31 July 2013

4imprint Group plc
Half year results for the period ended 29 June 2013

4imprint Group plc (the 'Group'), the international supplier of promotional products, announces today its half year results for the period ended 29 June 2013

Financial highlights

	H1 2013	H1 2012 restated†	Change
Revenue	**£100.78m**	£88.36m	+14%
Underlying* profit before tax	**£4.67m**	£3.32m	+41%
Profit before tax	**£3.61m**	£2.16m	+67%
Underlying* basic EPS	**13.23p**	8.61p	+54%
Basic EPS	**9.81p**	38.07p **	-
Interim dividend	**5.60p**	5.25p	+7%

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

† Restated for amendments to IAS 19

** 5.10p before profit from discontinued operations

Operational highlights

- Strong organic growth, profit ahead of expectations

- **4imprint Direct Marketing**
    - Continued organic growth in North America – US$ revenue 13% ahead of H1 2012
        - More than 300,000 orders received, 14% ahead of H1 2012
        - Re-order rates strong

    - UK Direct Marketing revenue 10% ahead of H1 2012

- **SPS**
    - Revenue 3% ahead and order intake 8% ahead of H1 2012

- Robust financial position, net cash £14.83m

John Poulter, Chairman, commenting on the results, said:

"The first half of 2013 has been another period of growth for the Group with profit ahead of the Board's expectations. The balance sheet, with net cash, remains strong. The Group continues to take advantage of the growth opportunities presented by 4imprint Direct Marketing's large and highly fragmented markets, as well as continuing to drive revenue growth in SPS. Following the strong first half results, the Board expects a good performance for the year as a whole."

– Ends –

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4imprint Group

4imprint is a UK listed promotional products Group with two operations: 4imprint Direct Marketing (93% of revenue); and SPS (7% of revenue).

The Group's strategy is continued organic growth, gaining market share in the highly fragmented markets in which it operates.

4imprint Direct Marketing

4imprint is a direct marketing business supplying an extensive range of promotional products and branded apparel to individual buyers in a wide variety of businesses and organisations throughout the USA, Canada, UK and Ireland.

4imprint is the largest direct marketer of promotional products in both the US and Canadian promotional products markets, together totalling $23 billion, and is a leading player in the £800 million UK market. In North America, 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 but without requiring significant fixed capital.

SPS

SPS manufactures and supplies promotional and advertising products to distributors within the promotional products industry who then sell these products on to end users. SPS is based in Blackpool and is one of the leading suppliers of promotional items in the UK.

SPS's customer base comprises more than 2,000 distributors in the UK and Ireland. It also exports manufactured product into Europe through a network of export partners who serve their local promotional products market.

Chairman's statement

The first half of 2013 has been another period of growth for the Group with profit ahead of the Board's expectations. The balance sheet, with net cash, remains strong.

Strategy

The Board's strategy is to pursue further development and profitable organic growth of 4imprint Direct Marketing and to continue to take appropriate steps to reduce the burden of the legacy defined benefit pension scheme. The Group's operations are not capital intensive.

Results summary

The Group delivered an encouraging performance in the first half of the year, with revenue up 14% and underlying* profit before tax up 41%. Both 4imprint Direct Marketing and SPS contributed to the increase.

Underlying* basic earnings per share at 13.23p was 54% ahead of the same period last year. Basic earnings per share was 9.81p (H1 2012 as restated: 5.10p before profit from discontinued operations).

4imprint Direct Marketing (93% of revenue)

The 4imprint Direct Marketing business continued to demonstrate the strength and momentum of its business model, with North American revenue in the first half of the year up 13% in US dollars as the business continued to gain share in its large fragmented market. 4imprint Direct Marketing UK revenue increased by 10% in the first half of the year.

Total Direct Marketing revenue was 15% ahead in sterling, consistent with the Group's organic growth strategy. Underlying operating profit at £5.29m was 34% ahead of the same period last year.

SPS (7% of revenue)

SPS, the UK based printing and manufacturing business, produced a good first half result with a strong second quarter performance counteracting a slow start to the year. Order intake remained strong throughout and provides useful momentum into the second half of the year.

Total revenue in SPS increased by 3% in the first half of the year. Underlying operating profit at £0.39m was 9% ahead of the same period last year.

Cash

The Group had net cash at the half year of £14.83m, an increase of £4.15m from year end. Net cash generated from operations was £6.08m in the first half.

Pension

The IAS19 pension deficit reduced from £22.89m to £17.08m in the first half of 2013. The triennial actuarial valuation is ongoing.

Dividend

The Board has declared an interim dividend of 5.60p (H1 2012: 5.25p), an increase of 7%.

Outlook

The Group continues to take advantage of the growth opportunities presented by 4imprint Direct Marketing's large and highly fragmented markets, as well as continuing to drive revenue growth in SPS.

Following the strong first half results, the Board expects a good performance for the year as a whole.

John Poulter
Chairman
31 July 2013

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

Operating review

Revenue	Half year 2013 £'000	Half year 2012 £'000	Change
4imprint Direct Marketing	**93,515**	81,297	+15%
SPS	**8,055**	7,802	+3%
Inter-segment	**(789)**	(742)	
	100,781	88,357	+14%

Underlying operating profit	Half year 2013 £'000	Half year 2012 £'000	Change
4imprint Direct Marketing	**5,294**	3,954	+34%
SPS	**385**	354	+9%
Head office	**(1,027)**	(921)	
Total	**4,652**	3,387	+37%

Group revenue for the first half of the year was 14% ahead of H1 2012, 12% ahead at constant currency, with organic growth from both 4imprint Direct Marketing and SPS. Underlying operating profit increased by 37% (34% at constant currency).

4imprint Direct Marketing

4imprint Direct Marketing revenue increased by 15% over the same period in 2012, (13% at constant currency), consistent with its strategy to drive organic growth by expanding market share in the fragmented promotional products markets in North America and the UK.

In North America, new customer orders increased by 5.4% over the same period in 2012, consistent with the level and timing of acquisition marketing activity undertaken in the period. More than 70,000 new customers were acquired through an expanding variety of marketing techniques including email, online advertising, a variety of catalogue mailings and sophisticated data analytics.

Orders from existing customers increased by 19% representing continued strength in customer retention patterns, underpinned by the Blue Box™ sample mailings as well as further development in online marketing activity.

Sales to both new and existing customers are also supported through a focus on continuous innovation. New merchandising initiatives and strong supplier relationships produce a constant stream of new products. Technology development produces more engaging websites, better customer experience, more efficient order processes and increasingly sophisticated marketing analytics.

The UK operation produced an encouraging performance with revenue growth of 10% over the first half of 2012. Orders received were also up 10% over the first half of 2012, reflecting an emphasis on expanding the product range and further implementation of marketing techniques used in the North American business.

Overall Direct Marketing underlying operating profit rose by 34%, (31% at constant currency) over the same period of 2012 and operating margin increased to 5.7% (H1 2012: 4.9%). This improvement was a result of stable gross margins and a modest 7% increase in marketing spend compared to the first half of 2012.

SPS

SPS total revenue increased by 3% over the first half of 2012 and revenue in quarter two was 12% ahead. Order intake in the first half was 8% ahead of prior year. The market continues to remain competitive with growth coming from increased market share. Revenue from new products was £0.8m in the first half of the year, and continued investment in manufacturing and digital branding capability resulted in a number of new products and print processes being launched during the first half.

Underlying operating profit increased to £0.39m, gross profit margin remained stable and operating margin increased to 4.8% (H1 2012: 4.5%). EBITDA was £0.69m in the first half (H1 2012: £0.66m).

The business continues to focus efforts on improved customer service, new product introduction together with sales and marketing initiatives to drive revenue growth over its stable cost base and deliver further operational gearing.

Financial review

Group results	Half year 2013 underlying* £m	Half year 2012 underlying* £m	Half year 2013 £m	Half year 2012 restated† £m
Revenue	**100.78**	88.36	**100.78**	88.36
Underlying operating profit	**4.65**	3.39	**4.65**	3.39
Pension scheme administration charges			**(0.21)**	(0.24)
Share option charges			**(0.38)**	(0.34)
Net interest receivable/(payable)	**0.02**	(0.07)	**0.02**	(0.07)
Net pension finance charge			**(0.47)**	(0.58)
Profit before tax	**4.67**	3.32	**3.61**	2.16

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

† restated for amendment to IAS 19 impacting operating profit and net pension finance charge (see note 6).

Group revenue was 14% ahead of the same period last year. The Group generated £4.67m of underlying* profit before tax (H1 2012: £3.32m), an increase of 41%.

Exchange

The average US dollar rate for the half year was $1.54 (H1 2012: $1.58). The closing US dollar rate at 29 June 2013 was $1.52 (30 June 2012: $1.57).

The movement in the average exchange rate increased revenue by £1.80m and operating profit by £0.11m. The movement in the closing rates increased US dollar denominated overseas subsidiary assets by £0.31m.

Share option charges

The Group charged £0.38m (H1 2012: £0.34m) in respect of IFRS 2, 'Share-based payments'. This related to UK and US SAYE schemes, together with the Performance Share Plan.

The increased charge reflected the new SAYE awards of 248,000 options granted in late 2012, and an additional grant of 140,000 Performance Share Plan options made in April 2013.

Net finance income

Net finance income in the half year was £0.02m (H1 2012: net charge of £0.07m), reflecting the Group's cash balance invested in short term deposits at the current rates of interest.

Taxation

The tax charge for the half year was £1.01m at a rate of 28% (H1 2012: 38%; FY 2012: 28%), this represented the expected tax rate for the full year 2013. 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.

Earnings per share

Underlying basic earnings per share was 13.23p (H1 2012: 8.61p). Basic earnings per share was 9.81p (H1 2012 as restated: 38.07p; including 32.97p related to profit from discontinued operations).

Dividends

The Board has declared an interim dividend of 5.60p (H1 2012: 5.25p), an increase of 7%. The dividend will be paid on 13 September 2013 at a cash cost of £1.48m.

Discontinued operations

Discontinued operations in 2012 related to the disposal, on 23 March 2012, of Brand Addition to HIG, a private equity investment firm. The aggregate consideration was £24m of which £1.25m was deferred for one year and was received in March 2013.

In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', Brand Addition was presented as a discontinued operation in 2012.

Defined benefit pension scheme

The Group sponsors a legacy UK defined benefit pension scheme, closed to new members and future accruals. At 5 April 2013 (the date of the pension scheme accounts), the scheme had 1,168 pensioners (of which 456 had insured benefits) and 618 deferred pensioners.

Amendments to IAS 19 have been adopted in the period. The Group is now required to include the administration costs of the scheme (managed and paid by the Scheme Trustee) within operating expenses in the Group income statement. The amounts were: H1 2013: £0.21m; H1 2012: £0.24m; FY 2012: £0.44m and prior periods have been restated.

In addition, the finance charge has been restated in line with the amendments to IAS 19 to use the discount rate on Scheme liabilities to calculate the expected return on Scheme assets (H1 2013: £0.47m; H1 2012: £0.58m; FY 2012: £1.15m). 2012 half year charge increased by £0.06m and 2012 full year charge increased by £0.12m following the restatement.

At 29 June 2013, the deficit of the Scheme on an IAS 19 basis decreased to £17.08m (FY 2012: £22.89m). Scheme liabilities were £95.22m, of which £19.50m were insured by a buy-in policy, and assets were £78.14m.

The reduction in deficit is explained as follows:

	£m
IAS 19 deficit at 29 December 2012	**(22.89)**
Company contributions	**1.58**
Company profit and loss charges	**(0.68)**
Actuarial gain due to changes in assumptions*	**4.91**
IAS 19 deficit at 29 June 2013	**(17.08)**

* principally due to an increase in the discount rate from 4.3% to 4.7%.

The triennial actuarial valuation of the Scheme is being prepared as at 5 April 2013 and the Trustee and Company will discuss the level of future contributions in the second half of the year, once this valuation has been finalised. The current level of cash contributions for 2013 under the existing schedule of contributions is £3.18m.

The 5 April 2013 Scheme funding deficit is expected to be significantly higher than the IAS 19 June valuation. This results from gilt rates at that date being close to a three year low (they were 0.7% higher at the end of June) and more prudent assumptions.

Cash flow

The Group had net cash of £14.83m at 29 June 2013, an increase of £4.15m from the prior year end. Net cash at 29 June 2013 was represented by:

	29 June 2013 £m	29 December 2012 £m
Other financial assets – cash deposits	**3.20**	3.00
Cash and cash equivalents	**11.80**	14.10
Borrowings due in less than one year	**(0.08)**	(1.64)
Borrowings due after one year	**(0.09)**	(4.78)
	14.83	10.68

The Group has US$13.0m of working capital facilities with its principal US bank, JP Morgan Chase.

Cash flow is summarised as follows:

	Half year 2013 £m
Underlying operating profit	**4.65**
Depreciation and amortisation	**0.88**
Change in working capital	**2.14**
Capital expenditure	**(0.67)**
Operating cash flow	**7.00**
Interest and tax	**0.04**
Defined benefit pension contributions	**(1.58)**
Other	**0.14**
Free cash flow	**5.60**
Deferred consideration	**1.25**
Dividends to shareholders	**(2.70)**
Net cash inflow in the period	**4.15**

The Group delivered a strong cash flow performance in the first half of 2013, generating £5.60m of free cash flow. The Direct Marketing business cash generation profile remained strong and £8.45m of pre tax operating cash flow was delivered in the first half of 2013, benefiting from a £3.20m working capital inflow which is due to timing.

£1.25m deferred consideration was received for Brand Addition in March 2013 and the 2012 final dividend totalling £2.70m was paid in May 2013.

Balance sheet and Shareholders' funds

Net assets at 29 June 2013 were £18.50m, an increase of £4.71m:

	29 June 2013 £m	29 December 2012 £m
Non current assets	**18.46**	19.57
Working Capital	**4.07**	6.20
Net cash	**14.83**	10.68
Pension deficit	**(17.08)**	(22.89)
Other liabilities	**(1.78)**	(1.02)
Deferred consideration	**-**	1.25
Net assets	**18.50**	13.79

Shareholders' funds increased as a result of profit generated in the period of £2.60m, actuarial gains on the pension scheme net of tax of £3.77m, other movements of £1.04m, offset by dividends paid £(2.70)m.

Treasury Policy

Treasury policy is to manage centrally the financial requirements of the businesses in line with their business needs. 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 subsidiary. The Group holds the majority of its cash on deposit with its principal UK banker. Working capital requirements of the North American business are funded by 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 policies are in respect of pensions and deferred taxation.

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 2012, a copy of which is available on the Group's website: http://investors.4imprint.com. The risks include macroeconomic conditions; market competitors; operational risks; purchase of materials and services; and potential litigation.

Gillian Davies

Group Finance Director

31 July 2013

Condensed consolidated income statement (unaudited)

	Note	**Half year 2013**	Half year 2012 restated†	Full year 2012 restated†
	Note	**£'000**	£'000	£'000
Continuing operations				
Revenue	7	**100,781**	88,357	182,923
Operating expenses		**(96,721)**	(85,549)	(174,670)
Operating profit before exceptional items		**4,060**	2,808	8,845
Exceptional items	8	**-**	-	(592)
Operating profit	7	**4,060**	2,808	8,253
Interest receivable		**29**	37	199
Interest payable		**(12)**	(109)	(157)
Net pension finance charge	13	**(471)**	(578)	(1,151)
Net finance cost		**(454)**	(650)	(1,109)
Profit before tax		**3,606**	2,158	7,144
Taxation	9	**(1,010)**	(820)	(1,973)
Profit for the period from continuing operations		**2,596**	1,338	5,171
Discontinued operations				
Profit on disposal of business		**-**	8,625	8,460
Profit from discontinued operations		**-**	9	18
Profit for the period		**2,596**	9,972	13,649
Earnings per share				
Basic				
From continuing operations	10	**9.81p**	5.10p	19.68p
From continuing and discontinued operations	10	**9.81p**	38.07p	51.95p
Diluted				
From continuing operations	10	**9.40p**	5.03p	19.40p
From continuing and discontinued operations	10	**9.40p**	37.49p	51.20p
Underlying				
From continuing operations	10	**13.23p**	8.61p	28.32p

† see note 6

Condensed consolidated statement of comprehensive income (unaudited)

	Note	**Half year 2013**	Half year 2012 restated†	Full year 2012 restated†
		£'000	£'000	£'000
Profit for the period		**2,596**	9,972	13,649
Other comprehensive income/(expense)				
Items that may be reclassified subsequently to profit and loss:				
Exchange differences on translation of foreign subsidiaries		**586**	(48)	(316)
Items that will not be reclassified subsequently to profit and loss:				
Actuarial gains/(losses) on defined benefit pension scheme	13	**4,913**	(2,874)	(10,124)
Tax relating to components of other comprehensive income		**(1,142)**	616	1,265
Effect of change in UK tax rate		**-**	(220)	(589)
Other comprehensive income/(expense) net of tax		**4,357**	(2,526)	(9,764)
Total comprehensive income for the period		**6,953**	7,446	3,885

† see note 6

Condensed consolidated balance sheet (unaudited)

	Note	**At 29 June 2013 £'000**	At 30 June 2012 £'000	At 29 Dec 2012 £'000
Non current assets				
Property, plant and equipment		**12,361**	11,794	12,338
Other intangible assets		**943**	988	954
Pension scheme bank account	12	**-**	11,400	-
Deferred tax assets		**5,158**	6,561	6,281
		18,462	30,743	19,573
Current assets				
Inventories		**3,881**	3,328	3,338
Trade and other receivables		**22,138**	20,948	20,190
Other financial assets – bank deposits	14	**3,200**	-	3,000
Cash and cash equivalents	14	**11,801**	13,108	14,101
		41,020	37,384	40,629
Current liabilities				
Trade and other payables		**(21,949)**	(18,899)	(16,075)
Current tax		**(1,004)**	(961)	(150)
Borrowings	14	**(79)**	(1,636)	(1,646)
Provisions for other liabilities and charges		**-**	(236)	-
		(23,032)	(21,732)	(17,871)
Net current assets		**17,988**	15,652	22,758
Non current liabilities				
Retirement benefit obligations	13	**(17,075)**	(26,981)	(22,894)
Borrowings	14	**(90)**	(81)	(4,777)
Provisions for other liabilities and charges		**(787)**	(460)	(870)
		(17,952)	(27,522)	(28,541)
Net assets		**18,498**	18,873	13,790
Shareholders' equity				
Share capital	17	**10,286**	10,155	10,222
Share premium reserve	17	**38,575**	38,344	38,437
Other reserves		**674**	356	88
Retained earnings		**(31,037)**	(29,982)	(34,957)
Total equity		**18,498**	18,873	13,790

Condensed consolidated statements 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 restated† £'000	Total equity £'000
At 1 January 2012	9,939	38,016	439	(124)	(35,213)	13,057
Profit for the period					9,972	9,972
Other comprehensive expense			(48)		(2,478)	(2,526)
Total comprehensive income for the period			(48)		7,494	7,446
Share based payment charge					379	379
Cumulative translation differences of businesses sold			(35)			(35)
Shares issued	216	328				544
Own shares utilised				3	(3)	-
Dividends					(2,518)	(2,518)
At 30 June 2012	10,155	38,344	356	(121)	(29,861)	18,873
Profit for the period					3,677	3,677
Other comprehensive expense			(268)		(6,970)	(7,238)
Total comprehensive expense for the period			(268)		(3,293)	(3,561)
Share based payment charge					306	306
Shares issued	67	93				160
Own shares purchased				(605)		(605)
Dividends					(1,383)	(1,383)
At 29 December 2012	10,222	38,437	88	(726)	(34,231)	13,790
Profit for the period					**2,596**	**2,596**
Other comprehensive income			**586**		**3,771**	**4,357**
Total comprehensive income for the period			**586**		**6,367**	**6,953**
Share based payment charge					**385**	**385**
Shares issued (note 17)	**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**

† see note 6

Condensed consolidated cash flow statement (unaudited)

	Note	**Half year 2013 £'000**	Half year 2012 £'000	Full year 2012 £'000
Cash flows from operating activities				
Cash generated from/(used in) operations	15	**6,082**	1,910	(5,992)
Net tax paid		**-**	(112)	(1,421)
Finance income		**54**	8	169
Finance costs		**(13)**	(136)	(181)
Net cash generated from/(used in) operating activities		**6,123**	1,670	(7,425)
Cash flows from investing activities				
Sale of business	16	**1,250**	18,597	18,543
Payment into pension scheme bank account	12	**-**	(11,400)	-
Purchases of property, plant and equipment		**(528)**	(706)	(1,685)
Purchases of intangible assets		**(141)**	(309)	(448)
Net cash generated from investing activities		**581**	6,182	16,410
Cash flows from financing activities				
Repayment of borrowings		**(6,408)**	(5,200)	(2,452)
Proceeds from borrowings		**-**	-	2,142
Capital element of finance lease payments		**(75)**	(70)	(141)
Amounts placed on deposit		**(200)**	-	(3,000)
Proceeds from issue of ordinary shares		**202**	544	704
Purchase of own shares		**(130)**	-	(605)
Dividends paid to Shareholders		**(2,702)**	(2,518)	(3,901)
Net cash used in financing activities		**(9,313)**	(7,244)	(7,253)
Net movement in cash and cash equivalents		**(2,609)**	608	1,732
Cash and cash equivalents at beginning of the period		**14,101**	12,492	12,492
Exchange gains/(losses) on cash and cash equivalents		**309**	8	(123)
Cash and cash equivalents at end of the period		**11,801**	13,108	14,101
Analysis of cash and cash equivalents				
Cash at bank and in hand	14	**7,601**	4,608	9,351
Short term deposits	14	**4,200**	8,500	4,750
		11,801	13,108	14,101

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 31 July 2013.

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 year ended 29 December 2012 were approved by the Board of Directors on 5 March 2013 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 29 June 2013 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services 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 year ended 29 December 2012, 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 year ended 29 December 2012, as described in those annual financial statements, except for the adoption of IAS 19 (revised) as described in the restatement note (note 6). Other 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 interest rate 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 29 December 2012. There have been no changes in any risk management policies since the year end.

Notes to the interim financial statements

6 Restatement

The 2012 income statements and notes have been restated following amendments to IAS 19 ‘Employee Benefits’. The amendments require the administration costs of the defined benefit pension scheme, which are managed and paid by the Scheme Trustee, to be included in operating expenses. Costs of managing the pension assets continue to be deducted from the return on scheme assets. In addition, the return on defined benefit pension scheme assets is required to be calculated using the same discount rate that is applied to calculate the present value of the defined benefit obligation.

The result of this change to half year 2012 is to increase operating expenses by £239,000 (FY 2012: £438,000), to increase the net pension interest charge by £62,000 (FY 2012: £123,000) and to reduce the tax charge by £114,000 (FY 2012: £137,000). The offset to these adjustments is the reduction of actuarial losses net of tax in other comprehensive income by £187,000 (FY 2012: £424,000). There is no change to the net assets.

The revised standard also requires certain additional disclosures on the risks associated with the pension scheme, asset and liability matching strategies, contribution plans and sensitivities on key actuarial assumptions. These will be disclosed in the annual financial statements.

As a result of these changes in accounting policy, the comparative amounts have been restated, as follows:

	Half year 2012 £'000	Full year 2012 £'000
Profit for the period as previously reported	10,159	14,073
Increase in operating expenses	(239)	(438)
Increase in net pension finance charge	(62)	(123)
Deferred tax impact of the above	114	137
Profit for the period as restated	9,972	13,649
Other comprehensive expense as previously reported	(2,713)	(10,188)
Reduction in actuarial losses on defined benefit pension scheme	301	561
Deferred tax impact of the above	(114)	(137)
Other comprehensive expense as restated	(2,526)	(9,764)

7 Segmental analysis

The chief operating decision maker has been identified as the Board, and the segmental analysis is presented based on the Group’s internal reporting to the Board.

The operations of the Group are reported in two primary business segments:

Revenue	Total			Inter segment			External		
	Half year 2013	Half year 2012	Full year 2012	**Half year 2013**	Half year 2012	Full year 2012	**Half year 2013**	Half year 2012	Full year 2012
Continuing operations	**£'000**	£'000	£'000	**£'000**	£'000	£'000	**£'000**	£'000	£'000
4imprint Direct Marketing	**93,515**	81,297	168,905	**-**	-	-	**93,515**	81,297	168,905
SPS	**8,055**	7,802	15,517	**(789)**	(742)	(1,499)	**7,266**	7,060	14,018
Total	**101,570**	89,099	184,422	**(789)**	(742)	(1,499)	**100,781**	88,357	182,923

All revenue is derived from the sale of promotional products. Inter segment revenues are on an arms-length basis.

Notes to the interim financial statements

7 Segmental analysis (continued)

Operating profit	Underlying operating profit			Exceptional items			Operating profit		
	Half year 2013	Half year 2012	Full Year 2012	**Half year 2013**	Half year 2012	Full Year 2012	**Half year 2013**	Half year 2012 restated	Full year 2012 restated
Continuing operations	**£'000**	£'000	£'000	**£'000**	£'000	£'000	**£'000**	£'000	£'000
4imprint Direct Marketing	**5,294**	3,954	11,002	**-**	-	-	**5,294**	3,954	11,002
SPS	**385**	354	784	**-**	-	-	**385**	354	784
Head office	**(1,027)**	(921)	(1,848)	**-**	-	(592)	**(1,027)**	(921)	(2,440)
	4,652	3,387	9,938	**-**	-	(592)	**4,652**	3,387	9,346
Defined benefit pension administration charges							**(207)**	(239)	(438)
Share option charge							**(385)**	(340)	(655)
Total							**4,060**	2,808	8,253

Net finance costs totalling £454,000 (H1 2012: £650,000, FY 2012: £1,109,000), and taxation charge of £1,010,000 (H1 2012: £820,000, FY 2012: £1,973,000) cannot be separately allocated to individual segments.

	Half year 2013	Half year 2012	Full year 2012
Segmental assets	**£'000**	£'000	£'000
4imprint Direct Marketing	**26,456**	23,459	23,259
SPS	**12,332**	12,122	11,686
Unallocated assets	**5,693**	8,038	8,156
Pension scheme bank account	**-**	11,400	-
Cash and other financial assets	**15,001**	13,108	17,101
Total	**59,482**	68,127	60,202

Unallocated assets include head office items and tax.

8 Exceptional items

	Half year 2013	Half year 2012	Full year 2012
	£'000	£'000	£'000
Business separation costs	**-**	-	(592)

Business separation costs arose in 2012 as a consequence of the disposal of Brand Addition and included: office relocation of the UK Direct Marketing business; fees incurred restructuring the Group's intercompany financing; and actuarial and other advice received in respect of the pension buy-in exercise.

9 Taxation

The taxation charge for continuing operations for the period to 29 June 2013 was 28%, the estimated rate for full year, (H1 2012: 38%; FY 2012: 28%). Tax paid in the period was £nil (H1 2012: £112,000; FY 2012: £1,421,000).

Notes to the interim financial statements

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 2013	Half year 2012 restated	Full year 2012 restated
	£'000	£'000	£'000
Profit after tax – continuing operations	**2,596**	1,338	5,171
– discontinued operations	**-**	8,634	8,478
Profit after tax	**2,596**	9,972	13,649

	Half year 2013	Half year 2012 restated	Full year 2012 restated
	£'000	£'000	£'000
Profit after tax – continuing operations	**2,596**	1,338	5,171
Add back:			
Defined benefit pension administration charges	**207**	239	438
Share option charge	**385**	340	655
Defined benefit pension net finance charge	**471**	578	1,151
Exceptional items	**-**	-	592
Tax relating to above items	**(158)**	(241)	(568)
Underlying continuing operating profit after interest and tax	**3,501**	2,254	7,439

	Half year 2013	Half year 2012	Full year 2012
	Number 000's	Number 000's	Number 000's
Basic weighted average number of shares	**26,463**	26,193	26,271
Dilutive potential ordinary shares – employee share options	**1,146**	408	388
Diluted weighted average number of shares	**27,609**	26,601	26,659
Basic earnings per share from continuing operations	**9.81p**	5.10p	19.68p
Basic earnings per share from discontinued operations	**-**	32.97p	32.27p
	9.81p	38.07p	51.95p
Diluted earnings per share from continuing operations	**9.40p**	5.03p	19.40p
Diluted earnings per share from discontinued operations	**-**	32.46p	31.80p
	9.40p	37.49p	51.20p
Underlying basic earnings per share from continuing operations	**13.23p**	8.61p	28.32p

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 265,183 (H1 2012: 75,856; FY 2012: 112,997).

Notes to the interim financial statements

11 Dividends

	Half year 2013	Half year 2012	Full year 2012
	£'000	£'000	£'000
Dividends paid in the period	**2,702**	2,518	3,901

Dividends per share declared - Interim	**5.60p**	5.25p	5.25p
- Final	**-**	-	10.20p

The interim dividend for 2013 of 5.60p per ordinary share (interim 2012: 5.25p; final 2012: 10.20p) will be paid on 13 September 2013 to ordinary Shareholders on the register at the close of business on 9 August 2013.

12 Pension scheme bank account

In 2012, under the terms of an escrow agreement with the Trustee of the defined benefit pension scheme, the Company deposited £11.40m into a bank account held jointly with the defined benefit pension scheme Trustee. This amount was used, in November 2012, for pension scheme risk reduction exercises agreed between the Company and the Trustee.

13 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 closed 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.

During the period the financial position of the defined benefit pension scheme has been updated in line with the expected return on scheme assets, the interest on scheme liabilities and cash contributions made to the scheme. The last full actuarial valuation was carried out by a qualified independent actuary as at 5 April 2010 and this has been updated on an approximate basis to 29 June 2013. The triennial valuation as at 5 April 2013 is currently in progress.

The amounts recognised in the income statement are:

	Half year 2013	Half year 2012 restated	Full year 2012 restated
	£'000	£'000	£'000
Defined benefit pension administration charges	**207**	239	438
Defined benefit pension net finance charge	**471**	578	1,151
Total recognised in the income statement	**678**	817	1,589

The principal assumptions made by the actuaries at 29 June 2013 were:

	Half year 2013	Half year 2012	Full year 2012
Rate of increase in pensions in payment	**3.15%**	2.6%	2.65%
Rate of increase in deferred pensions	**2.4%**	1.6%	1.9%
Discount rate	**4.7%**	4.5%	4.3%
Inflation assumption - RPI	**3.25%**	2.7%	2.75%
- CPI	**2.5%**	1.7%	2.0%

Notes to the interim financial statements

13 Employee pension schemes (continued)

The mortality assumptions adopted at 29 June 2013 imply the following life expectancies at age 65:

	Half year 2013	Half year 2012	Full year 2012
Male currently aged 40	**24.6 yrs**	24.5 yrs	24.5 yrs
Female currently aged 40	**28.1 yrs**	28.0 yrs	28.0 yrs
Male currently aged 65	**22.2 yrs**	22.1 yrs	22.1 yrs
Female currently aged 65	**25.5 yrs**	25.4 yrs	25.4 yrs

Analysis of the movement in the balance sheet liability:

	Half year 2013	Half year 2012 restated	Full year 2012 restated
	£'000	£'000	£'000
At start of period	**22,894**	23,547	23,547
Administrative expenses	**207**	239	438
Net finance charge	**471**	578	1,151
Contributions by employer – normal	**(1,584)**	(257)	(3,090)
– additional	**-**	-	(9,276)
Actuarial (gains)/losses recognised in other comprehensive income	**(4,913)**	2,874	10,124
At end of period	**17,075**	26,981	22,894

14 Analysis of net cash

	Half year 2013	Half year 2012	Full year 2012
	£'000	£'000	£'000
Cash at bank and in hand	**7,601**	4,608	9,351
Short term deposits	**4,200**	8,500	4,750
Cash and cash equivalents	**11,801**	13,108	14,101
Other financial assets – bank deposits	**3,200**	-	3,000
Current finance leases	**(79)**	(142)	(146)
Current bank loans	**-**	(1,494)	(1,500)
Current borrowings	**(79)**	(1,636)	(1,646)
Non current finance leases	**-**	(81)	-
Non current bank loans	**(90)**	-	(4,777)
Non current borrowings	**(90)**	(81)	(4,777)
Net cash	**14,832**	11,391	10,678

Notes to the interim financial statements

15 Cash generated from operations

	Half year 2013	Half year 2012 restated	Full Year 2012 restated
	£'000	£'000	£'000
Operating profit - continuing operations	**4,060**	2,808	8,253
- discontinued operations	**-**	9	22
Adjustments for:			
Depreciation charge	**676**	651	1,266
Amortisation of intangibles	**205**	252	460
Exceptional non cash items	**-**	-	10
Decrease in exceptional accrual/provisions	**(11)**	(256)	(475)
Share option non cash charges – continuing operations	**385**	340	655
– discontinued operations	**-**	39	30
Defined benefit scheme administration costs – non cash charge	**207**	239	438
Contributions to defined benefit pension scheme	**(1,584)**	(257)	(12,366)
Changes in working capital:			
Increase in inventories	**(439)**	(863)	(920)
Increase in trade and other receivables	**(1,745)**	(642)	(279)
Increase/(decrease) in trade and other payables	**4,328**	(410)	(3,086)
Cash generated from/(used in) operations	**6,082**	1,910	(5,992)

Cash used in discontinued operations included above was £nil (H1 2012: £(3,206,000); FY 2012: £(3,492,000)).

16 Discontinued operations

On 23 March 2012 the Group disposed of the Brand Addition business to H.I.G., a leading global private equity investment firm. The aggregate consideration was £24m (based on a normalised level of working capital and on a cash and debt free basis). £1.25m of the consideration was deferred for twelve months and was received in the first half of 2013.

17 Share capital

During the period 168,281 shares, with a nominal value of £64,723, were issued for a consideration of £202,000 to satisfy exercises of share options under the UK SAYE and US Sharesave Schemes (H1 2012: 561,519 shares; FY 2012: 736,114 shares).

18 Capital commitments

The Group had capital commitments of £64,000 contracted but not provided for in these financial statements (30 June 2012: £43,000; 29 December 2012: £28,000).

19 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 rules 4.2.7R and 4.2.8R of the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Services Authority, 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 names of the Directors of 4imprint Group plc are as listed in the Group's Annual Report for 29 December 2012. 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
Chairman

Gillian Davies
Group Finance Director

31 July 2013