30 July 2014

4imprint Group plc
Half year results for the period ended 28 June 2014

4imprint Group plc (the 'Group'), a leading international direct marketer of promotional products, announces today its half year results for the period ended 28 June 2014

Financial highlights

Continuing operations	**H1 2014**	H1 2013 (restated)†	Change	Constant currency**
Revenue	**£115.65m**	£101.34m	+14%	+23%
Underlying* profit before tax	**£5.85m**	£4.28m	+37%	+49%
Profit before tax	**£4.37m**	£3.23m	+35%	+52%
Underlying* basic EPS	**15.99p**	12.02p	+33%	+45%
Basic EPS	**11.55p**	8.62p	+34%	+51%
Interim dividend	**6.20p**	5.60p	+11%	+11%

* Underlying is before share option related charges, defined benefit pension charges and exceptional items.

** Based on translation of North American results to Sterling at H1 2013 average US$ rate: 1.54 (H1 2014: 1.67).

† Restated to include delivery receipts and other income in revenue and to classify SPS as a discontinued operation.

Operational highlights

- Strong organic growth, revenue and profit ahead of expectations
- Continued organic growth in North America – US$ revenue 23% ahead of H1 2013
  - More than 360,000 orders received, 21% ahead of H1 2013
  - Customer acquisition and re-order rates both strong
- UK Direct Marketing revenue 22% ahead of H1 2013
- Robust financial position, net cash £26.13m, after SPS net disposal proceeds of £5.93m
- Ongoing pension deficit risk reduction project to insure additional pension liabilities

John Poulter, Executive Chairman, commenting on the results, said:
"The Group delivered an exceptionally strong first half as a result of continued market share growth. Indications for the second half year are that good performance, consistent with our stated strategic growth objectives will continue."

– Ends –

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4imprint Group

4imprint is a leading direct marketer of promotional products in the USA, Canada, the UK and Ireland. The direct marketing business is headquartered in Oshkosh, Wisconsin, USA and 96% of its revenue is generated in the USA and Canada. The business serves UK and Irish customers out of its base in Manchester, England.

The strategy is to continue to drive organic growth, gaining market share in the large ($24bn) and highly fragmented US and Canadian markets as well as continuing to drive growth in its smaller UK based business.

4imprint sells an extensive range of customised products to individuals in businesses and organisations of all sizes, processing hundreds of thousands of individually customised orders each year. Organic growth is delivered using a variety of increasingly sophisticated bespoke online and offline marketing techniques backed by proprietary technology. 4imprint provides an easy and convenient order process, allowing customers to purchase in a simple and secure way online or via telephone, with the assistance of a highly skilled customer service team and backed by its service level guarantees. Thousands of products are available to millions of potential customers and items are imprinted and shipped directly to 4imprint's customers from the suppliers.

4imprint has grown significantly ahead of the market, consistently gaining market share. Growth has been achieved organically, driven by revenue investment in marketing, technology and people. Even after this investment the business generates substantial operating cash inflow, driven by low fixed and working capital requirements.

Chairman's statement

The Group delivered an exceptionally strong first half as a result of continued market share growth.

Our well established data and analytics-based marketing processes were reinforced by the expansion of existing and introduction of new online marketing techniques. Combined, these generated an encouraging growth in orders and revenue. Strong profit and cash performance followed.

In the half year, the Group took a further step in its long term strategy to reduce risk in its legacy pension scheme and concluded a Flexible Early Retirement Offer to eligible members. In addition the Group has embarked on a larger project to use its cash resources to procure a buy-out (initially via a buy-in) of the substantial existing liabilities for pensions in payment. On conclusion, this would result in a much reduced risk exposure with significant reduction in both the deficit and routine contributions.

Outlook

Indications for the second half year are that good performance, consistent with our stated strategic growth objectives will continue.

John Poulter

Executive Chairman

30 July 2014

Operating and financial review

Operating review – continuing operations

Revenue	Half year 2014 £'000	Half year 2013 (restated)† £'000	Change
North America	**110,881**	97,414	+14%
UK and Ireland	**4,771**	3,923	+22%
Total	**115,652**	101,337	+14%

† Restated to include delivery receipts and other income in revenue and to classify SPS as a discontinued operation.

Underlying* operating profit	Half year 2014 £'000	Half year 2013 (restated)† £'000	Change
4imprint Direct Marketing	**6,909**	5,294	+31%
Head office	**(1,105)**	(1,027)	+(8)%
Total	**5,804**	4,267	+36%

* Underlying is before share option related charges, defined benefit pension charges and exceptional items.
† Restated to classify SPS as a discontinued operation.

The Group produced a strong revenue and underlying operating profit performance despite an adverse Sterling/US dollar movement in the period. Continued organic growth delivered Group revenue for the first half of the year 14% ahead of H1 2013 (23% at constant currency) and Group underlying operating profit increased by 36% (49% at constant currency).

North America

Revenue in US dollars increased 23% over 2013 to $185.10m, representing another period of strong organic growth. Industry sources estimate that over this reporting period the North American promotional products market as a whole expanded by circa 7%, indicating that most of 4imprint's growth derives from market share gains in this highly fragmented market.

New customer activity in the first half has been particularly robust. Nearly 87,000 new customers were acquired in the period, resulting in an increase in new customer orders of 21%. This growth was driven by further expansion of online marketing initiatives identified in the second half of 2013 and supported by the implementation of sophisticated bid management software for pay-per-click advertising. This effort was underpinned by expanded print catalogue circulation which remains a key part of the prospect marketing mix.

Orders from existing customers increased by 21% year-on-year and represent 65% of the total orders received. The retention metrics in the business remain consistent, even as the number of new customers acquired has increased. Deeper analysis of the customer file and information gathering on customer preferences has helped with the targeting and effectiveness of the popular Blue Box™ sample mailings. In addition, many of the online marketing programmes the business engages in are also effective tools in retaining existing customers.

Operating profit in US dollars increased 41% over prior year. Thousands of products are offered to customers, and with such a wide product base gross margins have remained stable. Marketing spend increased by 23% to drive organic revenue growth and other overheads remain well controlled.

The business is highly cash generative and US$20.18m of pre tax operating cash was generated in the first half of the year.

UK and Ireland

Revenue increased by 22% over the same prior year period as the business focuses on growing the customer file.

New customer orders in the period increased by 37%, driven by essentially the same marketing techniques employed in the North American business, as well as a programme to expand the product range. Retention rates were also consistent, with existing customer orders increasing by 23% over prior year.

Head office costs

Head office costs comprised Board costs, UK corporate office and other plc related costs.

Financial review

Continuing operations	**Half year 2014 underlying*** **£m**	Half year 2013 underlying* (restated)† £m	**Half year 2014** **£m**	Half year 2013 (restated)† £m
Underlying operating profit	**5.80**	4.26	**5.80**	4.26
Pension scheme administration charges			**(0.21)**	(0.20)
Share option charges			**(0.31)**	(0.38)
Net interest receivable	**0.05**	0.02	**0.05**	0.02
Net pension finance charge			**(0.35)**	(0.47)
Exceptional items			**(0.61)**	-
Profit before tax	**5.85**	4.28	**4.37**	3.23

* Underlying is before share option related charges, defined benefit pension charges and exceptional items.

† Restated to classify SPS as a discontinued operation.

Underlying profit before tax from continuing operations was £5.85m (H1 2013: £4.28m), an increase of 37%. At constant currency the increase would be 49%.

Exchange

The average US dollar rate for the half year was $1.67 (H1 2013: $1.54; FY 2013: $1.56). The closing US dollar rate at 28 June 2014 was $1.70 (29 June 2013: $1.52; FY 2013: $1.65).

The movement in the half year average exchange rate decreased revenue by £8.94m and operating profit by £0.55m on translation of revenue and profit into Sterling. The movement in the closing rates reduced US dollar denominated overseas subsidiary assets by £0.41m.

Share option charges

The Group charged £0.31m (H1 2013: £0.38m) in respect of IFRS 2, 'Share-based payments'. This related to UK and US SAYE schemes, together with the Performance Share Plan. The decreased charge was due to the vesting and exercise of 1.4 million shares in May 2014, under the Performance Share Plan.

Current options outstanding are 140,000 shares under the Performance Share Plan and 225,000 SAYE awards.

Net finance income

Net finance income in the half year was £0.05m (H1 2013: £0.02m), reflecting the Group's cash balance invested in short term deposits.

Taxation

The tax charge for continuing operations for the half year was £1.27m at a rate of 29% (H1 2013: 29%; FY 2013: 27%), which represents the expected tax rate for the full year 2014. The charge related to taxation payable on profit earned in USA, together with the unwinding of the UK deferred tax asset, principally in relation to payments into the UK defined benefit pension scheme.

The tax charge for underlying profit from continuing operations was 27% (H1 2013: 27%; FY 2013: 25%).

Earnings per share

Underlying basic earnings per share from continuing operations was 15.99p (H1 2013: 12.02p), an increase of 33%. At constant currency, underlying EPS from continuing operations would have been 1.45p higher.

Basic earnings per share from continuing operations was 11.55p (H1 2013: 8.62p). Including the impact of the discontinued operation basic earnings per share was 11.70p (H1 2013: 9.81p).

Dividends

The Board has declared an interim dividend of 6.20p (H1 2013: 5.60p), an increase of 11%. The dividend will be paid on 12 September 2014 at a cash cost of £1.73m.

Discontinued operation

On 10 February 2014, the Group completed the sale of SPS, its UK based manufacturing operation, to the SPS senior management, backed by Maven Capital Partners, a private equity firm. The consideration was £7.25m (increased by £0.24m relating to the amount of working capital, debt and cash at completion). Net cash proceeds from disposal were £5.93m after costs, including a bonus payable to the SPS senior management on completion of the disposal.

Up to the date of disposal SPS made an operating loss of £0.06m and profit on disposal of the business was £0.10m (representing release of a provision made for estimated loss on disposal in 2013).

In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', SPS has been presented as a discontinued operation in 2014 and 2013.

Cash flow

The Group had net cash of £26.13m at 28 June 2014, an increase of £10.37m from the prior year end. Net cash at 28 June 2014 was represented by:

	28 June 2014 £m	28 December 2013 £m
Other financial assets – cash deposits	**8.60**	4.95
Cash and cash equivalents	**17.53**	10.81
	26.13	15.76

The Group has US$13.0m of working capital facilities with its principal US bank, JPMorgan Chase. The interest rate is US$ LIBOR plus 1.5%, and the facilities expire on 31 August 2015.

Cash flow is summarised as follows:

	Half year 2014 £m
Underlying operating profit	**5.80**
Depreciation and amortisation	**0.50**
Change in working capital	**5.38**
Capital expenditure	**(0.64)**
Operating cash flow	**11.04**
Interest and tax	**(0.06)**
Defined benefit pension contributions	**(1.96)**
NI on share options exercises	**(0.83)**
Other	**(0.60)**
Free cash flow	**7.59**
Discontinued operations net cash inflow	**5.80**
Dividends to Shareholders	**(3.02)**
Net cash inflow in the period	**10.37**

The Group delivered a strong cash flow performance in the first half of 2014, generating £7.59m of free cash flow. The Direct Marketing business cash generation profile remained strong and £12.17m of pre tax operating cash flow was delivered in the first half of 2014, benefiting from a £5.42m working capital inflow which is due to timing.

Cash inflow in respect of the sale of SPS and trading to the date of disposal was £5.80m and the 2013 final dividend totalling £3.02m was paid in May 2014.

Defined benefit pension scheme

The Group sponsors a legacy UK defined benefit pension scheme, closed to new members and future accruals. The Scheme has 1,151 pensioners (of which 411 had insured benefits) and 535 deferred pensioners.

At 28 June 2014, the deficit of the Scheme on an IAS 19 basis increased to £18.74m (FY 2013: £16.61m). On an IAS 19 basis liabilities were £77.20m and assets were £58.46m, a further £18.26m of pensioner liabilities were insured by a buy-in policy.

The change in deficit is explained as follows:	£m
IAS 19 deficit at 28 December 2013	**(16.61)**
Company contributions	**1.96**
Administrative expenses	**(0.21)**
Net finance charge	**(0.35)**
Exceptional items related to risk reduction	**(0.42)**
Remeasurement due to changes in assumptions*	**(3.11)**
IAS 19 deficit at 28 June 2014	**(18.74)**

* Principally due to a decrease in the discount rate from 4.48% to 4.04%.

In line with its strategy of continuing to reduce the risk of the legacy defined benefit pension scheme to the Group, in H1 2014 the Group completed a flexible early retirement offer which was made to eligible deferred pensioners. 41 deferred pensioners accepted the offer and the total liability transferred was £5.23m, this was a take up rate of 27% by number of people and 45% by value. The total cash cost of the offer to the Company, including fees, was £0.49m and the settlement charge (non-cash) on transfer was £0.29m.

The Group is pursuing further risk reduction in the pension scheme and has embarked on a project to procure a buy-out (initially via a buy-in) of the substantial liabilities for pensions in payment. The cash cost of this exercise to the Company, based on June 2014 market conditions, would be circa £22m spread over 2014 and 2015.

If completed, around three quarters of the overall liabilities would be on an insured basis. Based on June 2014 market conditions, this could be expected to reduce the deficit by approximately half and to permit a reduction in routine contributions.

Balance sheet and Shareholders' funds

Net assets at 28 June 2014 were £14.32m, a decrease of £2.46m:

	28 June 2014 £m	28 December 2013 £m
Non current assets	**10.41**	9.99
Working capital	**(2.14)**	2.49
Net cash	**26.13**	15.76
Pension deficit	**(18.74)**	(16.61)
Other liabilities	**(1.34)**	(0.59)
Net assets held for sale	**-**	5.74
Net assets	**14.32**	16.78

Shareholders' funds decreased as profit generated in the period of £3.14m was offset by actuarial losses on the pension scheme net of tax of £(2.47)m, dividends paid £(3.02)m and other movements £(0.11)m.

Treasury Policy

Treasury policy is to manage centrally the financial requirements of the Group. The Group operates cash pooling arrangements separately for its North American operations and its UK operations. The Group enters into forward contracts to buy or sell currency relating to specific receivables and payables as well as remittances from its overseas subsidiaries. The Group holds the majority of its cash on deposit with its principal UK banker and working capital requirements of the North American business are funded by a facility with its principal US banker.

Critical accounting policies

Critical accounting policies are those that require significant judgements or estimates and potentially result in materially different results under different assumptions or conditions. It is considered that the Group's critical accounting policy is in respect of pensions.

Risks

The Group may be affected by a number of risks. These risks have not changed since the year end and are detailed on pages 11 and 12 of the Group's Annual Report 2013, a copy of which is available on the Group's website: http://investors.4imprint.com. The risks include economic and market risks, technological risks and operational risks.

Kevin Lyons-Tarr
Executive Director

Gillian Davies
Group Finance Director

30 July 2014

Condensed consolidated income statement (unaudited)

	Note	**Half year 2014**	Half year 2013 (restated)†	Full year 2013
	Note	**£'000**	£'000	£'000
Continuing operations				
Revenue	7	**115,652**	101,337	212,861
Operating expenses		**(110,982)**	(97,657)	(202,724)
Operating profit before exceptional items		**5,281**	3,680	10,391
Exceptional items	8	**(611)**	-	(254)
Operating profit	7	**4,670**	3,680	10,137
Finance income		**50**	29	56
Finance costs		**-**	(12)	(17)
Net pension finance charge	12	**(354)**	(471)	(924)
Net finance cost		**(304)**	(454)	(885)
Profit before tax		**4,366**	3,226	9,252
Taxation	9	**(1,266)**	(945)	(2,466)
Profit for the period from continuing operations		**3,100**	2,281	6,786
Discontinued operation				
Profit/(loss) from discontinued operation	15	**41**	315	(2,886)
Profit for the period		**3,141**	2,596	3,900
Earnings per share				
Basic				
From continuing operations	10	**11.55p**	8.62p	25.64p
From continuing and discontinued operations	10	**11.70p**	9.81p	14.74p
Diluted				
From continuing operations	10	**11.02p**	8.26p	24.38p
From continuing and discontinued operations	10	**11.17p**	9.40p	14.01p
Underlying				
From continuing operations	10	**15.99p**	12.02p	35.51p

† See note 6

Condensed consolidated statement of comprehensive income (unaudited)

	Note	**Half year 2014 £'000**	Half year 2013 £'000	Full year 2013 £'000
Profit for the period		**3,141**	2,596	3,900
Other comprehensive income/(expense)				
Items that may be reclassified subsequently to profit and loss:				
Exchange differences on translation of foreign subsidiaries		**(411)**	586	(423)
Items that will not be reclassified subsequently to profit and loss:				
Remeasurement (losses)/gains on post employment obligations	12	**(3,101)**	4,913	4,586
Tax relating to components of other comprehensive income		**667**	(1,142)	(2,239)
Effect of change in UK tax rate		**(31)**	-	(483)
Total other comprehensive (expense)/income net of tax		**(2,876)**	4,357	1,441
Total comprehensive income for the period		**265**	6,953	5,341

	Half year 2014 £'000	Half year 2013 £'000	Full year 2013 £'000
Total comprehensive income/(expense) attributable to equity Shareholders arising from			
- Continuing operations	**224**	6,638	8,227
- Discontinued operation	**41**	315	(2,886)
	265	6,953	5,341

Condensed consolidated balance sheet (unaudited)

	Note	**At 28 June 2014 £'000**	At 29 June 2013 £'000	At 28 Dec 2013 £'000
Non current assets				
Property, plant and equipment		**5,316**	12,361	5,337
Intangible assets		**824**	943	818
Deferred tax assets		**4,265**	5,158	3,834
		10,405	18,462	9,989
Current assets				
Assets held for sale		**-**	-	8,381
Inventories		**1,982**	3,881	2,235
Trade and other receivables		**18,606**	22,138	18,253
Other financial assets – bank deposits	13	**8,600**	3,200	4,950
Cash and cash equivalents	13	**17,532**	11,801	10,807
		46,720	41,020	44,626
Current liabilities				
Trade and other payables		**(22,730)**	(21,949)	(17,997)
Current tax		**(973)**	(1,004)	(150)
Borrowings	13	**-**	(79)	-
Liabilities held for sale		**-**	-	(2,646)
		(23,703)	(23,032)	(20,793)
Net current assets		**23,017**	17,988	23,833
Non current liabilities				
Retirement benefit obligations	12	**(18,735)**	(17,075)	(16,611)
Borrowings	13	**-**	(90)	-
Deferred tax liability		**(224)**	(640)	(289)
Provisions for other liabilities and charges		**(146)**	(147)	(147)
		(19,105)	(17,952)	(17,047)
Net assets		**14,317**	18,498	16,775
Shareholders' equity				
Share capital	16	**10,756**	10,286	10,286
Share premium reserve		**38,575**	38,575	38,575
Other reserves		**(746)**	674	(335)
Retained earnings		**(34,268)**	(31,037)	(31,751)
Total Shareholders' equity		**14,317**	18,498	16,775

Condensed consolidated statement of changes in Shareholders' equity (unaudited)

	Share capital £'000	Share premium reserve £'000	Other reserves £'000	Retained earnings: Own shares £'000	Retained earnings: Profit and loss £'000	Total equity £'000
At 29 December 2012	10,222	38,437	88	(726)	(34,231)	13,790
Profit for the period					2,596	2,596
Other comprehensive expense			586		3,771	4,357
Total comprehensive income for the period			586		6,367	6,953
Share-based payment charge					385	385
Shares issued	64	138				202
Own shares purchased				(130)		(130)
Own shares utilised				5	(5)	-
Dividends					(2,702)	(2,702)
At 29 June 2013	10,286	38,575	674	(851)	(30,186)	18,498
Profit for the period					1,304	1,304
Other comprehensive expense			(1,009)		(1,907)	(2,916)
Total comprehensive expense for the period			(1,009)		(603)	(1,612)
Share-based payment charge					410	410
Deferred tax relating to share options					961	961
Dividends					(1,482)	(1,482)
At 28 December 2013	10,286	38,575	(335)	(851)	(30,900)	16,775
Profit for the period					**3,141**	**3,141**
Other comprehensive expense			**(411)**		**(2,465)**	**(2,876)**
Total comprehensive income for the period			**(411)**		**676**	**265**
Share-based payment charge					**296**	**296**
Shares issued (note 16)	**470**					**470**
Own shares purchased				**(470)**		**(470)**
Own shares utilised				**1,201**	**(1,201)**	**-**
Dividends					**(3,019)**	**(3,019)**
At 28 June 2014	**10,756**	**38,575**	**(746)**	**(120)**	**(34,148)**	**14,317**

Condensed consolidated cash flow statement (unaudited)

	Note	**Half year 2014 £'000**	Half year 2013 £'000	Full year 2013 £'000
Cash flows from operating activities				
Cash generated from operations	14	**8,484**	6,082	11,451
Net tax paid		**(106)**	-	(1,735)
Finance income		**43**	54	70
Finance costs		**-**	(13)	(14)
Net cash generated from operating activities		**8,421**	6,123	9,772
Cash flows from investing activities				
Net proceeds from sale of business	15	**5,928**	1,250	991
Purchases of property, plant and equipment		**(505)**	(528)	(986)
Purchases of intangible assets		**(141)**	(141)	(311)
Net cash generated from investing activities		**5,282**	581	(306)
Cash flows from financing activities				
Repayment of borrowings		**-**	(6,408)	(6,434)
Capital element of finance lease payments		**-**	(75)	(151)
Amounts placed on deposit		**(3,650)**	(200)	(1,950)
Proceeds from issue of ordinary shares		**470**	202	202
Purchase of own shares		**(470)**	(130)	(130)
Dividends paid to Shareholders		**(3,019)**	(2,702)	(4,184)
Net cash used in financing activities		**(6,669)**	(9,313)	(12,647)
Net movement in cash and cash equivalents		**7,034**	(2,609)	(3,181)
Cash and cash equivalents at beginning of the period		**10,807**	14,101	14,101
Exchange (losses)/gains on cash and cash equivalents		**(309)**	309	(113)
Cash and cash equivalents at end of the period		**17,532**	11,801	10,807
Analysis of cash and cash equivalents				
Cash at bank and in hand	13	**14,132**	7,601	6,557
Short term deposits	13	**3,400**	4,200	4,250
		17,532	11,801	10,807

Notes to the interim financial statements

1 General information

4imprint Group plc is a public limited company incorporated and domiciled in the UK and listed on the London Stock Exchange. Its registered office is 7/8 Market Place, London, W1W 8AG.

The condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 30 July 2014.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the period ended 28 December 2013 were approved by the Board of Directors on 5 March 2014 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The financial information contained in this report has neither been audited nor reviewed, pursuant to Auditing Practices Board guidance on Review of Interim Financial Information, by the auditors.

2 Basis of preparation

These condensed consolidated interim financial statements for the half year ended 28 June 2014 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 ‘Interim Financial Reporting’, as adopted by the European Union, and should be read in conjunction with the Group’s financial statements for the period ended 28 December 2013, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue to operate for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Interim Report and financial statements.

3 Accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those of the annual financial statements for the period ended 28 December 2013, as described in those annual financial statements. New accounting standards applicable for the first time in this reporting period have no impact on the Group’s results.

The tax charge for the interim period is accrued based on the best estimate of the tax charge for the full financial year.

4 Estimates

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

5 Financial risk management

The Group’s activities expose it to a variety of financial risks: currency risk; credit risk; liquidity risk; and capital risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group’s annual financial statements as at 28 December 2013. There have been no changes in any risk management policies since this date.

Notes to the interim financial statements

6 Restatement

The 2013 half year income statements and notes have been restated to reclassify SPS as a discontinued operation. The reclassification has no net impact on the profit for the period. The amounts reclassified as discontinued operations are shown by line item in note 15. Additionally revenue has been restated to include income from delivery receipts and other income which has been moved from operating expenses, where it was offset against the costs of these activities.

7 Segmental analysis

The chief operating decision maker has been identified as the Board.

The operations of the Group are reported in one primary operating segment.

Revenue – continuing operations

4imprint Direct Marketing	**Half year 2014 £'000**	Half year 2013 (restated) £'000	Full year 2013 £'000
Sales of promotional products	**107,019**	93,515	196,422
Delivery receipts and other income	**8,633**	7,822	16,439
Total revenue from promotional products	**115,652**	101,337	212,861

Profit – continuing operations

	Underlying			Total		
	Half year 2014 £'000	Half year 2013 (restated) £'000	Full year 2013 £'000	**Half year 2014 £'000**	Half year 2013 (restated) £'000	Full year 2013 £'000
4imprint Direct Marketing	**6,909**	5,294	14,602	**6,909**	5,294	14,602
Head Office	**(1,105)**	(1,027)	(2,139)	**(1,105)**	(1,027)	(2,139)
Underlying operating profit	**5,804**	4,267	12,463	**5,804**	4,267	12,463
Exceptional items – Head Office (note 8)				**(611)**	-	(254)
Share option related charges				**(315)**	(380)	(1,594)
Defined benefit pension scheme administrative expenses				**(208)**	(207)	(478)
Operating profit	**5,804**	4,267	12,463	**4,670**	3,680	10,137
Net finance income	**50**	17	39	**50**	17	39
Net pension finance charge				**(354)**	(471)	(924)
Profit before tax	**5,854**	4,284	12,502	**4,366**	3,226	9,252

8 Exceptional items

	Half year 2014 £'000	Half year 2013 £'000	Full year 2013 £'000
Pension risk reduction exercises	**611**	-	254

The pension costs related to a flexible early retirement offer (FERO) undertaken in the first half of the year and preliminary work into further risk reduction exercises. The costs include costs paid by the Company of £188,000 (FY 2013: £178,000), a £286,000 IAS 19 settlement charge in respect of the FERO and £137,000 (FY 2013: £76,000) incurred and paid by the defined benefit pension scheme.

Notes to the interim financial statements

9 Taxation

The taxation charge for continuing operations for the period to 28 June 2014 was 29%, the estimated rate for the full year (H1 2013: 29%; FY 2013: 27%). Tax paid in the period was £106,000 (H1 2013: £nil; FY 2013: £1,735,000).

10 Earnings per share

Basic, underlying and diluted

The basic, underlying and diluted earnings per share are calculated based on the following data:

	Half year 2014	Half year 2013 (restated)	Full year 2013
	£'000	£'000	£'000
Profit after tax – continuing operations	**3,100**	2,281	6,786
Profit/(loss) after tax – discontinued operation	**41**	315	(2,886)
Profit after tax	**3,141**	2,596	3,900

	Half year 2014	Half year 2013 (restated)	Full year 2013
	£'000	£'000	£'000
Profit after tax – continuing operations	**3,100**	2,281	6,786
Add back:			
Defined benefit pension administration charges	**208**	207	478
Share option charges	**296**	380	784
Social security charges on share options	**19**	-	810
Net pension finance charge	**354**	471	924
Exceptional items	**611**	-	254
Tax relating to above items	**(296)**	(158)	(638)
Underlying profit after tax – continuing operations	**4,292**	3,181	9,398

	Half year 2014	Half year 2013 (restated)	Full year 2013
	Number 000's	Number 000's	Number 000's
Basic weighted average number of shares	**26,847**	26,463	26,463
Dilutive potential ordinary shares – employee share options	**1,276**	1,146	1,372
Diluted weighted average number of shares	**28,123**	27,609	27,835

Basic earnings per share from continuing operations	**11.55p**	8.62p	25.64p
Basic earnings/(loss) per share from discontinued operation	**0.15p**	1.19p	(10.90)p
	11.70p	9.81p	14.74p
Diluted earnings per share from continuing operations	**11.02p**	8.26p	24.38p
Diluted earnings/(loss) per share from discontinued operation	**0.15p**	1.14p	(10.37)p
	11.17p	9.40p	14.01p
Underlying basic earnings per share from continuing operations	**15.99p**	12.02p	35.51p

Notes to the interim financial statements

10 Earnings per share continued

The basic weighted average number of shares excludes shares held in the employee share trust. The effect of this is to reduce the average by 247,152 (H1 2013: 265,183; FY 2013: 272,936).

11 Dividends

	Half year 2014	Half year 2013	Full year 2013
	£'000	£'000	£'000
Dividends paid in the period	**3,019**	2,702	4,184
Dividends per share declared - Interim	**6.20p**	5.60p	5.60p
- Final	**-**	-	11.40p

The interim dividend for 2014 of 6.20p per ordinary share (interim 2013: 5.60p; final 2013: 11.40p) will be paid on 12 September 2014 to ordinary Shareholders on the register at the close of business on 15 August 2014.

12 Employee pension schemes

The Group operates defined contribution pension plans for the majority of its UK and US employees. The regular contributions are charged to the income statement as they are incurred.

The Group also sponsors a legacy UK defined benefit pension Scheme which is closed to new members and future accruals. The funds of the Scheme are administered by a trustee company and are independent of the Group's finances.

The last full actuarial valuation was carried out by a qualified independent actuary as at 5 April 2013 and this has been updated on an approximate basis to 28 June 2014 on an IAS 19 basis. There have been no changes in the valuation methodology adopted for this period's disclosures compared to previous periods' disclosure.

The amounts recognised in the income statement are:

	Half year 2014	Half year 2013	Full year 2013
	£'000	£'000	£'000
Defined benefit pension administration charges	**208**	207	478
Net pension finance charge	**354**	471	924
Exceptional items – Settlement charge re flexible early retirement offer	**286**	-	-
– Pension risk reduction exercise costs paid by the Scheme	**137**	-	76
Total recognised in the income statement	**985**	678	1,478

The principal assumptions applied by the actuaries at 28 June 2014 were:

	Half year 2014	Half year 2013	Full year 2013
Rate of increase in pensions in payment	**3.00%**	3.15%	3.20%
Rate of increase in deferred pensions	**2.00%**	2.40%	2.20%
Discount rate	**4.04%**	4.70%	4.48%
Inflation assumption - RPI	**3.10%**	3.25%	3.30%
- CPI	**2.10%**	2.50%	2.30%

Notes to the interim financial statements

12 Employee pension schemes continued

The mortality assumptions adopted at 28 June 2014 imply the following life expectancies at age 65:

	Half year 2014	Half year 2013	Full year 2013
Male currently aged 40	**24.7 yrs**	24.6 yrs	24.6 yrs
Female currently aged 40	**27.2 yrs**	28.1 yrs	27.1 yrs
Male currently aged 65	**22.5 yrs**	22.2 yrs	22.4 yrs
Female currently aged 65	**24.8 yrs**	25.5 yrs	24.7 yrs

Analysis of the movement in the balance sheet liability:

	Half year 2014 £'000	Half year 2013 £'000	Full year 2013 £'000
At start of period	**16,611**	22,894	22,894
Administrative expenses	**208**	207	478
Net finance charge	**354**	471	924
Exceptional items	**423**	-	76
Contributions by employer – normal	**(1,709)**	(1,584)	(3,175)
– flexible early retirement offer	**(253)**	-	-
Remeasurement losses/(gains) on post employment obligations	**3,101**	(4,913)	(4,586)
At end of period	**18,735**	17,075	16,611

13 Analysis of net cash

	Half year 2014 £'000	Half year 2013 £'000	Full year 2013 £'000
Other financial assets – bank deposits	**8,600**	3,200	4,950
Cash at bank and in hand	**14,132**	7,601	6,557
Short term deposits	**3,400**	4,200	4,250
Cash and cash equivalents	**17,532**	11,801	10,807
Current borrowings - finance leases	**-**	(79)	-
Non current borrowings - bank loans	**-**	(90)	-
Net cash	**26,132**	14,832	15,757

Notes to the interim financial statements

14 Cash generated from operations

	Half year 2014	Half year 2013 (restated)	Full Year 2013
	£'000	£'000	£'000
Operating profit - continuing operations	**4,670**	3,680	10,137
- discontinued operation	**(59)**	380	920
Adjustments for:			
Depreciation charge	**406**	676	1,364
Amortisation of intangibles	**168**	205	400
Exceptional non cash items	**423**	-	76
Decrease in exceptional accrual/provisions	**(24)**	(11)	(16)
Share option non cash charges – continuing operations	**296**	380	784
– discontinued operation	**-**	5	11
Defined benefit scheme administration costs – non cash charge	**208**	207	478
Contributions to defined benefit pension scheme – normal	**(1,709)**	(1,584)	(3,175)
– flexible early retirement offer	**(253)**	-	-
Changes in working capital:			
Increase in inventories	**(78)**	(439)	(811)
Decrease/(increase) in trade and other receivables	**85**	(1,745)	(3,428)
Increase in trade and other payables	**4,351**	4,328	4,711
Cash generated from operations	**8,484**	6,082	11,451

Cash flow in respect of the discontinued operation included above was £(126,000) (H1 2013: £(160,000); FY 2013: £994,000).

15 Discontinued operation

On 10 February 2014, the Group completed the sale of SPS to the SPS senior management team, backed by Maven Capital Partners. The consideration was £7.25m (subject to post completion adjustments relating to the levels of working capital, debt and cash at completion).

The profit/(loss) from the discontinued operation was as follows:

	Half year 2014*	Half year 2013 (restated)	Full year 2013
	£'000	£'000	£'000
Revenue	**1,591**	7,266	15,327
Operating expenses	**(1,650)**	(6,886)	(14,407)
Operating (loss)/profit	**(59)**	380	920
Loss on remeasurement of assets of disposal group	**-**	-	(3,650)
Profit on disposal of business	**100**	-	-
Profit/(loss) before tax	**41**	380	(2,730)
Taxation	**-**	(65)	(156)
Profit/(loss) for the period from discontinued operation	**41**	315	(2,886)

* To date of sale.

The loss on remeasurement of SPS assets was calculated based on the best estimates of the adjusted consideration net of costs of disposal and expected net assets of the disposal group at the time of completion.

Notes to the interim financial statements

15 Discontinued operation continued

Profit on disposal of business	**Half year 2014 £'000**
Consideration	**7,250**
Adjustment for working capital and cash at date of sale	**235**
Adjusted consideration	**7,485**
Costs of disposal	**(1,492)**
	5,993
Net assets sold, excluding cash and debt	**(9,054)**
Cash transferred with business sold	**(313)**
Release of remeasurement provision on disposal group assets	**3,474**
Profit on disposal of business	**100**

Included within the cash flow statement are the following cash flows from discontinued operations:

	Half year 2014 £'000	Half year 2013 (restated) £'000	Full year 2013 £'000
Net cash (used in)/generated from operating activities	**(126)**	(160)	994
Cash flows from investing activities			
Purchase of property, plant and equipment	**(4)**	(76)	(153)
Proceeds from sale of business:			
Consideration received	**7,485**	1,250	1,250
Cash costs of disposal	**(1,244)**	-	(176)
Payment of disposal costs accrued in prior period	**-**	-	(83)
Cash in subsidiaries sold	**(313)**	-	-
Net proceeds from sale of businesses	**5,928**	1,250	991
Net cash generated from investing activities	**5,924**	1,174	838
Net movement in cash and cash equivalents	**5,798**	1,014	1,832

The £1,250,000 consideration received in 2013 related to deferred consideration in respect of the sale of the Brand Addition business in 2012.

16 Share capital

During the period 1,220,583 shares, with a nominal value of £470,000, were issued to the 4imprint Employee Benefit Trust for a consideration of £470,000 to satisfy exercises of share options under the Group share schemes (H1 2013: 168,281 shares issued; FY 2013: 168,281 shares issued). 1,422,000 options were exercised in the period and transferred from the Trust.

17 Capital commitments

The Group had no capital commitments contracted but not provided for in these financial statements (29 June 2013: £64,000; 28 December 2013: £229,000).

18 Related party transactions

The Group did not participate in any related party transactions that require disclosure.

Statement of Directors' responsibilities

The Directors confirm that, to the best of their knowledge, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and 4.2.8, namely:

- An indication of the important events that have occurred during the first half year and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

- Material related-party transactions in the first half year and any material changes in the related-party transactions described in the last annual report.

The Directors of 4imprint Group plc are as listed in the Group's Annual Report for 28 December 2013. A list of current Directors of 4imprint Group plc is also maintained on the Group website: http://investors.4imprint.com.

By order of the Board

John Poulter
Executive Chairman

Gillian Davies
Group Finance Director

30 July 2014