3 August 2011

4imprint Group plc
Half year results for the period ended 2 July 2011

4imprint Group plc (the 'Group'), the international supplier of promotional products, announces today its half year results for the period ended 2 July 2011

Highlights

- **Group revenue at £103.63m, increased by 9% (half year 2010 £95.18m)**
- **North American Direct Marketing revenue up 18% in US dollars at $107.30m (half year 2010: $91.14m)**
- **Underlying operating profit* was £4.84m, an increase of 33% (half year 2010: £3.64m)**
- **Operating profit £3.83m (half year 2010: £3.03m), an increase of 26%**
- **Underlying basic earnings per share 13.93p, up 24% (half year 2010: 11.23p)**
- **Basic earnings per share 10.91p (half year 2010: 9.23p)**
- **Interim dividend 5.00p per share, a 6% increase (half year 2010: 4.70p)**

*** Operating profit before defined benefit pension charge, share option charge and exceptional items**

John Poulter, Chairman said:

"The Group has made good progress in the first half of the financial year. Revenue and profit are both well ahead of prior year particularly in North America, where we continue to gain market share. The Group is cash generative, has low debt and a strong platform for growth and is therefore well positioned to make further progress".

– Ends –

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Chairman's statement

Group
In the first half, the Group delivered an encouraging performance with both revenue and profit increases compared to the first half of 2010 against a background of improving but cautious markets. Our two largest Divisions both increased underlying operating profit by over 30%.

Group revenue at £103.63m was up 9% on the equivalent period for 2010. On a constant currency basis revenue grew by 13%.

Group underlying operating profit at £4.84m was up 33% on prior year, with strong performances from 4imprint Direct Marketing and the Brand Addition European corporate programme Division.

Divisions

4imprint Direct Marketing (67% of Group revenue in £ sterling.)
This Division continues to grow at a rate well ahead of a recovering market. Revenue was 11% ahead and underlying operating profit 32% ahead of prior half year.

US dollar revenue in the North American business was 18% ahead of prior half year. The growth in revenue was driven by application of established marketing processes both to acquire new customers and to obtain repeat business from existing customers.

As the largest Direct Marketing business in the US promotional products industry, the business continues to build market share in the very large market open to it.

The smaller UK business maintained its position and trading performance in an uncertain market.

Brand Addition (27% of Group revenue)
Brand Addition is a leading corporate programmes supplier in Europe and largest in the UK by a wide margin. With revenue 13% ahead of the prior half year the Division delivered underlying operating profit 34% ahead, following increased revenue from existing customers, both in UK and continental Europe, and acquiring new accounts. The UK and German operations demonstrated growth at similar levels.

SPS (6% of Group revenue)
SPS achieved a small profit on revenue reduced by 19% on prior year first half. Actions undertaken to reduce the operational overheads have aligned the cost base to weaker demand.

A management restructuring has been followed by an increased focus on sales and marketing coupled with planned product innovation.

Dividend
The Board has declared an interim dividend of 5.00p (half year 2010: 4.70p) to be paid on 16 September 2011 to Shareholders on the register at 12 August 2011.

Pension
The Board continues to address ways of reducing the risk of the pension fund to the Group and almost 30% of deferred members have accepted an enhanced transfer out of the scheme. The transfers will be completed in the second half.

Outlook
The Group is cash generative, has low debt and is well positioned to continue to produce gains in revenue, profit and market share.

John Poulter
Chairman
3 August 2011

Finance Director's report

Group results

	Half year 2011 £m	Half year 2010 £m	Change
Revenue	**103.63**	95.18	+9%
Underlying operating profit*– pre IAS 38	**5.64**	4.46	+26%
Underlying operating profit*	**4.84**	3.64	+33%
Operating profit	**3.83**	3.03	+26%
Net debt	**(2.04)**	(4.49)	+£2.45m

* Operating profit before defined benefit pension charge, share option charge and exceptional items.

IAS 38 'Intangible assets' requires the Group to expense mail order catalogues when it has access to the catalogues, not when they are distributed.

This adjustment decreases profit in the first half and largely reverses in the second half, principally in the Direct Marketing Division. The impact was to (decrease)/increase profit as follows: (half year 2011: £(0.80)m; half year 2010: £(0.82)m; full year 2010: £0.02m). The Divisional operating reviews present underlying operating profit before the IAS 38 marketing adjustment to show the impact of this reallocation.

Divisional summary

	Revenue		
	Half year 2011 £m	Half year 2010 £m	Change
4imprint Direct Marketing	**69.40**	62.78	+11%
Brand Addition	**28.51**	25.33	+13%
SPS	**7.19**	8.89	-19%
Inter-segment	**(1.47)**	(1.82)	
	103.63	95.18	+9%

Revenue increased by 9% (£8.45m) in the period, at constant currency the increase is 13%.

	Underlying operating profit		
	Half year 2011 £m	Half year 2010 £m	Change
4imprint Direct Marketing	**3.52**	2.67	+32%
Brand Addition	**2.04**	1.52	+34%
SPS	**0.10**	0.26	-60%
Head office	**(0.82)**	(0.81)	
Total	**4.84**	3.64	+33%

Underlying operating profit increased by 33%, a result of increased revenue in 4imprint Direct Marketing and Brand Addition. Lower sales in SPS were offset in part by cost savings. At constant currency underlying operating profit would be £0.21m higher.

Finance Director's report (continued)

Exceptional items
£0.36m was charged to exceptional items in the half year relating to fees incurred to date in respect of a pension enhanced transfer value exercise.

£0.19m was charged to exceptional items in relation to further cost reduction at SPS.

Share option charge
The Group charged £0.17m (half year 2010: £0.14m; full year 2010: £0.22m) to operating profit in respect of share options. £0.06m related to SAYE schemes for employees in the UK and USA and £0.11m related to the Executive share option scheme from 27 April 2011, the date the scheme was approved.

Taxation
The taxation charge for the period was £0.84m at a rate of 23% (half year and full year 2010: 15%).

Earnings per share

Basic earnings per share were 10.91p (half year 2010: 9.23p; full year 2010: 26.65p) Underlying basic earnings per share were 13.93p (half year 2010: 11.23p; full year 2010: 32.95p). (See note 7).

Dividend
The Board has declared a dividend of 5.00p (half year 2010: 4.70p), an increase of 6%.

Cash flow

The Group's net debt at 2 July 2011 was £2.04m (3 July 2010: £4.49m; 1 January 2011: £0.24m). The principal components of the cash flow movement are as follows:

	£m
Underlying operating profit	**4.84**
Working capital movement	**(1.92)**
Depreciation and amortisation	**0.97**
Capital expenditure	**(0.82)**
	3.07
Cash spend on exceptional items	**(0.86)**
Tax and interest	**(0.24)**
Defined benefit pension contribution	**(1.50)**
Dividends	**(2.32)**
Exchange	**0.05**
Movement in net debt for the half year	**(1.80)**
Opening net debt at 2 January 2011	**(0.24)**
Closing net debt at 2 July 2011	**(2.04)**

At half year 2011, the Group had available headroom of £8.59m on its UK and US facilities and cash of £5.64m, in total available funding of £14.23m.

Finance Director's report (continued)

Balance sheet and Shareholders' funds

	Half year 2011 £m	Full year 2010 £m
Non current assets	**28.89**	29.68
Working Capital	**12.78**	10.68
Net debt	**(2.04)**	(0.24)
Pension deficit	**(20.30)**	(21.91)
Other liabilities including tax liability	**(1.42)**	(1.00)
Net assets	**17.91**	17.21

Net assets increased by £0.70m, principal movements were profit for the period £2.81m offset by dividends paid £2.32m.

Defined benefit pension scheme
The Group sponsors a UK defined benefit pension scheme, closed to new members. At 5 April 2011 (the date of the scheme accounts), there were 1,042 deferred members and 1,170 pensioners. The scheme is closed to future accrual.

At 2 July 2011, the deficit was £20.30m (assets £78.63m and liabilities £98.93m). The discount rate used to calculate the liability was 5.6%.

The Company made an enhanced transfer value offer to deferred members which closed on 22 July 2011. 287 deferred members have accepted the offer. The cash cost to the Company will be approximately £1.5m, which includes enhancements to transfer values and fees. £0.36m has been charged to exceptional items in the first half in respect of fees paid to date. Using the valuation basis at 2 July 2011, approximately £9m of liability and £10m of assets will be removed from the scheme when the transfers take place in the second half of the year.

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

	Half year 2011		Half year 2010		Full year 2010	
	Balance sheet rate	**Average**	Balance sheet rate	Average	Balance sheet rate	Average
US Dollar	**1.60**	**1.62**	1.52	1.52	1.57	1.55
Euro	**1.11**	**1.15**	1.21	1.15	1.17	1.17

The movements in the average rates for the half year decreased operating profit in the US Direct Marketing business by £0.21m and had no impact on the operating profit of the German business.

The movements in the balance sheet rates from full year 2010 resulted in a reduction in US dollar denominated overseas subsidiaries net assets of £0.16m and an increase in Euro denominated overseas subsidiary net assets of £0.12m.

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 limited to pensions, deferred taxation, goodwill and inventory provisions. Full details are given in the Group's published Annual Report for the period ended 1 January 2011.

Finance Director’s report (continued)

Principal risks
The Group reported in its Annual Report for the period ended 1 January 2011 that its activities expose it to a number of operational and financial risks. These principal risks, as set out in the Directors’ Report and note 21 of the 2010 Annual Report, remain unchanged at the date of the Interim Report.

The principal risks are: macroeconomic conditions; market competitors and new products; operational risks; purchase of material and services; potential litigation and complaints; and changes in law or regulation.

Gillian Davies
Group Finance Director
3 August 2011

Operating review

4imprint Direct Marketing

	Half year 2011 £'000	Half year 2010 £'000	Full year 2010 £'000
External revenue	**69,400**	62,777	128,972
Underlying operating profit pre IAS 38 marketing cost adjustment	**4,418**	3,574	7,973
IAS 38 marketing cost adjustment	**(897)**	(911)	25
Underlying operating profit	**3,521**	2,663	7,998

4imprint Direct Marketing supplies an extensive range of promotional products and branded apparel to a wide variety of businesses and organisations throughout the USA, Canada, UK and Ireland. The business model combines innovative print and internet based direct marketing, responsive customer service and an award winning working environment to create a platform for growth in the combined $21bn promotional products market in these countries.

Rapid growth in 4imprint Direct Marketing continued in the first half of 2011, with revenue up 11% over prior year. At constant currency, revenue was up 17%. Underlying operating profit pre IAS 38 at £4.42m was 24% ahead of prior year. At constant currency, this number would have been £4.68m, 31% ahead of prior year.

In North America, the business continues to win market share in a highly fragmented market. Revenue in underlying currency increased over prior year by 18% to $107.30m, outpacing the 6.7% growth estimated by promotional product industry sources for the market as a whole.

The management team continues to employ a constantly evolving and expanding range of sophisticated online and offline marketing and merchandising techniques to maintain a leadership position and capture additional market share in the highly fragmented promotional products market. These techniques drive two principal marketing activities: new customer acquisition (prospecting) and customer retention.

The effectiveness of new customer acquisition activities is central to the success of the direct marketing business model. The first half of 2011 saw continued improvement in response metrics, driving an improved yield on the largest portion of the overall marketing budget. More than 60,000 new customers were acquired in the first half of 2011.

Orders from existing customers were up 21% over the first half of 2010, reflecting continued strength in customer retention even as the number of new customers acquired continues to increase.

Stable gross margins and a scalable infrastructure combined to drive further decreases in the cost to process an order, which, combined with the increased yield on prospecting, resulted in an improved return on sales.

The smaller UK Direct Marketing operation, headquartered in Manchester, experienced somewhat more difficult trading conditions in the first half, but remained profitable during the period with revenue in line with prior year.

The business is highly cash generative. Capital expenditure and depreciation profiles are settled, and working capital increase is minimal, despite strong revenue growth.

Operating review (continued)

Brand Addition

	Half year 2011 £'000	Half year 2010 £'000	Full year 2010 £'000
External and inter divisional revenue	**28,513**	25,327	58,886
External revenue	**28,303**	25,104	58,414
Underlying operating profit	**2,041**	1,523	4,284

Brand Addition supplies promotional merchandise to medium and large businesses, predominantly through contractual relationships with businesses who outsource the management of their complex promotional merchandise requirements. It is the market leader in the UK and has a leading position in the rest of Europe.

Using the expertise of its operations in the UK and Germany and its Asian sourcing operation, Brand Addition offers its customers a range of services to support their requirements across Europe. These include creative design, bespoke product ranges, ethical sourcing, logistical and inventory management expertise together with multilingual account management and web based selling solutions.

Total revenue in the first half of 2011, at £28.51m was 13% ahead of the same period in 2010. This increase in revenue is due to improvement in demand from existing customers as well as new contracts. Underlying operating profit was £2.04m, 34% ahead of prior year. This increase was the result of increased revenue and favourable customer mix. The Division has continued to invest in its customer facing teams to maintain its customer service as well as vigorously pursuing new business opportunities to expand both its market share and geographic reach.

The Division is cash generative requiring minimal fixed capital investment and some working capital investment to support growth.

Operating review (continued)

SPS

	Half year 2011 £'000	Half year 2010 £'000	Full year 2010 £'000
External and inter divisional revenue	**7,193**	8,892	16,252
External revenue	**5,930**	7,303	13,382
Underlying operating profit pre IAS 38 marketing cost adjustment	**3**	168	57
IAS 38 marketing cost adjustment	**100**	90	(6)
Underlying operating profit	**103**	258	51

SPS, based in Blackpool, is a trade supplier of promotional products to distributors across the UK and Europe. It is the largest supplier to the promotional products industry in the UK and specialises in the manufacture of plastic and paper products. The business has an extensive range of printing and branding technologies, as well as expertise in sourcing and importing products.

Operating in difficult economic and competitive market conditions, total revenue in the first half of 2011 at £7.19m was 19% below the same period last year.

Improved production and operational efficiencies, further headcount reduction and sustained cost cutting have served to partly mitigate the reduction in revenue resulting in underlying operating profit before depreciation for the first half of 2011 of £0.42m compared with £0.64m in the first half of 2010. Underlying operating profit pre IAS 38 adjustment was breakeven compared with £0.17m profit in the first half of 2010.

The Division continues to focus on improving its revenue and customer service levels and has further strengthened its senior management, sales and customer service teams in the first half of the year.

In addition, the Division is broadening its product portfolio with development of new manufactured products as well as modest investment in digital printing and other techniques.

The exceptional charge of £0.19m related to a reduction in headcount from 211 at the beginning of the year to 189 at period end.

Working capital remains tightly controlled and cash generated in the period was ahead of underlying operating profit before depreciation and amortisation.

Condensed consolidated income statement (unaudited)

	Note	**Half year 2011 £'000**	Half year 2010 £'000	Full year 2010 £'000
Revenue	4	**103,633**	95,184	200,768
Operating expenses		**(99,805)**	(92,152)	(192,172)
Operating profit	4	**3,828**	3,032	8,596
Operating profit before exceptional items		**4,376**	3,185	9,721
Exceptional items	5	**(548)**	(153)	(1,125)
Operating profit	4	**3,828**	3,032	8,596
Finance income		**-**	10	13
Finance costs		**(177)**	(246)	(522)
Profit before tax		**3,651**	2,796	8,087
Taxation	6	**(840)**	(419)	(1,225)
Profit for the period		**2,811**	2,377	6,862
Earnings per share				
Basic	7	**10.91p**	9.23p	26.65p
Diluted	7	**10.65p**	9.05p	26.05p

All amounts in the income statement relate to continuing operations in the current and prior periods.

Condensed consolidated statement of comprehensive income (unaudited)

	Note	**Half year 2011 £'000**	Half year 2010 £'000	Full year 2010 £'000
Profit for the period		**2,811**	2,377	6,862
Other comprehensive income:				
Exchange differences on translation of foreign subsidiaries		**(43)**	322	193
Actuarial gains/(losses) on defined benefit pension scheme	9	**396**	(1,507)	(1,387)
Tax relating to components of other comprehensive income		**(105)**	422	388
Effect of change in UK tax rate		**(208)**	-	(219)
Other comprehensive income/(expense) net of tax		**40**	(763)	(1,025)
Total comprehensive income for the period		**2,851**	1,614	5,837

Condensed consolidated balance sheet (unaudited)

	Note	**At 2 July 2011 £'000**	At 3 July 2010 £'000	At 1 Jan 2011 £'000
Non current assets				
Property, plant and equipment		**12,358**	13,246	12,580
Intangible assets - goodwill		**9,084**	9,084	9,084
Other intangible assets		**1,564**	1,744	1,657
Investments		**9**	9	9
Deferred tax assets		**5,870**	7,718	6,348
		28,885	31,801	29,678
Current assets				
Inventories		**7,618**	7,614	6,317
Trade and other receivables		**31,000**	27,924	29,947
Cash and cash equivalents	10	**5,637**	6,121	8,465
		44,255	41,659	44,729
Current liabilities				
Trade and other payables		**(25,838)**	(25,562)	(25,588)
Current tax		**(874)**	(150)	(239)
Borrowings	10	**(2,016)**	(1,435)	(374)
Provisions for other liabilities and charges		**(266)**	-	(377)
		(28,994)	(27,147)	(26,578)
Net current assets		**15,261**	14,512	18,151
Non current liabilities				
Retirement benefit obligations	9	**(20,304)**	(23,012)	(21,905)
Borrowings	10	**(5,658)**	(9,178)	(8,330)
Provisions for other liabilities and charges		**(272)**	-	(383)
		(26,234)	(32,190)	(30,618)
Net assets		**17,912**	14,123	17,211
Shareholders' equity				
Share capital		**9,939**	9,939	9,939
Share premium reserve		**38,016**	38,016	38,016
Capital redemption reserve		**208**	208	208
Cumulative translation differences		**178**	350	221
Retained earnings		**(30,429)**	(34,390)	(31,173)
Total equity		**17,912**	14,123	17,211

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

	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
At 3 January 2010	9,939	38,016	208	28	(161)	(33,472)	14,558
Profit for the period						2,377	2,377
Other comprehensive income/(expense)				322		(1,085)	(763)
Total comprehensive income for the period				322		1,292	1,614
Share based payment charge						140	140
Dividends						(2,189)	(2,189)
At 3 July 2010	9,939	38,016	208	350	(161)	(34,229)	14,123
Profit for the period						4,485	4,485
Other comprehensive expense				(129)		(133)	(262)
Total comprehensive (expense)/income for the period				(129)		4,352	4,223
Share based payment charge						75	75
Dividends						(1,210)	(1,210)
At 1 January 2011	**9,939**	**38,016**	**208**	**221**	**(161)**	**(31,012)**	**17,211**
Profit for the period						**2,811**	**2,811**
Other comprehensive (expense)/income				**(43)**		**83**	**40**
Total comprehensive (expense)/income for the period				**(43)**		**2,894**	**2,851**
Share based payment charge						**168**	**168**
Own shares utilised					**21**	**(21)**	**-**
Dividends						**(2,318)**	**(2,318)**
At 2 July 2011	**9,939**	**38,016**	**208**	**178**	**(140)**	**(30,289)**	**17,912**

Condensed consolidated cash flow statement (unaudited)

	Note	**Half year 2011 £'000**	Half year 2010 £'000	Full year 2010 £'000
Cash flows from operating activities				
Cash generated from operations	11	**1,530**	2,063	7,849
Net tax (paid)/recovered		**(53)**	91	499
Finance income		**-**	10	13
Finance costs		**(186)**	(227)	(497)
Net cash generated from operating activities		**1,291**	1,937	7,864
Cash flows from investing activities				
Purchases of property, plant and equipment		**(550)**	(680)	(884)
Purchases of intangible assets		**(270)**	(342)	(656)
Net cash used in investing activities		**(820)**	(1,022)	(1,540)
Cash flows from financing activities				
Proceeds from borrowings		-	7,807	10,814
Repayment of borrowings		**(916)**	(6,037)	(10,814)
Capital element of finance lease payments		**(64)**	(65)	(129)
Dividends paid to Shareholders		**(2,318)**	(2,189)	(3,399)
Net cash used in financing activities		**(3,298)**	(484)	(3,528)
Net movement in cash and cash equivalents		**(2,827)**	431	2,796
Cash and cash equivalents at beginning of the period		**8,465**	5,613	5,613
Exchange (losses)/gains on cash and cash equivalents		**(1)**	77	56
Cash and cash equivalents at end of the period		**5,637**	6,121	8,465
Analysis of cash and cash equivalents				
Cash at bank and in hand	10	**5,637**	6,121	5,215
Short term deposits	10	**-**	-	3,250
		5,637	6,121	8,465

Notes to the interim financial statements

1 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.

The condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 2 August 2011.

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 1 January 2011 were approved by the Board of Directors on 2 March 2011 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 is unaudited.

2 Basis of preparation
These condensed consolidated interim financial statements for the half year ended 2 July 2011 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 period ended 1 January 2011, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

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 1 January 2011, as described in those annual financial statements.

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

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

The Group is reported in three primary business segments:

Revenue	Total			Inter-segment			External		
	Half year 2011 £'000	Half year 2010 £'000	Full Year 2010 £'000	**Half year 2011 £'000**	Half year 2010 £'000	Full year 2010 £'000	**Half year 2011 £'000**	Half year 2010 £'000	Full year 2010 £'000
4imprint Direct Marketing	**69,400**	62,777	128,972	**-**	-	-	**69,400**	62,777	128,972
Brand Addition	**28,513**	25,327	58,886	**(210)**	(223)	(472)	**28,303**	25,104	58,414
SPS	**7,193**	8,892	16,252	**(1,263)**	(1,589)	(2,870)	**5,930**	7,303	13,382
Total	**105,106**	96,996	204,110	**(1,473)**	(1,812)	(3,342)	**103,633**	95,184	200,768

Inter-segment revenues are on an arms-length basis.

Notes to the interim financial statements (continued)

4 Segmental reporting continued

Operating profit	Underlying operating profit			Exceptional items			Operating profit/(loss)		
	Half year 2011 £'000	Half year 2010 £'000	Full Year 2010 £'000	**Half year 2011 £'000**	Half year 2010 £'000	Full year 2010 £'000	**Half year 2011 £'000**	Half year 2010 £'000	Full year 2010 £'000
4imprint Direct Marketing	**3,521**	2,663	7,998	**-**	-	-	**3,521**	2,663	7,998
Brand Addition	**2,041**	1,523	4,284	**-**	-	-	**2,041**	1,523	4,284
SPS	**103**	258	51	**(189)**	(153)	(537)	**(86)**	105	(486)
Head office	**(826)**	(807)	(1,828)	**(359)**	-	(588)	**(1,185)**	(807)	(2,416)
	4,839	3,637	10,505	**(548)**	(153)	(1,125)	**4,291**	3,484	9,380
Defined benefit pension charge							**(295)**	(312)	(569)
Share option charge							**(168)**	(140)	(215)
Total							**3,828**	3,032	8,596

Net finance costs totalling £177,000 (half year 2010: £236,000; full year 2010: £509,000), and taxation charge of £840,000 (half year 2010: £419,000; full year 2010: £1,225,000) cannot be separately allocated to individual segments.

In line with IAS 38 'Intangible assets' the Group has recognised the expense for mail order catalogues when the Group has access to the catalogues, not when they are distributed. The corresponding reduction/(increase) in underlying operating profit is half year 2011: £797,000; half year 2010: £821,000; full year 2010: £(19,000). These adjustments have been included within the Divisional results above. The Divisional operating reviews show the adjustments in each Division.

Segmental assets

	2 July 2011 £'000	3 July 2010 £'000	1 Jan 2011 £'000
4imprint Direct Marketing	**21,258**	20,955	19,672
Brand Addition	**23,373**	19,875	23,008
SPS	**16,418**	18,250	16,574
Unallocated assets	**6,454**	8,259	6,688
Cash	**5,637**	6,121	8,465
Total	**73,140**	73,460	74,407

Unallocated assets include Head office items and tax, which cannot be reliably allocated to individual segments.

Notes to the interim financial statements (continued)

5 Exceptional items

	Half year 2011 £'000	Half year 2010 £'000	Full year 2010 £'000
Pension enhanced transfer value exercise	**(359)**	-	-
SPS restructuring costs	**(189)**	(153)	(537)
Onerous contract costs	**-**	-	(588)
	(548)	(153)	(1,125)

The pension enhanced transfer value exercise charge related to fees incurred to 2 July 2011 in relation to this exercise, which will be completed in the second half of the year.

The SPS restructuring charge in 2011 related to reduction in headcount in the first half of 2011. In the prior periods the charge related to a headcount reduction exercise to improve operating efficiencies in the first half of 2010 and the costs to close an offsite warehouse in the second half.

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.

6 Taxation
The taxation charge for the period to 2 July 2011 has been calculated at 23% of the profit before tax for the period (half year 2010: 15%; full year 2010: 15%).

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

	Half year 2011 £'000	Half year 2010 £'000	Full year 2010 £'000
Profit for the period	**2,811**	2,377	6,862
Defined benefit pension charge	**295**	312	569
Share option charge	**168**	140	215
Exceptional items	**548**	153	1,125
Tax relating to above items	**(233)**	(91)	(287)
Underlying operating profit after interest and tax	**3,589**	2,891	8,484

	Number 000's	Number 000's	Number 000's
Basic weighted average number of shares	**25,760**	25,750	25,750
Dilutive potential ordinary shares – employee share options	**643**	528	593
Diluted weighted average number of shares	**26,403**	26,278	26,343
Basic earnings per share	**10.91p**	9.23p	26.65p
Underlying basic earnings per share	**13.93p**	11.23p	32.95p
Diluted earnings per share	**10.65p**	9.05p	26.05p

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 80,984 (half year 2010: 90,325; full year 2010: 90,325).

Notes to the interim financial statements (continued)

8 Dividends

	Half year 2011 £'000	Half year 2010 £'000	Full year 2010 £'000
Dividends paid in the period	**2,318**	2,189	3,399

	Half year 2011	Half year 2010	Full year 2010
Dividends per share declared - interim	**5.00p**	4.70p	4.70p
- final	**-**	-	9.00p

The interim dividend for 2011 of 5.00p per ordinary share will be paid on 16 September 2011 to ordinary Shareholders on the register at the close of business on 12 August 2011.

9 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 operates a UK defined benefit pension scheme which is now 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 anticipated annual cost for current service, 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 2 July 2011.

The amounts recognised in the income statement in respect of the defined benefit scheme are:

	Half year 2011 £'000	Half year 2010 £'000	Full year 2010 £'000
Current service cost	**9**	19	38
Interest cost on scheme liabilities	**2,669**	2,719	5,399
Expected return on scheme assets	**(2,383)**	(2,426)	(4,868)
	295	312	569

The principal assumptions made by the actuaries at 2 July 2011 were:

	Half year 2011	Half year 2010	Full year 2010
Rate of increase in pensionable salaries	**4.5%**	4.1%	4.4%
Rate of increase in pensions in payment and deferred pensions	**3.5%**	3.1%	3.4%
Discount rate	**5.6%**	5.4%	5.5%
Inflation assumption	**3.5%**	3.1%	3.4%
Expected return on scheme assets	**6.3%**	6.3%	6.3%

The mortality assumptions adopted at 2 July 2011 imply the following life expectancies at age 65:

	Half year 2011	Half year 2010	Full year 2010
Male currently aged 40	**24.4 yrs**	22.5 yrs	24.4 yrs
Female currently aged 40	**27.9 yrs**	25.3 yrs	27.9 yrs
Male currently aged 65	**22.0 yrs**	21.3 yrs	22.0 yrs
Female currently aged 65	**25.3 yrs**	24.2 yrs	25.3 yrs

Notes to the interim financial statements (continued)

9 Employee pension schemes continued

Analysis of the movement in the balance sheet liability:

	2 July 2011 £'000	3 July 2010 £'000	1 Jan 2011 £'000
At start of period	**21,905**	22,450	22,450
Total charged in the income statement	**295**	312	569
Contributions paid	**(1,500)**	(1,257)	(2,501)
Actuarial (gain)/loss on the scheme liabilities	**(852)**	1,340	4,280
Actuarial loss/(gain) on scheme assets	**456**	167	(2,893)
At end of period	**20,304**	23,012	21,905

10 Analysis of net debt

	2 July 2011 £'000	3 July 2010 £'000	1 Jan 2011 £'000
Cash at bank and in hand	**5,637**	6,121	5,215
Short term deposits	**-**	-	3,250
Cash and cash equivalents	**5,637**	6,121	8,465
Current finance leases	**(135)**	(132)	(135)
Current bank loans	**(1,881)**	(1,303)	(239)
Current borrowings	**(2,016)**	(1,435)	(374)
Non current finance leases	**(218)**	(377)	(293)
Non current bank loans	**(5,440)**	(8,801)	(8,037)
Non current borrowings	**(5,658)**	(9,178)	(8,330)
Net debt	**(2,037)**	(4,492)	(239)

The Group had the following undrawn committed floating rate borrowing facilities available:

Borrowing facilities	**2 July 2011 £'000**	3 July 2010 £'000	1 Jan 2011 £'000
Expiring within one year	**4,589**	4,976	250
Expiring in more than one year	**4,000**	1,500	7,515
	8,589	6,476	7,765

Notes to the interim financial statements (continued)

11 Cash generated from operations

	Half year 2011 £'000	Half year 2010 £'000	Full year 2010 £'000
Operating profit	**3,828**	3,032	8,596
Adjustments for:			
Depreciation charge	**648**	718	1,384
Amortisation of intangibles	**323**	339	674
Exceptional non cash item	**-**	-	111
(Decrease)/increase in exceptional accrual/provisions	**(315)**	(159)	488
Share option non cash charge	**168**	140	215
IAS 19 pension charge for defined benefit scheme	**295**	312	569
Contributions to defined benefit pension scheme	**(1,500)**	(1,257)	(2,501)
Changes in working capital:			
(Increase)/decrease in inventories	**(1,264)**	(628)	688
Increase in trade and other receivables	**(1,245)**	(4,323)	(6,683)
Increase in trade and other payables	**592**	3,889	4,308
Cash generated from operations	**1,530**	2,063	7,849

12 Capital commitments
The Group had capital commitments of £44,000 contracted but not provided for in these financial statements (3 July 2010: £nil; 1 January 2011: £79,000).

13 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, this condensed consolidated set of interim financial statements has 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 six months 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.

- Disclosure of material related party transactions and changes therein.

The names of the Directors of 4imprint Group plc are as listed in the Group's Annual Report for 1 January 2011. A list of Directors of 4imprint Group plc is maintained on the Group website: www.4imprint.co.uk, in the investor relations section.

By order of the Board

John Poulter

Chairman

Gillian Davies

Group Finance Director

3 August 2011