7 March 2012

4imprint Group plc
Final Results for the period ended 31 December 2011

4imprint Group plc, a leading distributor of promotional products, today announces its full year results for the period ended 31 December 2011.

Financial highlights

- Revenue was £158.82m (2010: £143.72m), an increase of 11%†
- North American Direct Marketing revenue was US$225m (2010: US$190m), up 18%
- Underlying* operating profit was £8.49m (2010: £6.22m), an increase of 36%†
- Underlying profit before tax was £8.13m (2010: £5.71m), an increase of 42%†
- Profit before tax, after exceptional goodwill impairment of £4.74m, was £0.36m (2010: £3.87m)†
- Net cash at year end was £5.46m
- Underlying basic earnings per share was 22.01p (2010: 17.53p), an increase of 26%†
- Total basic earnings per share was 8.48p
- Final dividend proposed of 9.6p (2010: 9.0p)

Operational highlights

- 4imprint Direct Marketing
    - Continued organic growth, gaining market share
    - More than 450,000 orders received in North America, 20% ahead of prior year
    - New customers acquired more than 20% higher than prior year
    - Consistent customer retention rate, 60% of orders from existing customers
- Enhanced transfer value exercise removed circa £10m of both the defined benefit pension liabilities and assets (reducing liabilities by 10%)
- On 16 February 2012 the proposed sale of Brand Addition was announced for aggregate consideration of £24m, £12m to be used to reduce further the defined benefit pension scheme risk

John Poulter, Chairman said:

"The progress reported at the half year has continued. Strong growth in Direct Marketing on the back of further market share gains in North America; SPS now establishing an improving trading trend; the subsequent announcement of the conditional sale of Brand Addition and a pension enhanced transfer value exercise were all positive moves towards greater focus on 4imprint Direct Marketing and reducing the legacy pension risk.

With a strong platform for further growth and an ungeared balanced sheet, the Group is well positioned to make further progress in 2012."

† Continuing operations

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

For further information, please contact:

John Poulter
Chairman
4imprint Group plc Tel: +44(0) 20 7299 7201

Gillian Davies
Group Finance Director
4imprint Group plc Tel: +44(0) 20 7299 7201

Chairman's statement

The Group produced another year of growth in revenue and underlying* operating profit.

4imprint Direct Marketing achieved an 18% increase in revenue in the North American market. SPS had lower revenue than in 2010 but the loss incurred in the second half of that year has not been repeated. The proceeds from the conditional sale of Brand Addition, announced on 16 February 2012, will facilitate further steps in the risk reduction of the legacy defined benefit pension scheme.

Group revenue† for the year was £158.82m, an increase of 11% over prior year. Underlying operating profit† was £8.49m, 36% ahead of prior year. Underlying operating margin† increased to 5.3% from 4.3% in the prior year. Underlying profit before tax† was £8.13m (2010: £5.71m), an increase of 42%. Profit before tax†, after exceptional goodwill impairment of £4.74m, was £0.36m (2010: £3.87m).

Operating cash flow was strong and cash generated from operations was £12.97m (2010: £7.85m) after contributions to the defined benefit pension fund of £3.38m (2010: £2.50m). Net cash was £5.46m following a £5.70m net cash inflow in the year. £3.92m of the inflow represented a short term timing difference in respect of Brand Addition working capital.

Underlying basic earnings per share† was 22.01p (2010: 17.53p).
Total basic earnings per share was 8.48p (2010: 26.65p).

Divisional performance

4imprint Direct Marketing

4imprint Direct Marketing delivered another excellent performance with revenue and underlying operating profit in North America in local currency increasing by 18% and 30% respectively, compared with the prior year.

All key performance indicators improved and over 450,000 orders were fulfilled. More than 120,000 new customers were acquired. The UK business was more subdued with sales increasing by 2% to £6.05m against a more difficult market backdrop.

SPS

Total revenue was 12% below prior year, but the fall in activity in the second half of 2010 has now stabilised. Consistent gross margins together with overhead reductions have restored profitability even at the lower levels of revenue. Underlying operating profit, although still modest was more than four times that of the prior year. A restructured management team and a greater focus on new products and customer service, together with some capital expenditure are targeted to improve the situation further.

Dividend

The Board has recommended a final dividend of 9.6p, an increase of 6.7% compared with 2010. It is the intention of the Board to continue to pay a progressive dividend whilst having regard to the performance of the Group.

Strategy

The Board's strategy is the pursuit of further development and profitable organic growth of the Direct Marketing business, whilst driving the recovery of the SPS business and taking such steps as appropriate to reduce the burden of the legacy defined benefit pension scheme. The proceeds from the conditional sale of Brand Addition will enable the Group to make further moves in this direction.

Outlook

The Board remains mindful of the uncertainties which surround the global economy. However, the early signs of economic improvement in the USA and the momentum in 4imprint Direct Marketing cause the Board to be optimistic for the performance of the Group in 2012.

John Poulter
Chairman
7 March 2012

† Continuing operations

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

Finance Director's report

4imprint Direct Marketing and SPS are included within continuing operations. Brand Addition has been presented as a discontinued operation and the 2010 income statement has been restated accordingly.

Group results

Continuing operations	**2011 Underlying* £m**	2010 Underlying* (restated) £m	**2011 Total £m**	2010 Total (restated) £m
Revenue	**158.82**	143.72	**158.82**	143.72
Underlying operating profit	**8.49**	6.22	**8.49**	6.22
Share option charge			**(0.52)**	(0.18)
Exceptional items			**(1.93)**	(1.13)
Exceptional goodwill impairment			**(4.74)**	-
Interest payable	**(0.36)**	(0.51)	**(0.36)**	(0.51)
Net pension finance charge			**(0.58)**	(0.53)
Profit before tax	**8.13**	5.71	**0.36**	3.87

* Before defined benefit pension charge, share option charges and exceptional items.

Divisional summary

	Revenue		
Continuing operations	**2011 £m**	2010 (restated) £m	Change
4imprint Direct Marketing	**146.03**	128.97	+13%
SPS	**14.22**	16.25	-12%
Inter-segment	**(1.43)**	(1.50)	
	158.82	143.72	+11%

Group revenue from continuing operations has increased by 11%, 14% at constant currency. Revenue increased by 13% in 4imprint Direct Marketing. Total revenue in SPS decreased by 12% in 2011, the second half decrease was 5%.

	Underlying operating profit		
Continuing operations	**2011 £m**	2010 (restated) £m	Change
4imprint Direct Marketing	**10.00**	8.00	+25%
SPS	**0.23**	0.05	
Head Office	**(1.74)**	(1.83)	
	8.49	6.22	+36%

Underlying operating profit at £8.49m increased by 36% compared to the prior year. 4imprint Direct Marketing underlying operating profit at £10.00m increased by 25%. SPS made a small underlying profit of £0.23m in the year as a result of stable gross margins and tight cost control.

Profit before tax – continuing operations

Underlying profit before tax of £8.13m increased by 42% compared with prior year. Net interest payable was £0.15m below prior year due to lower average debt. Profit before tax, after exceptional goodwill impairment of £4.74m, was £0.36m (2010: £3.87m).

Discontinued operations

On 16 February 2012 the Board announced that it had entered into a conditional agreement to sell Brand Addition to H.I.G., a leading global private equity investment firm, subject to Shareholder approval and competition clearances in Germany and Austria. The aggregate consideration is £24m (on a cash and debt free basis and subject to a normalised level of working capital). £1.25m of the consideration is deferred for 12 months. At 31 December 2011, Brand Addition met the definition of a disposal group in accordance with 'IFRS 5 Non–Current

Assets Held for Sale and Discontinued Operations' and has therefore been classified as held for sale and presented as a discontinued operation.

2011 total revenue for discontinued operations was £64.53m (2010: £58.89m), the increase was due to new contracts and higher demand from existing customers. 2011 operating profit was £4.08m (2010: £4.21m) after charging £0.94m of exceptional disposal related costs.

Profit after tax was £3.78m (2010: £3.90m); the low tax rate reflecting UK group relief available from other companies in the Group. The carrying value of assets held for sale was £7.92m, including operating working capital of £2.38m, which was low principally due to revenue phasing.

KPIs

The Board monitors progress on the Group's strategy by reference to the following KPIs:

- Revenue by division
- Underlying operating profit by division
- Group profit before tax
- Group and divisional operating cash flow
- Customer acquisition and re-order rates in 4imprint Direct Marketing

These are discussed in the Operating review and in this report.

Share option charge – continuing operations

The Group charged £0.52m (2010: £0.18m) in respect of IFRS 2 'Share-based payments'. In 2011, this related to UK and US SAYE schemes as well as the Performance Share Plan from 27 April 2011, the date it was approved by Shareholders.

Exceptional items – continuing operations

A charge of £4.74m related to the impairment of goodwill associated with SPS. This reflected the impact of economic uncertainty and current market conditions on the valuation of goodwill. This is a non cash item.

During the year 307 deferred members of the UK defined benefit pension scheme accepted an enhanced transfer value offer resulting in a charge of £1.73m, cash payments by the Company totalled £1.54m.

A charge of £0.20m related to headcount reduction and restructuring at SPS.

Defined benefit pension scheme

The Group sponsors a UK defined benefit pension scheme, closed to new members and future accruals. At 31 December 2011, the scheme had 1,153 pensioners and 654 deferred members.

Finance costs included a £0.58m net pension charge (2010: £0.53m). In the prior year's financial statements this was included in operating expenses. In addition, there was an exceptional settlement charge of £0.58m relating to the enhanced transfer value exercise.

At 31 December 2011, the deficit of the scheme on an IAS 19 basis was £23.55m (2010: £21.91m); the increase was principally due to a reduction in the discount rate to 4.9% (2010: 5.5%). Assets of the scheme were £69.32m (2010: £77.55m) and liabilities were £92.87m (2010: £99.46m) after the impact of transfers out relating to the enhanced transfer value exercise.

Taxation

The Group total tax charge was £2.25m (2010: £1.23m), an effective tax rate of 24.5% (2010: 15%) after adjusting for the non taxable goodwill impairment. Tax paid in the year, in respect of overseas territories, was £1.41m (2010: £0.5m recovered). The rate was impacted by the utilisation of unrecognised tax losses.

The effective tax rate in respect of continuing operations was 38% (2010: 23%). The effective tax rate in respect of discontinued operations was 7% (2010: 8%), due to the utilisation of UK group relief available from other companies in the Group.

Earnings per share

Underlying basic earnings per share in respect of continuing operations was 22.01p (2010: 17.53p).

Basic earnings per share from continuing and discontinued operations before exceptional goodwill impairment was 26.89p (2010: 26.65p). Basic earnings per share from continuing and discontinued operations was 8.48p (2010: 26.65p).

Cash flow

The Group's net cash at 31 December 2011 was £5.46m, following a £5.70m net cash inflow in the year.

	£m
Underlying operating profit – continuing operations	**8.49**
– discontinued operations	**5.02**
Cash spend on exceptional items	**(2.61)**
Depreciation and amortisation	**1.99**
Working capital	
- continuing operations	**(0.50)**
- discontinued operations*	**3.92**
	16.31
Defined benefit pension contributions	**(3.38)**
Capital expenditure	**(1.79)**
Tax and interest	**(1.78)**
Dividend	**(3.61)**
Other	**(0.05)**
Net cash inflow in the year	**5.70**

* £3.92m working capital inflow in respect of discontinued operations was a short-term timing difference, principally due to revenue phasing.

Net cash/(debt)

	2011 £m	2010 £m
Cash and cash equivalents	**12.49**	8.46
Borrowings due in less than one year	**(4.10)**	(0.37)
Borrowings due after one year	**(2.93)**	(8.33)
	5.46	(0.24)

The Group has a £9.5m facility, including a £2m overdraft, with its principal UK bank, Lloyds TSB Bank plc. The interest rates are LIBOR plus 2.75%-3%. The facilities are due to expire on 31 December 2012.

The Group has a US $10m and Canadian $0.5m facility with JP Morgan Chase, its US banker. The interest rate is US$ LIBOR plus 1.5%. The facilities are due to expire on 31 August 2013.

Balance sheet and Shareholders' funds

	2011 **£m**	2010 £m
Non current assets	**19.02**	29.68
Working capital	**5.16**	10.68
Net debt	**5.46**	(0.24)
Pension deficit	**(23.55)**	(21.91)
Net assets held for sale	**7.92**	-
Other liabilities	**(0.95)**	(1.00)
Net assets	**13.06**	17.21

Net assets and Shareholders funds reduced by £4.15m. The principal movements are: £6.93m profit before goodwill impairment; £(4.74)m exceptional goodwill impairment; £(2.83)m actuarial loss on pension deficit net of tax; and £(3.61)m dividend payments.

Exchange

The main exchange rates relevant to the Group are set out below:

	2011		2010	
	Year end	**Average**	Year end	Average
US Dollar	**1.55**	**1.60**	1.57	1.55
Euro	**1.20**	**1.15**	1.17	1.17

The movements in the average rates in the year reduced operating profit in the US business by £0.4m. The movements in the year end rates resulted in an increase in US dollar denominated overseas subsidiaries assets of £0.1m.

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 on currency accounts 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 held the majority of cash or borrowings with its principal UK 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 pensions, deferred taxation and goodwill.

New Accounting Standards

There was no impact on 2011 Group results of new and amended accounting standards effective in the year.

Gillian Davies

Group Finance Director

7 March 2012

Operating review

4imprint Direct Marketing

	2011 £'000	2010 £'000
Revenue	**146,030**	128,972
Operating profit	**10,004**	7,998

4imprint Direct Marketing is focused on delivering strong organic growth by capturing an increasing share of the highly fragmented promotional products markets in which it operates. The 2011 results demonstrated another year of progress in consolidating market position and refining a trading platform to sustain current momentum and underpin future growth.

Divisional revenue increased by 13% over 2010 and underlying operating profit improved over prior year by 25%, passing the £10m mark for the first time. At constant currency, North American revenue increased by 18% and operating profit increased by 30%.

North American revenue growth of 18%, to $224.52m, compared to overall US market growth of 6.5% as estimated by the Advertising Specialty Institute (ASI). The North American business was able to amplify the effects of a slowly improving economic environment through further investment in innovative marketing and merchandising techniques and a clearly articulated commitment to the delivery of a first class customer experience. The UK Direct Marketing business generated revenue of £6.05m, which was slightly higher than 2010. There were signs of a modest improvement in demand in the second half of the year.

Achievement of strong organic growth in the Direct Marketing business is dependent on two key factors: achieving a satisfactory rate of new customer acquisition; and consistent ability to retain customers acquired.

In North America the business acquired more than 120,000 new customers in 2011, an increase of 20% over prior year. Alongside the productive core print catalogues which are constantly refreshed and re-merchandised, additional, more targeted catalogue titles were tested and developed, further enhancing our ability to reach new customers. This wide variety of targeted print offerings works in unison with multiple websites, an ever-expanding array of other digital marketing techniques, sophisticated analytics and excellent customer service to underpin growth of the customer file.

Retention rates improved in 2011 enhancing a retention profile that has remained consistent even as the number of customers acquired has grown substantially. 60% of the orders received in the year came from these repeat customers. The product range developments and marketing innovations used in the customer acquisition process also support customer retention activities, and are enhanced by the Blue Box® personalised sample mailings that offer customers the opportunity to test and consider new products.

In 2011, stable gross margins together with improving yield on marketing expenditure resulted in an improvement in net margin over 2010. 4imprint Direct Marketing remains highly cash generative, generating cash inflow pre tax and interest of £8.52m in 2011 (2010: £8.35m).

Operating review

SPS

	2011 £'000	2010 (restated) £'000
External and inter division revenue	**14,221**	16,252
External revenue	**12,794**	14,751
Underlying operating profit	**228**	51
Operating profit/(loss)	**25**	(486)

SPS is a trade supplier of promotional products to distributors across the UK and Europe. Total revenue in 2011 was £14.22m, which was 12% lower than the prior year, against a backdrop of difficult economic conditions. Total revenue in the second half was 5% below prior year.

Continued stable gross margins, operational efficiencies and tight control over costs have resulted in underlying operating profit before depreciation and amortisation for 2011 of £0.87m compared with £0.77m for 2010. Underlying operating profit was £0.23m compared with £0.05m in 2010.

The business has continued to focus on revenue growth and improving customer service, further strengthening its sales and customer service teams. In addition, the business has extended its product portfolio with further development in manufactured products and some modest investment in manufacturing capability, digital printing technology and other printing techniques.

Working capital was tightly controlled and cash generated pre tax, interest and exceptional items in the year was £1.25m (2010: £1.16m).

Exceptional costs in the year related to a reduction in headcount. Average headcount in 2011 was 193 (2010: 213).

Group income statement for the 52 weeks ended 31 December 2011

		2011			2010 (restated)		
		Before goodwill impairment and exceptional items	**Goodwill impairment and exceptional items**	**Total**	Before goodwill impairment and exceptional items	Goodwill impairment and exceptional items	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Continuing operations							
Revenue	1	**158,824**	**-**	**158,824**	143,723	-	143,723
Operating expenses		**(150,855)**	**(6,678)**	**(157,533)**	(137,685)	(1,125)	(138,810)
Exceptional goodwill impairment	3	**-**	**(4,743)**	**(4,743)**	-	-	-
Exceptional items	2	**-**	**(1,935)**	**(1,935)**	-	(1,125)	(1,125)
Operating profit	1	**7,969**	**(6,678)**	**1,291**	6,038	(1,125)	4,913
Interest receivable		**-**	**-**	**-**	10	-	10
Interest payable		**(352)**	**-**	**(352)**	(519)	-	(519)
Other net financing charges	7	**(581)**	**-**	**(581)**	(531)	-	(531)
Net finance cost		**(933)**	**-**	**(933)**	(1,040)	-	(1,040)
Profit before tax		**7,036**	**(6,678)**	**358**	4,998	(1,125)	3,873
Taxation	4	**(2,462)**	**512**	**(1,950)**	(1,196)	290	(906)
Profit for the period from continuing operations		**4,574**	**(6,166)**	**(1,592)**	3,802	(835)	2,967
Discontinued operations							
Profit from discontinued operations	10	**4,567**	**(790)**	**3,777**	3,895	-	3,895
Profit for the period		**9,141**	**(6,956)**	**2,185**	7,697	(835)	6,862

Earnings/(loss) per share			
Basic			
From continuing operations	5	**(6.18)p**	11.52p
From continuing and discontinued operations	5	**8.48p**	26.65p
Diluted			
From continuing operations	5	**(6.03)p**	11.26p
From continuing and discontinued operations	5	**8.28p**	26.05p
Underlying			
From continuing operations	5	**22.01p**	17.53p

Group statement of comprehensive income for the 52 weeks ended 31 December 2011

	Note	2011 £'000	2010 £'000
Profit for the period		**2,185**	6,862
Other comprehensive(expense)/ income:			
Exchange differences on translation of foreign subsidiaries		**10**	193
Actuarial losses on defined benefit pension scheme	7	**(3,855)**	(1,387)
Tax relating to components of other comprehensive income		**1,022**	388
Effect of change in UK tax rate		**(462)**	(219)
Other comprehensive expense net of tax		**(3,285)**	(1,025)
Total comprehensive (expense)/income for the period		**(1,100)**	5,837

	2011 £'000	2010 £'000
Total comprehensive (expense)/ income attributable to equity Shareholders arising from:		
- Continuing operations	**(4,841)**	1,980
- Discontinued operations	**3,741**	3,857
	(1,100)	5,837

Group balance sheet at 31 December 2011

	Note	2011 £'000	2010 £'000
Non current assets			
Property, plant and equipment		**11,959**	12,580
Goodwill		**-**	9,084
Other intangible assets		**945**	1,657
Investments		**-**	9
Deferred tax assets		**6,115**	6,348
		19,019	29,678
Current assets			
Assets held for sale	10	**20,680**	-
Inventories		**2,728**	6,317
Trade and other receivables		**17,828**	29,947
Cash and cash equivalents		**12,492**	8,465
		53,728	44,729
Current liabilities			
Trade and other payables		**(15,399)**	(25,588)
Current tax		**(159)**	(239)
Borrowings		**(4,095)**	(374)
Provisions for other liabilities and charges		**(257)**	(377)
Liabilities held for sale	10	**(12,764)**	-
		(32,674)	(26,578)
Net current assets		**21,054**	18,151
Non current liabilities			
Retirement benefit obligations	7	**(23,547)**	(21,905)
Borrowings		**(2,934)**	(8,330)
Provisions for other liabilities and charges		**(535)**	(383)
		(27,016)	(30,618)
Net assets		**13,057**	17,211
Shareholders' equity			
Share capital		**9,939**	9,939
Share premium reserve		**38,016**	38,016
Capital redemption reserve		**208**	208
Cumulative translation differences		**231**	221
Retained earnings		**(35,337)**	(31,173)
Total equity		**13,057**	17,211

Group statement of changes in Shareholders' equity

	Share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Cumulative translation differences £'000	Retained earnings: Own shares £'000	Retained earnings: Profit and loss £'000	Total equity £'000
Balance at 2 January 2010	9,939	38,016	208	28	(161)	(33,472)	14,558
Profit for the period						6,862	6,862
Other comprehensive income/(expense)							
Exchange differences on translation of foreign subsidiaries				193			193
Actuarial losses on defined benefit pension scheme						(1,387)	(1,387)
Tax relating to components of other comprehensive income						388	388
Effect of change in UK tax rate						(219)	(219)
Total comprehensive income				193		5,644	5,837
Share based payment charge						215	215
Dividends						(3,399)	(3,399)
Balance at 1 January 2011	9,939	38,016	208	221	(161)	(31,012)	17,211
Profit for the period						**2,185**	**2,185**
Other comprehensive (expense)/income							
Exchange differences on translation of foreign subsidiaries				**10**			**10**
Actuarial losses on defined benefit pension scheme						**(3,855)**	**(3,855)**
Tax relating to components of other comprehensive income						**1,022**	**1,022**
Effect of change in UK tax rate						**(462)**	**(462)**
Total comprehensive (expense)/income				**10**		**(1,110)**	**(1,100)**
Share based payment charge						**552**	**552**
Own shares utilised					**37**	**(37)**	**-**
Dividends						**(3,606)**	**(3,606)**
Balance at 31 December 2011	**9,939**	**38,016**	**208**	**231**	**(124)**	**(35,213)**	**13,057**

Group cash flow statement for the 52 weeks ended 31 December 2011

	Note	**2011** **£'000**	2010 £'000
Cash flows from operating activities			
Cash generated from operations	9	**12,974**	7,849
Net tax (paid)/recovered		**(1,414)**	499
Finance income		**-**	13
Finance costs		**(367)**	(497)
Net cash generated from operating activities		**11,193**	7,864
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,142)**	(884)
Purchases of intangible assets		**(652)**	(656)
Net cash used in investing activities		**(1,794)**	(1,540)
Cash flows from financing activities			
Proceeds from borrowings		**-**	10,814
Repayment of borrowings		**(1,590)**	(10,814)
Capital element of finance lease payments		**(132)**	(129)
Dividends paid to Shareholders	6	**(3,606)**	(3,399)
Net cash used in financing activities		**(5,328)**	(3,528)
Net movement in cash and cash equivalents		**4,071**	2,796
Cash and cash equivalents at beginning of the period		**8,465**	5,613
Exchange (losses)/gains on cash and cash equivalents		**(44)**	56
Cash and cash equivalents at end of the period		**12,492**	8,465

Analysis of cash and cash equivalents		
Cash at bank and in hand	**6,992**	5,215
Short term deposits	**5,500**	3,250
	12,492	8,465

General Information

4imprint Group plc, registered number 177991, 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.

Accounting policies

The accounting policies set out below represent an extract of policies set out in the consolidated financial statements. These policies have been consistently applied to all the periods presented.

New and revised standards effective during the period have not impacted on the Group's financial statements.

Basis of preparation

This announcement was approved by the Board of Directors on 6 March 2012. The financial information in this announcement does not constitute the Group's statutory accounts for the periods ended 31 December 2011 or 1 January 2011 but is derived from those accounts. Statutory accounts for 1 January 2011 have been delivered to the Registrar of Companies, and those for 31 December 2011 will be delivered in due course. The auditors have reported on those accounts; their reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The audited consolidated financial statements from which these results are extracted have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

After making enquiries, the Directors have reasonable expectations that the Group has adequate resources to continue to operate for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the consolidated financial statements.

Restatement

The 2010 income statement and notes have been restated to classify the Brand Addition segment as a discontinued operation.

In addition the net interest charge in respect of the defined benefit pension scheme has been reclassified to finance costs from operating expenses to reflect the nature of the charge more accurately.

Use of assumptions and estimates

The preparation of the consolidated 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.

Critical accounting policies

Critical accounting policies are those that require significant judgement or estimates and potentially result in materially different results under different assumptions or conditions. Management consider the following to be the critical accounting policies:

Pensions

As disclosed in note 7 the Group sponsors a defined benefit pension scheme closed to new members and future accruals. Year end recognition of the liabilities under this scheme and the return on assets held to fund these liabilities require a number of significant actuarial assumptions to be made including inflation, asset returns, discount rate and mortality rates. Small changes in assumptions can have a significant impact on the expense recorded in the income statement and on the pension liability in the balance sheet.

Deferred taxation

The Group is required to estimate the income tax in each of the jurisdictions in which it operates. This requires an estimation of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different tax and accounting treatments. Assumptions are made around the extent to which it is probable that future taxable profit will be available against which the temporary differences can be utilised and deferred tax assets are recognised at the balance sheet date based on these assumptions.

Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets and is stated at cost less any impairment. Goodwill is not amortised but is tested annually for impairment. The test for impairment involves the use of assumed discount rates, future growth rates and operating margins. Changes in the assumptions can have an impact on the impairment test.

1 Segmental reporting

The chief operating decision maker has been identified as the Group Executive Committee and the segmental analysis is presented based on the Group's internal reporting to the Group Executive Committee.

At 31 December 2011, the Group is reported in the following primary business segments:

Revenue – continuing operations	Total		Inter-segment		External	
	2011 **£'000**	2010 (restated) £'000	**2011** **£'000**	2010 (restated) £'000	**2011** **£'000**	2010 (restated) £'000
4imprint Direct Marketing	**146,030**	128,972	**-**	-	**146,030**	128,972
SPS	**14,221**	16,252	**(1,427)**	(1,501)	**12,794**	14,751
Total revenue – continuing operations	**160,251**	145,224	**(1,427)**	(1,501)	**158,824**	143,723

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

Operating profit – continuing operations	Underlying operating profit		Exceptional items		Operating profit/(loss)	
	2011 **£'000**	2010 (restated) £'000	**2011** **£'000**	2010 (restated) £'000	**2011** **£'000**	2010 (restated) £'000
4imprint Direct Marketing	**10,004**	7,998	**-**	-	**10,004**	7,998
SPS	**228**	51	**(203)**	(537)	**25**	(486)
Head Office	**(1,746)**	(1,828)	**(1,732)**	(588)	**(3,478)**	(2,416)
	8,486	6,221	**(1,935)**	(1,125)	**6,551**	5,096
Share option charges					**(517)**	(183)
Goodwill impairment - SPS					**(4,743)**	-
Total operating profit – continuing operations					**1,291**	4,913

Net finance cost totalling £933,000 (2010: £1,040,000) and taxation charge of £1,950,000 (2010: £906,000) cannot be separately allocated to individual segments.

A description and review of the segments is included in the Operating review.

2 Exceptional items

Continuing operations	2011 £'000	2010 £'000
Enhanced transfer value exercise	**(1,732)**	-
SPS restructuring costs	**(203)**	(537)
Onerous contracts and termination costs	**-**	(588)
	(1,935)	(1,125)

The Company made an enhanced transfer value (ETV) offer to deferred members of the defined benefit pension scheme during the year. 307 members accepted the offer. The Company paid cash of £1,535,000 in respect of this offer comprising fees, payments to members who took their additional enhancement in cash and a contribution to the fund in respect of members who took their additional enhancement as an uplift in transfer value. The charge to the income statement was £1,732,000, including £575,000 IAS 19 settlement charge arising from the difference between the value of assets leaving the fund and the IAS 19 valuation of the liabilities transferred.

The SPS restructuring charge in 2011 related to a reduction in headcount. In the prior period, the costs related to the closure of an offsite warehouse facility and a headcount reduction exercise.

The onerous contract costs in the prior year related to a guarantee for a leasehold property occupied by a business sold by the Group in 2000, which went into administration in 2010. The lease expires in March 2013.

Cash expenditure in respect of the continuing Group's exceptional items in 2011 was £2,026,000 (2010: £526,000).

3 Exceptional goodwill impairment

A charge of £4,743,000 related to the impairment of goodwill associated with SPS. This is based on revised projections, risk premiums reflecting the lack of recovery in the UK market and the continued uncertain economic outlook. The goodwill associated with SPS has been fully impaired in 2011. There is no requirement to impair other assets within SPS based on the projections.

4 Taxation

Continuing operations	2011 £'000	2010 (restated) £'000
Analysis of charge/(credit) in the period:		
UK tax – current	**-**	-
Overseas tax – current	**1,074**	34
Total current tax	**1,074**	34
Deferred tax	**914**	887
Effect of change in UK tax rate	**(27)**	(15)
Adjustment in respect of prior years	**(11)**	-
Total deferred tax	**876**	872
Taxation – continuing operations	**1,950**	906

The tax for the year is different to the standard rate of corporation tax in the UK (26.5%). The differences are explained below:

	2011 **£'000**	2010 (restated) £'000
Profit before tax and goodwill impairment – continuing operations	**5,101**	3,873
Goodwill impairment – continuing operations	**(4,743)**	-
Profit before tax – discontinued operations (note 10)	**4,079**	4,214
Profit before tax – total operations	**4,437**	8,087
Profit before tax multiplied by rate of corporation tax in the UK of 26.5% (2010: 28%)	**1,176**	2,264
Effects of:		
Adjustments in respect of foreign tax rates	**353**	138
Expenses not deductible for tax purposes and non taxable income	**262**	78
Goodwill impairment not deductible for tax purposes	**1,257**	-
Timing differences and other differences	**(107)**	(455)
Utilisation of losses not previously recognised	**(682)**	(796)
Effect of change in UK tax rate on deferred tax balances	**(7)**	(4)
Taxation – total operations	**2,252**	1,225
Taxation – continuing operations	**1,950**	906
Taxation – discontinued operations (note 10)	**302**	319
Taxation – total operations	**2,252**	1,225

5 Earnings per share

Basic, diluted and underlying

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

	2011 **£'000**	2010 £'000
(Loss)/profit after tax – continuing operations	**(1,592)**	2,967
Profit from discontinuing operations after tax	**3,777**	3,895
Profit after tax	**2,185**	6,862

	2011 **£'000**	2010 £'000
(Loss)/profit after tax – continuing operations	**(1,592)**	2,967
Add back:		
Impairment of goodwill (note 3)	**4,743**	-
Defined benefit net pension finance charge (note 7)	**581**	531
Share option charges	**517**	183
Exceptional items (note 2)	**1,935**	1,125
Tax relating to above items	**(513)**	(290)
Underlying continuing operating profit after interest and tax	**5,671**	4,516

	2011 **Number** **000's**	2010 Number 000's
Basic weighted average number of shares	**25,760**	25,750
Dilutive potential ordinary shares – employee share options	**626**	593
Diluted weighted average number of shares	**26,386**	26,343

	2011	2010
Basic (loss)/earnings per share from continuing operations	**(6.18)p**	11.52p
Basic earnings per share from discontinued operations	**14.66p**	15.13p
	8.48p	26.65p
Diluted (loss)/earnings per share from continuing operations	**(6.03)p**	11.26p
Diluted earnings per share from discontinued operations	**14.31p**	14.79p
	8.28p	26.05p
Underlying basic earnings per share from continuing operations	**22.01p**	17.53p

The basic weighted average number of shares excludes shares held in the 4imprint Group plc Employee Share Trust. The effect of this is to reduce the average by 79,109 (2010: 90,325).

The underlying basic earnings per share is calculated before the after tax effect of defined benefit pension charges, share option charges and exceptional items and is included because the Directors consider this gives a measure of the underlying performance of the continuing business.

6 Dividends

Equity dividends – ordinary shares		**2011 £'000**	2010 £'000
Interim paid:	5.0p (2010: 4.7p)	**1,288**	1,210
Final paid:	9.0p (2010: 8.5p)	**2,318**	2,189
		3,606	3,399

In addition, the Directors are proposing a final dividend in respect of the period ended 31 December 2011, of 9.6p per share, which will absorb an estimated £2.52m of Shareholders' funds. It will be paid on 9 May 2012 to Shareholders who are on the register of members on 10 April 2012. These financial statements do not reflect this proposed dividend.

7 Employee pension schemes

The Group operates defined contribution 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 UK defined benefit pension scheme which is closed to new members and future accruals.

Net pension costs

Continuing operations	**2011 £'000**	2010 (restated) £'000
Defined contribution plans – regular contributions	**458**	401
Defined benefit scheme - net pension finance charge	**581**	531

The defined contribution plan contributions are included within operating expenses. The net pension finance charge is included within finance costs; in the prior year's financial statements it was included within operating expenses. The Directors consider this reclassification more accurately reflects the nature of the charge.

In addition a settlement charge of £575,000 was charged to continuing operations exceptional items in the period in respect of an enhanced transfer value offer to deferred members.

Pension charges in respect of discontinued operations were £157,000 (2010: £104,000) for defined contribution schemes regular contributions and £9,000 (2010: £38,000) defined benefit current service costs.

Defined benefit scheme

The financial position of the defined benefit scheme has been updated on an approximate basis at 31 December 2011. The last full actuarial valuation was carried out by a qualified independent actuary as at 5 April 2010.

The principal assumptions made by the actuaries at each period end were:

	2011	2010
Rate of increase in pensionable salaries	**3.9%**	4.4%
Rate of increase in pensions in payment	**2.8%**	3.4%
Rate of increase in deferred pensions	**1.8%**	3.4%
Discount rate	**4.9%**	5.5%
Inflation assumption - RPI	**2.9%**	3.4%
- CPI	**1.9%**	-
Expected return on scheme assets	**5.1%**	6.3%

The expected return on scheme assets is a weighted average based on actual scheme assets held and respective returns expected on the separate asset classes, as calculated by the Group's independent actuaries.

The mortality assumptions adopted at 31 December 2011 imply the following life expectancies at age 65:

	2011	2010
Male currently age 40	**24.4 yrs**	24.4 yrs
Female currently age 40	**27.9 yrs**	27.9 yrs
Male currently age 65	**22.0 yrs**	22.0 yrs
Female currently age 65	**25.3 yrs**	25.3 yrs

The amounts recognised in the balance sheet comprise:

	2011 **£'000**	2010 £'000
Present value of funded obligations	**(92,870)**	(99,460)
Fair value of scheme assets	**69,323**	77,555
Net liability recognised in the balance sheet	**(23,547)**	(21,905)

Analysis of the movement in the balance sheet liability:

	2011 **£'000**	2010 £'000
At start of period	**21,905**	22,450
Current service cost	**9**	38
Net finance charge	**581**	531
Settlement charge (note 2)	**575**	-
Contributions paid – normal contributions	**(3,000)**	(2,501)
– exceptional contributions in respect of ETV exercise	**(378)**	-
Actuarial losses recognised in other comprehensive income	**3,855**	1,387
At end of period	**23,547**	21,905

Contributions in 2011 include an additional payment of £378,000 in respect of the enhancements to transfer values related to the ETV exercise for those members who chose to take the additional enhancement as an increase to their transfer value. Based on the schedule of contributions, contributions by the employer for 2012 will be £90,000 higher than the 2011 contributions, excluding the payment in respect of the ETV exercise.

8 Analysis of net cash/(debt)

	2011 **£'000**	2010 £'000
Cash at bank and in hand	**6,992**	5,215
Short term deposits	**5,500**	3,250
Current finance lease creditor	**(143)**	(135)
Current bank loans	**(3,952)**	(239)
	8,397	8,091
Non current bank loans	**(2,782)**	(8,037)
Non current finance lease creditor	**(152)**	(293)
Net cash/(debt)	**5,463**	(239)

9 Cash generated from operations

	2011 **£'000**	2010 £'000
Operating profit - continuing operations	**1,291**	4,913
- discontinued operations (note 10)	**4,079**	4,214
Adjustments for:		
Impairment of goodwill	**4,743**	-
Depreciation charge	**1,338**	1,384
Amortisation of intangibles	**656**	674
Exceptional non cash items	**575**	111
(Decrease)/increase in exceptional accrual/provisions	**(310)**	488
Share option non cash charges	**552**	215
IAS 19 current service cost	**9**	38
Contributions to defined benefit pension scheme – normal	**(3,000)**	(2,501)
– exceptional re ETV exercise	**(378)**	-
Changes in working capital:		
(Increase)/decrease in inventories	**(297)**	688
Decrease/(increase) in trade and other receivables	**1,480**	(6,683)
Increase in trade and other payables	**2,236**	4,308
Cash generated from operations	**12,974**	7,849

10 Discontinued operations

On 16 February 2012, the Board announced that 4imprint UK Holdings Limited had entered into a binding agreement with H.I.G Milan UK Bidco Limited and B270 Vermőgensverwaltung GmbH to sell the entire issued share capital of Brand Addition Limited and Kreyer Promotion Service GmbH ('Brand Addition') subject to the approval of Shareholders and on the receipt of competition clearances in Germany and Austria. The aggregate consideration is £24 million (on a cash and debt free basis and subject to a normalised level of working capital). £22.75 million of the consideration is payable in cash immediately upon completion and £1.25 million will be deferred for 12 months. Estimated transaction costs are £2 million.

Brand Addition met the definition of a disposal group in accordance with IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations' as at 31 December 2011 and is therefore classified as held for sale and presented as a discontinued operation.

The results of the discontinued operations for the year are as follows:

	2011 £'000	2010 £'000
Total revenue	**64,529**	58,886
Operating profit before exceptional items	**5,022**	4,214
Exceptional items*	**(943)**	-
Operating profit	**4,079**	4,214
Taxation	**(302)**	(319)
Profit for the period from discontinued operations	**3,777**	3,895

***** Exceptional items related to the costs of disposal of Brand Addition incurred in the year, £575,000 of which was paid in 2011.

Assets held for sale	**2011 £'000**
Non current assets	
Goodwill	**4,341**
Other non current assets	**1,282**
	5,623
Current assets	
Inventories	**3,910**
Trade and other receivables	**11,147**
	15,057
Assets held for sale	**20,680**
Liabilities held for sale	
Current liabilities	
Trade and other payables	**(12,680)**
Current tax liabilities	**(84)**
Liabilities held for sale	**(12,764)**
Net assets held for sale	**7,916**

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

	2011 £'000	2010 £'000
Net cash generated from operations	**8,608**	2,231
Net cash used in investing activities	**(450)**	(385)
Net movement in cash and cash equivalents	**8,158**	1,846

11 Related party transactions

The Group did not participate in any related party transactions.

12. Principal risks and uncertainties

The principal risks and uncertainties which the business faces are: macroeconomic conditions; market competitors and new products; major disruption to delivery services or to the product supply chain; the risk of adverse changes in the rate of customer acquisition and the re-order rate of customers previously acquired, particularly in the Direct Marketing business; departure of key management personnel; inadequate or failed internal and external processes and systems; risk in relation to the purchase of materials and services; and potential litigation and complaints. A full description of these risks and the mitigating actions taken by the Group will appear in the 2011 Annual Report and Accounts.

Statement of Directors' responsibilities

Each of the Directors confirms that, to the best of their knowledge:

- the financial statements within the full Annual Report and Accounts from which the financial information within this Final Results announcement has been extracted, have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial positions and profit for the Group; and

- the Finance Director's report, Operating review and Principal risks and uncertainties note above include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

John Poulter	**Gillian Davies**
Chairman	Group Finance Director

7 March 2012