or 5% p.a. if less (subject to minimum of 3% p.a)	3.4	3.7	3.4	3.7
Allowance for revaluation of deferred pensions of CPI or 5% p.a if less on the Staff scheme or RPI or 2.5% p.a. if less on the Works scheme	2.65	3.1	2.5	2.5
Expected return on plan assets	5.6	6.5	5.9	6.6

In respect of mortality for the Works members the PA92 series table has been used with the medium cohort projections applied, and a plus three year age rating. For the Staff members the PNA00 tables with a 120% rating has been used with the long cohort projections and a 1% underpin. The different tables and methods applied to each Scheme reflect the different characteristics of the members within these Schemes. The long-term expected rate of return on cash is determined by reference to bank base rates at the balance sheet dates. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance. Following the Government's change in the statutory inflation measure for pension increases and legal advice provided to the Trustees of the Schemes, allowance has been made for the rate of increase in some scheme benefits to be linked to the CPI measure of inflation in the future. This has been allowed for as a change in assumptions within Other Comprehensive Income.

The amounts recognised in the Statement of Financial Position are determined as follows:

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Present value of scheme liabilities	(78,005)	(69,593)	(78,130)	(57,333)	(60,335)
Fair value of plan assets	70,307	68,189	63,950	48,257	58,531
Net liability recognised in the SFP	(7,698)	(1,404)	(14,180)	(9,076)	(1,804)

The fair value of the plan assets comprises the following categories of asset in the stated proportions:

	Staff Scheme		Works Scheme	
	2012 %	2011 %	2012 %	2011 %
Equities	49	53	54	59
Bonds	16	15	40	36
Property	-	-	1	-
Cash	3	1	5	5
Annuities	6	6	-	-
Corporate Bonds	26	25	-	-

The pension plan assets do not include any investments in the shares of the Company. (2011: Plan assets included investments in the shares of the Company with a fair value of £626,000).

The amounts recognised in the Statement of Comprehensive Income are as follows:	2012 £'000	2011 £'000
Total included within employee benefit costs – current service cost	1,300	1,370
Expected return on plan assets	(4,456)	(4,430)
Interest on pension scheme liabilities	3,789	4,433
Total included within interest	(667)	3
Total	633	1,373

Analysis of the movement in the Statement of Financial Position liability

	2012 £'000	2011 £'000
At brought forward	(1,404)	(14,180)
Total expense as above	(633)	(1,373)
Contributions paid	1,757	1,603
Gains on curtailment	-	10,158
Actuarial (losses)/gains recognised in SCI	(7,418)	2,388
At 31 March 2012	(7,698)	(1,404)

The actual return on plan assets was £2,697,000 (2011: £4,542,000). The Company expects to pay £792,000 (2011: £710,000) in contributions to the Staff Scheme and £971,000 (2011: £857,000) in contributions to the Works Scheme in the next financial period.

The cumulative amount of gains/losses recognised in the Statement of Comprehensive Income since the adoption of IAS 19 are losses of £7,825,000 (2011: losses of £407,000).

Analysis of the movement in the defined benefit obligation (DBO) and scheme assets

	Works Scheme		Staff Scheme		Works Scheme		Staff Scheme	
	Assets 2012 £'000	DBO 2012 £'000	Assets 2012 £'000	DBO 2012 £'000	Assets 2011 £'000	DBO 2011 £'000	Assets 2011 £'000	DBO 2011 £'000
Brought forward	35,445	(36,288)	32,744	(33,305)	33,172	(42,051)	30,778	(36,079)
Expected return on assets	2,326	-	2,130	-	2,322	-	2,108	-
Current service costs	-	(851)	-	(449)	-	(889)	-	(481)
Benefits paid	(1,695)	1,695	(1,203)	1,203	(1,433)	1,433	(1,073)	1,073
Contributions by plan participants	344	(344)	218	(218)	386	(386)	214	(214)
Employer contributions	940	-	817	-	894	-	709	-
Interest cost	-	(1,977)	-	(1,812)	-	(2,389)	-	(2,044)
Gains on curtailment	-	-	-	-	-	6,002	-	4,156
Actuarial (losses)/gains	(1,438)	(3,272)	(321)	(2,387)	104	1,992	8	284
At 31 March 2012	35,922	(41,037)	34,385	(36,968)	35,445	(36,288)	32,744	(33,305)

Experience adjustments

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Arising on plan assets	(1,759)	112	12,544	(14,718)	(5,780)
Percentage of scheme assets	(2.5%)	0.2%	19.6%	(30.5%)	(9.9%)
Arising on plan liabilities	-	2,717	(15)	152	3,291
Percentage of scheme liabilities	-	3.9%	-	0.3%	5.5%

Notes to the Financial Statements continued

18. Deferred taxation

The movement on the deferred tax account is shown below:

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
At 2 April 2011	(2,550)	189	(108)	3,462
Deferred tax on actuarial gains on retirement liabilities	1,483	(621)	1,483	(621)
SCI credit / (charge)	317	(2,118)	62	(2,949)
At 31 March 2012	(750)	(2,550)	1,437	(108)

Deferred tax assets have been recognised in respect of all temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered. No deferred tax is recognised on the un-remitted earnings of overseas subsidiaries.

Based on the combined distributable reserves in the US Companies of £646,000 (2011: £254,000), tax at 26% of £168,000 could be receivable, before any application for double tax relief, which could be expected to reduce the UK liability to nil.

Deferred tax liabilities	Accelerated capital allowances £'000	Other £'000	Total £'000
At 2 April 2011	(2,999)	84	(2,915)
SCI credit	98	219	317
At 31 March 2012	(2,901)	303	(2,598)

Deferred tax assets	Pension £'000	Total £'000
At 2 April 2011	365	365
Deferred tax on actuarial gains on retirement liabilities	1,483	1,483
At 31 March 2012	1,848	1,848

	Total £'000
Net deferred tax liability	(750)

On 21 March 2012 the Chancellor announced that the main rate of UK corporation tax will reduce from 26% to 24% with effect from 1 April 2012. This change became substantively enacted on 26 March 2012 and therefore the effect of the rate reduction on the deferred tax balances has been included in the figures above.

The Chancellor has also proposed changes to further reduce the main rate of UK corporation tax by 1% per annum to 22% by 1 April 2014. These reductions have not been substantively enacted and the changes are not reflected in the above figures.

19. Called up equity share capital

Group and Company

Authorised	2012 £'000	2011 £'000
10,000,000 (2011: 10,000,000) ordinary shares of 25p each	2,500	2,500

Issued and fully paid

	Number of Ordinary shares	£'000
At 2 April 2011	8,472,368	2,118
Issued during the period	3,299	1
At 31 March 2012	8,475,667	2,119

Potential issue of ordinary shares

Under the James Cropper plc Executive Share Option Scheme, no options were outstanding at 31 March 2012 in respect of the following:

Year of grant	Exercise price (p)	Exercise period	2012 Number	2011 Number
2001	206.5	June 2004 to June 2011	-	90,000

Under the Group's long-term incentive plan for Executive Directors and Senior Executives, such individuals hold rights over ordinary shares that may result in the issue of up to 314,000 25p ordinary shares by 2015 (2011: 361,000 25p ordinary shares by 2014). There were 120,000 share options exercised in the period (2011: 72,000 were exercised). Further information on Directors share options can be seen in the Directors Remuneration Report.

The Save As You Earn (SAYE) schemes were introduced in August 2007, August 2009 and September 2010 respectively and each run for either a three or five year period. Options were valued using a Black-Scholes option pricing model. The fair value per option and assumptions used in the calculation are as follows:

	Aug 07 5 year scheme	Aug 09 3 year scheme	Aug 09 5 year scheme	Sep 10 3 year scheme	Sep 10 5 year scheme
Fair value per option	69p	23p	23p	42p	46p
Date of grant	21 Aug 2007	18 Aug 2009	18 Aug 2009	30 Sep 2010	30 Sep 2010
Exercise Price	191p	85p	85p	130p	130p
Market Price at date of grant	235p	112p	112p	163p	163p
Volatility	22%	27%	27%	35%	35%
Net dividend yield	3%	6%	6%	4%	4%
Term of option	5.25 years	3.25 years	5.25 years	3.25 years	5.25 years
Risk free rate of interest	5.2%	1.9%	2.8%	0.9%	1.6%

During the period 3,299 options were exercised (2011: no options were exercised).

20. Employees and Directors

Staff costs during the period

Continuing operations	Note	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Wages and salaries		17,347	16,305	2,630	2,382
Social Security costs		1,484	1,339	220	195
Pension costs	17	1,848	1,952	772	1,015
		20,679	19,596	3,622	3,592

Notes to the Financial Statements continued

20. Employees and Directors continued

The average monthly number of people (including Executive Directors) employed in the Group during the year, analysed by division was as follows:

	2012 Number	2011 Number
Continuing operations		
JC Speciality Papers	312	302
JC Converting	58	56
Technical Fibre Products	95	91
JC plc Company	62	61
	527	510
Discontinued operation		
The Paper Mill Shop	-	87

Key management compensation

	2012 £'000	2011 £'000
Salaries and short term benefits	1,012	1,093
Post-employment benefits	113	102
Shared based payments	89	70
	1,214	1,265

21. Commitments under operating leases

Group	2012 Property £'000	2012 Plant & machinery £'000	2011 Property £'000	2011 Plant & machinery £'000
Commitments under non-cancellable operating leases expiring:				
Within one year	56	-	20	-
Later than one year and less than five years	214	767	398	1,314
After five years	1,546	-	-	-
	1,816	767	418	1,314

Company	2012 Property £'000	2012 Plant & machinery £'000	2011 Property £'000	2011 Plant & machinery £'000
Commitments under non-cancellable operating leases expiring:				
Within one year	20	-	10	-
Later than one year and less than five years	214	407	353	520
	234	407	363	520

22. Capital commitments

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Contracts placed for future capital expenditure not provided in the financial statements	1,298	655	-	-

23. Contingent liabilities

There were no contingent liabilities at the period end for the Group. The Company is included in a cross guarantee between itself and its subsidiaries.

24. Related party transactions

Group

The Group has taken advantage of the exemption not to disclose intra-group transactions that are eliminated on consolidation.

Company

The Company pays £35,000 (2011: £35,000) annually to Mr J A Cropper for the use of reservoirs to supply water to the factory premises. The contract is based on a twenty year repairing lease with rent reviews every five years. The rent is negotiated through independent advisers representing each party. The Company paid £11,529 (2011: Nil) to Ellergreen Hydro, a company in which M A J Cropper is Managing Director, in the period for a maintenance project.

The Company also has the following transactions with related entities:

2012	Management charges £'000	Receivable / (Payable) £'000	Loans and net intercompany funding £'000
James Cropper Speciality Papers Limited	3,596	4,846	13,486
James Cropper Converting Limited	730	209	4,068
Technical Fibre Products Limited	870	1,069	(3,935)
James Cropper EBT Limited	-	-	226
	5,196	6,124	13,845

2011	Management charges £'000	Receivable / (Payable) £'000	Loans and net intercompany funding £'000
James Cropper Speciality Papers Limited	3,828	4,652	8,031
The Paper Mill Shop Company Limited (discontinued operation)	188	-	-
James Cropper Converting Limited	768	920	5,679
Technical Fibre Products Limited	882	219	(1,340)
James Cropper EBT Limited	-	-	462
	5,666	5,791	12,832

Notes to the Financial Statements

continued

25. Discontinued operation

The Paper Mill Shop (TPMS), a segment dedicated to the retailing of paper and associated products suffered four years of losses and despite the best efforts of the TPMS management team to bring this subsidiary back to profitability, the Board of James Cropper plc took the decision to close and exit all TPMS retail outlets by 2 April 2011. The Board of James Cropper plc are now focused on the development of the 3 remaining manufacturing operations, being:

- JC Speciality Papers - a manufacturer of specialist paper and boards.
- JC Converting – a converter of paper.
- Technical Fibre Products – a manufacture of advanced materials.

Results of discontinued operation

	Note	2012 £'000	2011 £'000
Revenue		-	3,609
Expenses		-	(5,335)
Results from operating activities		-	(1,726)
Income tax		-	-
Loss for the year		-	(1,726)
Basic loss per share	6	-	(20.4p)
Diluted loss per share	6	-	(19.8p)

Cash flows (used in) / from discontinued operation

	2012 £'000	2011 £'000
Net cash used in operating activities	-	(150)
Net cash from investing activities	-	-
Net cash from financing activities	-	-
Net cash flows for the year	-	(150)

2011 - 2012 Shareholder Information

Reporting

Interim Results announced and sent to Ordinary Shareholders	15 November 2011
Final results announced	26 June 2012
Annual Report issued by	9 July 2012

Annual General Meeting -
at The Bryce Institute, Burneside, Kendal

Wednesday 1 August 2012 at 11.00am.

Dividends on ordinary shares

Interim dividend paid on 13 January 2012 to Ordinary Shareholders registered on 16 December 2011.

Final dividend to be paid on 10 August 2012 to Ordinary Shareholders registered on 13 July 2012.

Registrars

Capita Registrars
Northern House
Woodsome Park, Fenay Bridge
Huddersfield
HD8 0GA
Tel 0871 664 0300
www.capitaregistrars.com

Notice of Annual General Meeting

Notice is hereby given that the one hundred and twenty-third annual general meeting of James Cropper plc (the "Company") will be held at The Bryce Institute, Burneside, Kendal, Cumbria at 11.00am on Wednesday 1 August 2012 to consider and, if thought fit, pass the following resolutions of which resolutions 1 to 10 are being proposed as ordinary resolutions and resolutions 11 and 12 as special resolutions:-

1. To receive and consider the statement of accounts and reports of the Directors and the auditors for the 52 weeks ended 31 March 2012.
2. To declare a final dividend of 5.7p per share in respect of the ordinary shares in the Company payable on 10 August 2012 to all ordinary shareholders on the register at the close of business on 13 July 2012.
3. To re-elect Alun I Lewis as a Director of the Company.
4. To re-elect Patrick J Willink as a Director of the Company.
5. To re-elect David R Wilks as a Director of the Company.
6. To re-elect James A Cropper as a Director of the Company.
7. To re-elect Douglas Mitchell as a Director of the Company.
8. To re-appoint KPMG Audit Plc as auditors to hold office from the conclusion of the meeting until the next Annual General Meeting.
9. To authorise the Directors to agree the remuneration of the auditors of the Company.
10. To consider and approve the Directors' Remuneration Report for the 52 weeks ended 31 March 2012.
11. That the Directors be authorised for the purpose of Section 551 of the Companies Act 2006 to allot shares in the Company or grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £381,083 provided that:-

    11.1 except as provided in paragraph 11.2 below this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, or 15 months from the date of this resolution (whichever is earlier) but may be previously revoked or varied by an ordinary resolution of the Company; and

    11.2 the Company may before such expiry make an offer or agreement which would or might require the allotment of shares in the Company or the grant of rights to subscribe for, or to convert any security into, shares in the Company after such expiry and the Directors may allot shares in the Company, or grant rights to subscribe for, or convert any security into, shares in the Company, in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

12. That subject to the passing of and pursuant to the general authority conferred by the resolution numbered 11 in the notice convening this meeting the Directors be empowered pursuant to Section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in Section 560 of the Act) for cash, either pursuant to the authority so conferred or where the equity securities are held by the Company as treasury shares (within the meaning of Section 724(5) of the Act), as if Section 560 of the Act did not apply to any such allotment, provided that this power shall be limited to:-

    12.1 the allotment of equity securities in connection with any rights or other pre-emptive issue in favour of the ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on a fixed record date (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever); and

    12.2 otherwise than pursuant to paragraph (a) of this resolution, the allotment of equity securities up to an aggregate nominal amount of £211,892,

    and shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of this resolution (whichever is earlier) except 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 as if the power conferred by this resolution had not expired.

13. That the Company be generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 ("the Act") to make market purchases (within the meaning of Section 693(4) of the Act) on the London Stock Exchange of ordinary shares of 25p each in the capital of the Company either for cancellation or to hold as treasury shares (within the meaning of Section 724(5) of the Act) provided that:-

    13.1 the maximum aggregate number of ordinary shares hereby authorised to be purchased is 1,271,350;

    13.2 the maximum number of shares held in treasury will never exceed 10% of the issued share capital of the Company;

    13.3 the minimum price which may be paid for such shares is 25p per ordinary share;

    13.4 the maximum price which may be paid for such ordinary shares shall not be more than 5% above the average of the market values for a ordinary share as derived from the AIM appendix to the London Stock Exchange's Daily Official List for the five business days immediately preceding the date on which the ordinary shares are purchased;

    13.5 unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the Company's next Annual General Meeting or 15 months from the date of this resolution (whichever is earlier); and

    13.6 the Company may make a contract or contracts to purchase ordinary shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

By order of the Board

D R Carey
Secretary
9 July 2012

Registered office:

Burneside Mills, Kendal, Cumbria LA9 6PZ

Registered in England and Wales No. 30226

Notes

The following notes explain your general rights as a shareholder and your right to attend and vote at this meeting or to appoint someone else to vote on your behalf.

1. Only those members registered in the Register of Members of the Company as at 6.00pm on 30 July 2012 shall be entitled to attend and vote at the meeting convened above in respect of the number of shares registered in their names at that time.

2. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. Any such member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such member. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please photocopy the form of proxy and indicate in the box next to the proxy's name the number of shares in relation to which he or she is authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A proxy need not be a member of the Company. Appointing a proxy will not prevent a shareholder from attending in person and voting at the meeting. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman of the meeting) and give your instructions directly to that person.

3. A form of appointment of proxy is enclosed. If you return more than one proxy appointment, that received last by the registrar before the latest time for the receipt of proxies will take precedence.

4. The form of proxy includes a vote withheld option. Please note that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for and against any particular resolution.

5. The appointment of a proxy and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated should be deposited with the Company's registrar at the address shown on the proxy form not later than 11.00am on 30 July 2012 or 48 hours before the time for holding any adjourned meeting.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10 no later than 48 hours before the time set for the Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

8. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those Sections of the CREST Manual concerning practical limitations of the CREST system and timings.

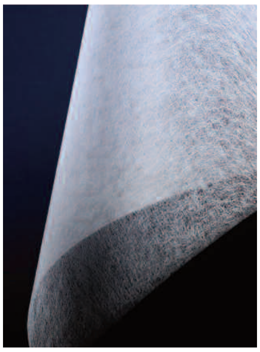
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

10. As at 9.00am on 5 June 2012, being the last practicable day prior to the publication of this notice, the Company's issued share capital comprised 8,475,667 ordinary shares of 25p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 9.00am on 5 June 2012, being the last practicable date prior to the publication of this notice is 8,475,667.

11. Copies of the contracts of service for Directors, the rules of the James Cropper plc Savings-related Option Scheme, and a statement of Directors' interests are available for inspection during normal business hours at the registered office of the Company and they may be inspected at the place of the Annual General Meeting for at least 15 minutes prior to the meeting and at the meeting.

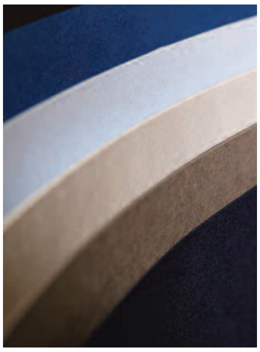
Image Information

The full page images used throughout the Annual Report are representative of the advanced materials and papers created by TFP, Converting and Speciality Papers.



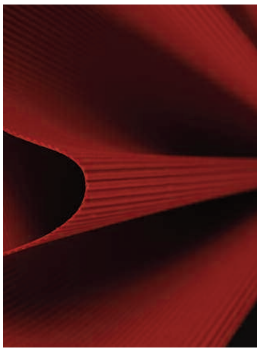
Microfine Polyester Veil (4gsm)

page 1



The Natural Collection (120gsm - 330gsm)

page 5



Fluting Kraft (100gsm)

page 37

Paper

All the paper used in this report has been produced by James Cropper plc

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Inset · Kendal Ivory Board 160gsm
Colorplan is made exclusively for GFSmith & Son (London) Ltd

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