4imprint Group plc
Annual Report and Accounts 2011

DRIVING **GROWTH**

4imprint is a leading international supplier of promotional products

4imprint Group

4imprint is a UK listed promotional products Group with two operations: 4imprint Direct Marketing (92% of revenue); and SPS (8% of revenue).

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

4imprint Direct Marketing

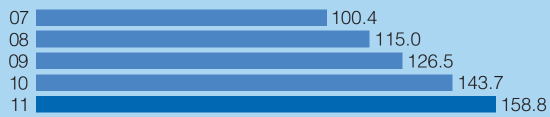
4imprint is a leading direct marketer of promotional products in USA, headquartered in Oshkosh, Wisconsin and servicing a wide range of customers in USA and Canada. European customers are serviced through its base in Manchester, England.

SPS

SPS is a UK based trade supplier selling promotional products to distributors in UK and Europe for onward sale to their customers. The business has specialist manufacturing and sourcing capability together with an extensive range of printing and branding facilities.

4imprint Group – continuing operations

Revenue £m



DRIVING **GROWTH**

with product diversity

Highlights

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

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

Group operations

4imprint Direct Marketing

4imprint Direct Marketing

Introduction

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 $22 billion, and is a leading player in the $1 billion UK market. In North America, 4imprint has grown significantly ahead of the market with a five year compound annual growth rate of 15%, consistently gaining market share over this period during which the total market has declined by 1%. Growth has been achieved organically and without investing significant capital.

Background

Promotional products are purchased by a wide range of individuals within all types of organisations. These products are used as an integral part of sales and marketing activities, recruitment and recognition schemes, health and safety programmes and other initiatives to make a lasting connection between the customer organisation and the recipient. The range of products is diverse from basic giveaways such as pens, bags and drinkware to more exclusive products such as embroidered clothing, business gifts and full colour trade show displays.

Position

The market place is highly fragmented comprising more than 21,000 distributors, of which more than 90% each have annual sales of less than $2.5 million. 4imprint has a unique business model through which to address the market. The business uses innovative catalogue and internet-based marketing techniques to acquire new customers and targeted marketing such as Blue Boxes (samples and tailored individual marketing), internet advertising and subscription e-mails to retain customers and generate repeat purchases. This allows 4imprint to address millions of potential purchasers, offering thousands of customised products. Substantial supplier partnerships facilitate rapid and efficient deliveries on short lead times.

Competitive Advantage

4imprint has developed its competitive advantage through the investment of free

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 UK and Ireland. These include distributors who specialise in promotional products as well as companies who sell promotional products as part of a range of services. It also supplies product into Europe through a network of specialist companies serving their local promotional products industry.

DRIVING **GROWTH**
with targeted marketing

cash flow to increase its market share using bespoke marketing methods and technology, consequently increasing barriers to entry.

This model offers the customer an easy and convenient way to purchase an extensive range of products via telephone or over the web with the assistance of a highly skilled customer service team. The customer receives free samples, free artwork and unique service guarantees such as 'on time or free' and 'total satisfaction or your money back'.

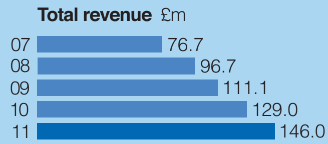
The model is backed by innovative proprietary technology which provides a fast and simple experience for the customer as well as providing an efficient platform for processing hundreds of thousands of customised orders to tight lead times, including seamless interfaces with key suppliers. Complex database analytics support targeted marketing to millions of potential customers and hundreds of thousands of existing customers.

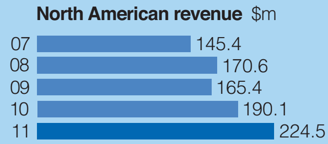
The US and Canadian markets are serviced out of the principal office in Wisconsin, and the UK and Irish markets out of a UK facility. 4imprint has a strong working culture committed to equipping employees with training and tools to deliver a superior customer experience which is a key component of growth. The US business has been named in the top ten best medium sized companies to work for in USA, in each of the past four years.

Financials

Double digit revenue growth is driven by an increasing number of customers acquired as well as maintaining consistent repurchase rates from the growing number of customers. It is the Group's strategy to maintain broadly constant operating margins as the business maintains gross margin but increases marketing spend to drive organic revenue growth.

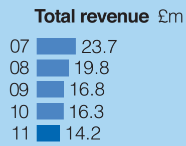
In addition to favourable growth characteristics, the business is highly cash generative. Capital investment requirements are low and working capital requirements are less than 5% of annual revenue, driven by minimal inventory and an increasing proportion of sales being paid by credit card.





Based on an annual catalogue, which is used extensively throughout the industry, and supplemented by targeted product focused catalogues, SPS sells an extensive range of manufactured and sourced products. It has a wide range of manufacturing, printing and branding capability including injection moulding, pad production, litho, screen, pad and digital printing, labelling and embroidery.

The product range covers much of the industry's requirements with in-house branding supported by an artroom which enables quick order turnaround to match short customer lead times.



with promotional samples

with price and service guarantees

Chairman's statement

Revenue was **£158.82m** (2010: £143.72m), an increase of 11%†

Underlying* operating profit was **£8.49m** (2010: £6.22m), an increase of 36%†

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 22.0p (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 charges			**(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 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 $0.5m facility with JPMorgan Chase, its US banker. The interest rate is US$ 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, compares 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).

DRIVING **GROWTH**
with specialist catalogues

with an expanding product range

	2011	2010 (restated)
	£'000	£'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).

with product development

Board of Directors

J.W. Poulter, 69
Chairman
John Poulter was appointed a Non-Executive Director with effect from 1 May 2010 and on 1 September 2010 became Chairman. He is Non-Executive Chairman of Hampson Industries PLC, and a former Non-Executive Chairman and former Chief Executive of Spectris plc. He has served as a Non-Executive Director on several public and private Boards, including Filtronic plc, RAC plc and Kidde plc.

A.J. Scull, 55
Corporate Services Director and Legal Counsel
Andrew Scull was appointed as Corporate Services Director and Legal Counsel in 2004. He has an MBA from Warwick University and since qualifying as a solicitor in 1980, he has held a number of senior positions including Group Legal Counsel at Laporte plc, Commercial Director at SGB Group plc and Director of Legal Services at Coors Brewers Limited. In addition to extensive experience of international mergers and acquisitions, he has had responsibility for corporate services including pensions, human resources, insurance and real estate.

G. Davies, 44
Group Finance Director
Gillian Davies was appointed as Group Finance Director in 2004. She has held a series of financial positions, initially with KPMG, where she qualified as a chartered accountant, followed by Zeneca Plc, senior financial roles with Avecia both in the UK and the US and at the Consumer Division of Georgia Pacific GB Ltd.

I. Brindle, 68
Senior Independent Non-Executive Director
Ian Brindle was appointed a Non-Executive Director in 2003. He was Chairman of PricewaterhouseCoopers UK and on retiring in 2001 he became Deputy Chairman of the Financial Reporting Review Panel, where he served until 2007. He is a Non-Executive Director of Elementis plc, Spirent Communications plc, F&C Asset Management plc and Chairman of Sherborne Investors (Guernsey) A Limited.

N. Temple, 64
Independent Non-Executive Director
Nicholas Temple was appointed a Non-Executive Director in 2003. He spent 30 years with IBM, starting as a systems engineer in 1965 and retiring in 1996 as Chairman, IBM UK Limited and Vice President, IBM Industries, responsible for market strategy and development for Europe, the Middle East and Africa. He currently serves as the Chairman of Intela Global Ltd and Hotelscene Ltd and as a Non-Executive Director of Datatec Pty (SA) and Oceans Connect (UK) Ltd.

Audit Committee
Ian Brindle (Chairman)
Nicholas Temple

Remuneration Committee
Nicholas Temple (Chairman)
Ian Brindle

Nomination Committee
Nicholas Temple (Chairman)
Ian Brindle

Directors' report

The Directors present their report and the audited financial statements for the period ended 31 December 2011. The Company's statement on Corporate Governance is included in the Corporate Governance report on pages 15 to 19 of these financial statements.

4imprint Group plc (registered number 177991) is a public limited company incorporated in England and Wales, domiciled in the UK and listed on the London Stock Exchange. Its registered office is 7/8 Market Place, London W1W 8AG.

Principal activities and business review

The principal activities of the Company and its subsidiaries (the 'Group') are the manufacture, distribution and sale of promotional products.

The Chairman's statement and business review, comprising the Finance Director's report and the Operating review, contain a fair view of the development, performance and position of the Group. This report also contains a fair view of the risks and uncertainties facing the Group as well as outlines of other policies including those on health and safety and environment.

The results of the Group for the period are set out in detail on page 27.

Dividends

An interim dividend of 5.0p per ordinary share was paid on 16 September 2011 and the Directors recommend a final dividend of 9.6p per share. The proposed final dividend, if approved, will be paid on 9 May 2012 in respect of shares registered at the close of business on 10 April 2012.

The total distribution paid and recommended for 2011 on the ordinary shares is £3.81m or 14.6p per share (2010: £3.53m or 13.7p per share).

Post balance sheet events

The Board announced that a binding agreement to sell Brand Addition Limited and Kreyer Promotion Service GmbH was entered into on 16 February 2012, subject to Shareholder approval and regulatory clearances (see note 10).

Charitable and political donations

The Group contributed the following sums:

	2011 £'000	2010 £'000
Charitable purposes	**86**	80

Donations were made to a variety of charities. No political donations were made.

Charitable donations are made principally by the North American business of 4imprint Direct Marketing under its one by one® charitable programme. For every business day, the Division awards at least $500 in promotional products to eligible organisations across the United States and Canada. Eligible organisations include those with IRS-approved 501(c)3 status, Canadian registered charities, religious organisations and accredited schools.

Disabled persons

The Group has an established policy of encouraging the employment of disabled persons wherever this is practicable and endeavours to ensure that disabled employees benefit from training and career development programmes in common with all other employees. The Group's policy includes, where practicable, the continued employment of those who may become disabled during their employment.

Employee involvement

As a key part of the Group's philosophy, it continues to place great importance on involving staff in operations. Regular meetings are held between management and employee representatives through whom the aim is to keep staff informed and involved in the progress and performance of the Group. To ensure that employees remain motivated and identify more closely with the business, Shareholders and future growth, a savings related share option scheme continues to be made available to employees.

Risks

The Group may be affected by a number of risks, not all of which are within its control. The separate nature and business model of each Division means that they face differing risks, for example, SPS has manufacturing risks at its Blackpool premises, which are not risks faced by 4imprint Direct Marketing. Outlined below are a number of risks which may affect the Group's businesses, but the list is not exhaustive and other factors may adversely affect the Group.

1. Macroeconomic conditions

The Group conducts its operations principally in the USA, Canada and the UK and the profitability of its businesses could be adversely affected by a worsening of general economic conditions in these regions. The Group believes that factors such as interest rates, inflation, investor sentiment, the availability and cost of credit and the liquidity of the global financial markets can affect the marketing and promotional spend of the customers of the Group. As promotional products spend could be considered a discretionary item, in periods of economic downturn the Group's customers may seek to economise by reducing promotional spend, leading to a decline in demand for the Group's products. Further, a prolonged economic downturn could adversely affect the Group's operating results, financial position and prospects.

Whilst general economic conditions are outside of the Group's control, the Board believes that the Group's recent trading history highlights the resilience of the Group's products in the current difficult economic environment.

2. Market competitors and new products

The Group operates in a competitive market, competing with other national and international producers and distributors of promotional products. The Group may be unsuccessful in persuading customers that its products are priced favourably compared with those of its competitors. New technology, changing commercial circumstances, existing competitors and new entrants to the markets in which the Group currently operates, or markets in which the Group has targeted for expansion, may adversely affect its business, financial position and results of operations. The Group aims to mitigate market risks through management of (i) its relationships with and service levels for its customers and (ii) its product offering and development of new products.

3. **Operational risks**
   Operational risks are present in the Group's business. These risks include: 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; and inadequate or failed internal and external processes and systems.

   The Group's operations could be adversely affected if the activities of one of its key suppliers were to be disrupted. Although the Group uses a range of suppliers and has procedures in place to identify alternative suppliers, the loss of access to necessary materials may adversely affect the Group's business and its results if it were unable to source an alternative supplier in the short term.

   The Group's performance depends on the rate of customer acquisition and the re-order rate of customers previously acquired in the Direct Marketing business. The Direct Marketing business regularly monitors these and has procedures in place to ensure that if remedial action is required, it can be taken in a timely fashion.

   The Group's performance depends significantly on the efforts, expertise and commitment of its key senior personnel in order to sustain, develop and grow the business. These individuals possess sales and marketing, manufacturing, financial and administrative skills that are key to the continued successful operation of the Group's businesses. The unexpected loss of the services of one or more of these individuals, or a failure to attract and retain key senior personnel in the future, could have an adverse effect on the results of the Group's operations. The Group provides employment conditions aimed at attracting and retaining key personnel.

   The performance of the Group could be adversely affected if activities at one of its warehouses or offices were to be disrupted, for example, by fire, flood or failure of internal information technology processes and systems. Disaster recovery plans are prepared by the Group and are designed to reduce this risk in most anticipated disruptive events. There remains a risk that loss of capacity may be suffered.

4. **Purchase of materials and services**
   The Group uses a range of materials and services which are essential to its operation, for example, purchased commodities and raw materials, staff, utilities (including electricity and other sources of energy), currencies, postage and catalogue costs which can amount to a significant proportion of sales value and there may be only a limited ability to mitigate increases caused by market factors. Future increased costs in such items could, therefore, have a significant effect on the Group's financial performance. The Group looks for cost effective sources of raw materials and other services and utilises a range of suppliers to mitigate potential cost increases.

5. **Potential litigation and complaints**
   The Group could be the subject of complaints or litigation from customers and from other third parties for breach of contract, negligence or otherwise. It may also incur additional liabilities as a property owner (including environmental liability). If the Group were to be found liable in respect of any complaint or litigation, this could adversely affect the Group's results, operations and its reputation.

Directors

The names of the present Directors and their interests in the share capital of the Company are shown on page 23. The biographical details of the Directors, committee memberships, independence status and identification of the Senior Independent Director are given on page 10.

Neither the Directors, nor their associated companies, nor any members of their families, had any interest either during or at the end of the period in any contract with the Company or its subsidiaries requiring disclosure under Sections 197, 198, 200, 201 and 203 of the Companies Act 2006.

Environment

The Board recognises its obligations to protect the environment and is committed to achieving a high environmental standard across all the activities of the Group and to minimising environmental impact.

4imprint is registered to the international environmental standard ISO 14001:2004 within the UK. The formal systems in place are subject to both internal and external audits and management is regularly notified of key issues and developments. Across all of its businesses worldwide 4imprint assesses, monitors and reviews any potential impact of its operations upon the environment. Steps are taken to recycle packaging and raw materials as well as to control energy consumption and waste.

Social and ethical responsibility

The Board recognises its corporate social responsibilities and has developed, approved and issued a social and ethical policy, the purpose of which is to ensure, as far as reasonably practicable, that when undertaking their operations, all businesses operate in accordance with best practice. The policy addresses issues such as working hours, discrimination, collective bargaining and child labour. The policy is regularly reviewed and was re-considered by the Board at its meeting on 7 December 2011.

Health and safety

During 2011, the Group continued to pursue improvements to the management of health and safety issues in each of the Divisions. Regular monthly reports on health and safety matters are received by the Executive Committee.

Share capital

The Group's objective for managing capital is described in note 22.

The Company has a single class of share capital which is divided into ordinary shares of 38 $^{6}/_{13}$ pence each. The shares are in registered form.

Rights and obligations attaching to shares

Subject to applicable statutes and other Shareholders' rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or, if there is no such resolution or so far as it does not make specific provision, as the Board may decide. Subject to the current Articles of Association of the Company, the Companies Act and other Shareholder's rights, unissued shares are at the disposal of the Board. At each Annual General Meeting, the Company seeks annual Shareholder authority authorising the Company's Directors to allot unissued shares, in certain circumstances, for cash.

Restrictions on voting

No member shall be entitled to vote at any general meeting in respect of any shares held by that member if any call or other sum then payable by that member in respect of that share remains unpaid. Currently, all issued shares are fully paid.

Appointment and replacement of Directors

Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board holds office only until the next Annual General Meeting and is then eligible for election by the Shareholders.

At every Annual General Meeting of the Company, all Directors put themselves forward for re-election. The office of Director shall be vacated if (a) he resigns or offers to resign and the Board resolves to accept such offer, (b) he is or has been suffering from mental ill health, (c) he becomes bankrupt or compounds with his creditors generally, (d) he is prohibited by law from being a Director, (e) he ceases to be a Director by virtue of the Companies Act or (f) he is removed from office pursuant to the Articles of Association.

Powers of Directors

Subject to the Company's Memorandum and Articles of Association, the Companies Acts and any directions given by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

Qualifying third party indemnity provisions

During 2008, Qualifying Third Party Indemnity Agreements were signed by the Company in respect of each of the Directors then in office and these remained in effect during 2011 and up to 7 March 2012. A Qualifying Third Party Indemnity Agreement has been signed by the Company in respect of Mr J.W. Poulter, with effect from the date of his appointment.

Shares held in Trust for Employees Share Schemes

The trustees of the 4imprint Group plc Employee Share Trust may vote or abstain from voting on shares held in the Trust in any way they think appropriate.

Significant agreements

The following contain provisions entitling the counterparty to exercise termination or other rights in the event of a change of control of the Company:

(i) a £6,000,000 business loan agreement dated 28 January 2010 between the Company and Lloyds TSB Bank plc (the 'Bank')

(ii) a £2,000,000 business loan agreement dated 28 January 2010 between SPS (EU) Limited ('SPS') and the Bank

A change in control of the Company, in case (i) and (subject to certain exceptions involving bona-fide inter group re-constructions or amalgamations) SPS in case (ii), constitutes an Event of Default, the occurrence of which means that the Bank may cancel any obligations it has to lend money to the Company and to SPS respectively and may also make the loans (or either of them) become repayable on demand. If the loans, (or either of them), are repayable on demand, the Company, or SPS, or both, (as the case may be) must, when requested, repay the loans (or either of them), to the Bank, together with all interest which has accrued on the loans (or either of them) and any other amounts owing under the business loan agreements, (or either of them).

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operating review on pages 8 and 9. The financial position of the Group, its cash flows, and net debt position are described in the Finance Director's report on pages 5 to 7. In addition note 22 to the financial statements includes the Group's policies for managing its financial risk and its exposures to credit risk and liquidity risk.

The Group borrowings and facilities are set out in note 20. The Group has a diverse number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Group can manage its business risks successfully despite the current uncertain economic outlook.

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 Annual Report and financial statements.

Directors' interests in the share capital of the Company

Details of share and option holdings are set out in the Remuneration report on pages 23 and 24. Currently the Company has no policy regarding minimum shareholdings by Directors but the issue is considered annually.

Remuneration report

Details of the procedures and guidelines used by the Committee in determining remuneration are outlined in its report on pages 21 to 23.

Purchase of own shares

Following the approval at the 2011 Annual General Meeting of Resolution 9, the Company is authorised, generally and without conditions to make market purchases, as defined in the Companies Acts, of its ordinary shares of 38 $^{6}/_{13}$ pence subject to the provisions set out in such Resolution. This authority applies from 27 April 2011 until the earlier of the end of the 2012 Annual General Meeting and 25 July 2012 unless previously cancelled or varied by the Company in general meeting. No such cancellation or variation has taken place.

Substantial interests

At 2 March 2012 the Company had been notified of the following interests in the issued ordinary share capital of the Company:

	Number of shares	%
Aberforth Partners	4,750,000	18.06
SVG Investment Managers	3,361,682	12.78
Artemis Investment Management	3,169,218	12.05
Hermes Pensions Management	1,851,672	7.04
Aviva Investors	1,795,667	6.83
Mr K.J. Minton	1,718,010	6.53
Ennismore Fund Management	1,405,790	5.34
Legal & General Investment Management	1,182,765	4.50

Waiver of dividends

The dividend income in respect of the 77,233 shares (2010: 90,325 shares) held in the 4imprint Group plc employee share trust has been waived.

Payment policy

In view of the diverse nature of the Group's Divisional businesses and their operations in a wide range of geographical areas, no universal code or standard on payment policy is followed, but the Divisions are expected to establish payment terms consistent with local procedures, custom and practice. The Company had no trade payables at the period end (2010: £nil).

Annual General Meeting

Notice of the AGM is set out in a separate document. Items of special business to be considered at the Meeting are described in detail in the Notice of the AGM and the notes on the business to be conducted.

Independent Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company has been recommended by the Audit Committee to the Board and will be proposed at the AGM.

Directors' statement as to disclosure of information to Auditors

In the case of each of the persons who are Directors of the Company at the date this report was approved:

- So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors is unaware; and
- Each of the Directors has taken all of the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

By order of the Board

Andrew Scull
Secretary
7 March 2012

Statement on Corporate Governance

The disclosures required by Company law in relation to the Takeover Directive are incorporated in the Directors' Report.

During 2011 the Group has complied with the provisions of the Combined Code (2010), except for the following matter:

There is no Group Chief Executive but the role of Chairman was undertaken by Mr J.W. Poulter during the year. (Principle A.2.1).

The structure of the Group is such that there were three Divisions during 2011, each of which had a Divisional Chief Executive supported by a Divisional Finance Director and senior marketing and operational managers.

The three Divisional Chief Executives, Mr C. Lee – Brand Addition, Mr K. Lyons-Tarr – 4imprint Direct Marketing and Mr P. Morgan – SPS; and the Divisional Finance Director of 4imprint Direct Marketing, Mr D.J.E. Seekings, were members of the Executive Committee, together with the Chairman, the Group Finance Director and the Corporate Services Director. The Executive Committee usually met once each month to review financial performance and to address significant issues affecting the Divisions and the Group. In advance of these scheduled meetings, the Executive Committee received minutes of the previous meetings and detailed financial information on the performance of the Divisions' businesses as well as any other items for discussion.

Additionally, business reviews are undertaken at least bi-monthly with each of the Divisions at which the Divisional Chief Executive and other senior Divisional management present to the Chairman and the Executive Directors a report including the financial performance of their businesses and the risks which it faces together with its plans for the short and medium term.

Against that background, the Board currently sees no compelling reason to employ a Group Chief Executive. This situation is kept under review by the Board, at least annually.

The Combined Code is publicly available on the Financial Reporting Council's website, www.frc.org.uk.

The Board

The Board is responsible to Shareholders for creating and sustaining shareholder value through the management of the Group's businesses.

It is also responsible for ensuring that management maintain a system of control that provides assurance of effective and efficient operations, internal financial control and compliance with law and regulation.

The Board is the decision making body for all matters material to the Group's finances, strategy and reputation.

The Board has a formal schedule of matters reserved for its decision and the schedule was re-considered and approved by the Board at its meeting on 7 December 2011. The schedule includes, for example, the approval of interim and final financial statements, the acquisition and disposal of businesses, changes to the capital structure of the Company, the appointment or removal of Directors and the financing of the Group's businesses. Otherwise, the Board delegates day-to-day management of the Group to the Executive Directors.

In any circumstances where a Director has a concern, which cannot be resolved, about the running of the Company or a proposed action, any such concern is recorded in the minutes of Board meetings.

The Companies Act 2006 codifies the Directors duty to avoid a situation in which they have, or can have, an interest that conflicts or possibly may conflict, with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised in accordance with the Articles of Association, by the other Directors. Each Director has confirmed that they are aware of the need to notify the Company of any potential conflict of interest.

Specific responsibilities have been delegated to Board Committees which have access to independent expert advice at the Group's expense. The details of the Board Committees and their activities are set out in pages 16 to 18.

The Non-Executive Directors meet from time to time, without the Executive Directors being present.

All Directors have access to the advice and services of the Company Secretary.

The Board consists of a Chairman, a Group Finance Director, a Corporate Services Director and two Independent Non-Executive Directors. The role of the Non-Executive Directors includes assisting in the development of strategy, scrutinising the performance of management, monitoring the integrity of financial information and systems of risk management as well as determining the appointment, removal and remuneration of Executive Directors.

The Board has considered whether it is appropriate to have additional Non-Executive Directors. The current Non-Executive Directors have letters of appointment for three years from 5 September 2009 in the case of Mr N. Temple and from 10 October 2009 in the case of Mr I. Brindle. The letters of appointment of Mr Brindle and Mr Temple are available for inspection by any person at the Company's registered office during normal business hours and also at the Annual General Meeting.

The Corporate Services Director also acts as the Company Secretary. This situation has been re-considered by the Board at its meeting on 7 December 2011 and approved by the Board. The Corporate Services Director took no part in that decision. The appointment and removal of the Company Secretary is a matter to be decided by the Board as a whole (excluding the Corporate Services Director).

The Board has at least six scheduled meetings per year, and additional Board meetings are convened as and when required. In advance of each meeting, the Board receives minutes of the previous meetings, detailed financial information on the performance of the businesses and items for discussion. This enables the Directors to make informed decisions on the corporate and business issues under consideration. Additionally, the Company Secretary provides resources as appropriate, to enable Directors to update their skills and knowledge. Independent professional advice is available to the Directors as required, at the Company's expense.

The Board has undertaken an evaluation of its performance and the performance of its committees. The evaluation process was conducted by the Non-Executive Directors, assisted by the Company Secretary. The evaluation of the Board indicated areas for improvement but no material issues were identified.

The Company provides the necessary resources for developing and updating the knowledge and capabilities of the Directors.

A table setting out the number of Board and Committee Meetings and attendance by Directors at those meetings is set out below:

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings
Total number	7	2	2	–
Mr J.W. Poulter	7	2*	2*	–
Mr I. Brindle	7	2	2	–
Ms G. Davies	7	2*	–	–
Mr A.J. Scull	7	2*	–	–
Mr N. Temple	7	2	2	–

* By invitation.

Board Committees

The Board has three permanent Committees. Other than the Committee members, further participants may attend by the invitation of the Committee. Each Committee has defined terms of reference, procedures, responsibilities and powers as follows:

Nomination Committee

The responsibilities of the Nomination Committee include: (i) reviewing the structure, size and composition of the Board and making recommendations to the Board with regard to any adjustments that are necessary; and (ii) identifying and nominating candidates for the approval of the Board to fill Board vacancies as and when they arise; and (iii) putting in place plans for succession at Board level.

The Nomination Committee was chaired throughout 2011 and at the date of this report by Mr N. Temple, an Independent Non-Executive Director. The other member of the Committee during 2011 was Mr I. Brindle, the Senior Independent Non-Executive Director. The Chairman of the Company is usually invited to attend formal meetings of the Committee. The Company Secretary may be invited to attend meetings of the Nomination Committee, in his capacity as Secretary.

The Nomination Committee has Terms of Reference which were re-considered and approved by the Board of the Company at its Board Meeting on 7 December 2011. These Terms of Reference are available for inspection at the Company's registered office during normal business hours.

The Nomination Committee meets as frequently as is required to fulfil its duties. When there are no specific decisions or recommendations to be made, the Chairman of the Committee consults the other member of the Committee as necessary. During 2011, there were no meetings of the Nomination Committee.

Remuneration Committee

The responsibilities of the Remuneration Committee include: (i) determining and making recommendations to the Board on remuneration policy and remuneration for the Executive Directors, the Company Secretary and other members of the Executive Committee of the Company. No Director is allowed to be involved in determining his or her own remuneration; (ii) reviewing the on-going relevance of the remuneration policy; (iii) approving the design of and determining the targets for any performance related pay schemes operated by the Company; (iv) approving the total annual payments made under such schemes; (v) reviewing the design of all share incentive plans for approval by the Board and Shareholders and, for any such plans, determining whether awards will be made and if so the overall amount of such awards and by whom they will be received; (vi) determining the policy for and scope of pension arrangements for Executive Directors, and other members of the Executive Committee; (vii) ensuring that contractual terms on termination and any payments made are fair to the individual and the Company; (viii) determining within the agreed policies, and having regard to relevant legal and remuneration guidance, the total individual remuneration package of each Executive Director and member of the Executive Committee including salary, annual bonus, incentive payments, pensions and share options; and (ix) determining the terms of reference for any remuneration consultants who may advise the Committee.

The Remuneration Committee was chaired throughout 2011 and at the date of this report by Mr N. Temple, an Independent Non-Executive Director. The other member of the Committee was Mr I. Brindle, the Senior Independent Non-Executive Director. The Company Secretary may be invited to attend meetings of the Remuneration Committee, in his capacity as Secretary.

The Remuneration Committee has Terms of Reference which were re-considered and approved by the Board at its meeting on 7 December 2011. These Terms of Reference are available for inspection at the Company's registered office during normal business hours.

The Remuneration Committee met twice during 2011. Where there are no specific decisions or recommendations to be made, the Chairman of the Committee consults with the other member of the Committee and with external Shareholders as necessary.

Audit Committee

The Audit Committee is responsible for maintaining an appropriate relationship with the Group's external auditors and for reviewing the Company's internal financial controls and the audit process. It aids the Board in seeking to ensure that the financial and non-financial information supplied to Shareholders presents a balanced assessment of the Company's position.

The Committee reviews the objectivity and independence of the external auditors and also considers the scope of their work and fees paid for audit and non-audit services.

The Committee has unrestricted access to Company documents and information, as well as to employees of the Company and the external auditors. Members of the Committee may, in pursuit of their duties, take independent professional advice on any matter, at the Company's expense. The Audit Committee Chairman reports the outcome of Audit Committee meetings to the Board.

The Audit Committee was chaired throughout 2011 and at the date of this report by Mr I. Brindle, the Senior Independent Non-Executive Director who was Chairman of PricewaterhouseCoopers UK and on retiring, in 2001, became Deputy Chairman of the Financial Reporting Review Panel, where he served until 2007. He has extensive recent and relevant financial knowledge and experience. The other member of the Committee is Mr N. Temple, an Independent Non-Executive Director. The Chairman of the Company and the Group Finance Director are normally invited to attend meetings of the Audit Committee as is, from time to time, the Group Financial Controller. The Company Secretary attends meetings of the Audit Committee in his capacity as Secretary.

The Audit Committee has Terms of Reference which were re-considered and approved by the Board at its meeting on 7 December 2011. These Terms of Reference are available for inspection at the Company's registered office during normal business hours. The Board considers that the Audit Committee members have an understanding of the following areas:

- the principles of, and developments in, financial reporting including the applicable accounting standards and statements of recommended practice;
- key aspects of the Company's operations including corporate policies and the Group's internal control environment;
- matters which may influence the presentation of the accounts;
- the principles of, and developments in, company law, sector-specific laws and other relevant corporate legislation;
- the role of internal and external auditing and risk management; and
- the regulatory framework for the Group's businesses.

The Audit Committee meets at least twice each year and has an agenda linked to events in the Group's financial calendar. The Audit Committee met twice during 2011.

In order to fulfil its terms of reference, the Audit Committee receives and reviews presentations and reports from the Group's senior management, consulting as necessary with the external auditors.

During the year, the Audit Committee formally reviewed draft interim and annual reports and associated interim and year end results' announcements. These reviews considered:

- the accounting principles, policies and practices adopted in the Group's accounts, and proposed changes to them;
- significant accounting issues and areas of judgement and complexity;
- litigation and contingent liabilities affecting the Group; and
- potential tax contingencies and the Group's compliance with statutory tax obligations.

The Audit Committee is required to assist the Board to fulfil its responsibilities relating to the adequacy and effectiveness of the control environment and the Group's compliance with the Combined Code (2010). To fulfil these duties, the Audit Committee reviewed:

- the external auditors' management letters and audit highlights memoranda;
- any reports on the systems of internal controls and risk management; and
- any reports on identified frauds perpetrated against the Group.

The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit. The Group's policy on external audit prohibits certain types of non-audit work from being performed by the auditor, particularly in cases where auditor objectivity and independence would be put at risk.

During 2011, the Group's auditors provided non-audit advice in a number of areas, principally in respect of advice on (i) the Enhanced Transfer Value offer made to deferred members of the legacy defined benefit scheme and (ii) work for the disposal of the Brand Addition Business comprising: a) financial due diligence; b) commercial due diligence; c) working capital report; and d) circular to Shareholders. In each case, before any non-audit work is commissioned, the nature and extent of such work is considered, initially by the Group Finance Director and the Corporate Services Director, to determine if such work would put at risk auditor objectivity and independence. This process includes discussion with the audit partner at PricewaterhouseCoopers LLP. If there is any concern that auditors' objectivity and independence would be put at risk, the matter will be referred to the Audit

Committee, prior to commissioning. For the two areas referred to above, after following the process described in this paragraph, it was considered that PricewaterhouseCoopers was the most suitable firm to perform the work.

In addition to the above, the Board has specifically reviewed the nature and extent of other non-audit work carried out by the auditors in 2011 and concluded that there are no cases where auditor objectivity and independence has been put at risk.

To fulfil its responsibility regarding the independence of the external auditors, the Audit Committee reviewed:

- changes and rotation of external audit team members in the audit plan for the current year;
- a report from the external auditors describing their arrangements to identify, report and manage any conflicts of interest; and
- the nature and extent of non-audit services provided by the external auditors.

To assess the effectiveness of the external auditors, the Audit Committee reviewed:

- the external auditors' fulfilment of the agreed audit plan and variations from it; and
- reports highlighting the major issues that arose during the course of the audit.

To fulfil its responsibility for oversight of the external audit process, the Audit Committee reviewed:

- the terms, areas of responsibility, associated duties and scope of the audit as set out in the external auditors' engagement letter for the forthcoming year;
- the external auditors' overall work plan for the forthcoming year;
- the external auditors' fee proposal;
- the major issues that arose during the course of the audit and their resolution;
- key accounting and audit judgements;
- the levels of errors identified during the audit; and
- recommendations made by the external auditors in their management letters and the adequacy of management's response.

Audit Independence

PricewaterhouseCoopers LLP, or its predecessor firms, has been the Company's auditors since 1992. The Audit Committee considers that the relationship with the auditors is working well and remains satisfied with their effectiveness.

Accordingly, it has not considered it necessary to date to require the firm to tender for the Audit.

The external auditors are required to rotate the audit partner responsible for the Group and subsidiary audits every 5 years. The current audit partner was first appointed in respect of the financial year ended December 2010 and will cease to be partner in charge of the Company audit following the conclusion of the December 2014 audit, after five years, in line with the Listing Rules.

There are no contractual obligations restricting the Company's choice of external auditor.

Taking into consideration the external auditors' knowledge of Group and level of experience, the Audit Committee has recommended to the Board that the external auditors are re-appointed.

The Board does not currently consider the establishment of a separate internal audit function to be commercially viable. However, this matter is reviewed by the Board, at least annually.

The Group has a 'Whistleblowing' policy which contains arrangements for the Company Secretary to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters for reporting to the Audit Committee as appropriate.

As necessary, the Audit Committee holds private meetings with the external auditors to review key issues within their spheres of interest and responsibility.

The Chairman of the Committee will be present at the Annual General Meeting to answer questions on this report, matters within the scope of the Audit Committee's responsibilities and any significant matters brought to the Audit Committee's attention by the external auditors.

Relations with Shareholders

The Board places a high value on its relations with its investors.

The Group, principally through the Chairman and the Group Finance Director has regular dialogue and meetings with institutional shareholders, fund managers and analysts. Subject always to the constraints regarding sensitive information, a wide range of issues, including strategy, performance, management and governance is discussed.

The Board considers it important to understand the views of Shareholders, in particular, any issues which concern them. The Senior Independent Non-Executive Director is available to meet major Shareholders, if they so wish.

The Board consults with Shareholders in connection with specific issues where it considers it appropriate.

Private Shareholders can keep up to date through updates provided on the 4imprint corporate website, investors.4imprint.com, and through the provision of the Annual and Interim Report and Accounts. Shareholders are invited at any time to write to the Chairman or any other Director to express their views and the AGM provides an opportunity for Shareholders to address their questions to the Board in person.

Internal control

The control system of the Group is intended to manage rather than eliminate the risk of failure to meet the

Group's objectives and any such system can only provide reasonable and not absolute assurances against material misstatement or loss. The effectiveness of the control system including financial, operating, compliance and risk management is reviewed by the Board at least annually.

Additionally, through the management process outlined in the Statement on Corporate Governance on page 15, the Group operates a continuous process of identifying, evaluating and managing the significant risks faced by each Division and the Group as a whole. This process, which has been in place throughout 2011 and up to the date of the approval of this Annual Report, complies with the Turnbull guidance and includes the following:

- a defined organisational structure with appropriate delegation of authority;
- formal authorisation procedures for all investments;
- clear responsibilities on the part of line and financial management for the maintenance of good financial controls and the production and review of detailed accurate and timely financial management information;
- the control of financial risks though clear authorisation levels;
- identification of operational risks and the development of mitigation plans by the senior divisional management;
- regular reviews of both forward looking business plans and historic performance; and
- regular reports to the Board from the Executive Directors.

The internal controls extend to the financial reporting process and the preparation of the consolidated financial statements. The basis of preparation of the consolidated financial statements is set out on page 32.

The internal control process will continue to be monitored and reviewed by the Board which will, where necessary, ensure improvements are implemented. During the year the Board has undertaken a review of the effectiveness of internal controls and systems.

Share capital
Details of the Company's share capital are provided in the Directors' report on page 13.

Going concern
The going concern statement is on page 13 and 14.

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

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Each of the Directors, whose names and functions are listed in the Board of Directors on page 10 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Finance Director's report and Operating review and Directors' report on pages 5 to 14 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

Andrew Scull
Company Secretary
7 March 2012

Remuneration report

Except as indicated, this report is unaudited.

Composition

The Remuneration Committee is a Committee whose membership is comprised solely of Non-Executive Directors. The responsibilities of the Remuneration Committee are set out in further detail on pages 16 and 17 of the Annual Report and Accounts.

The members of the Committee are Mr I. Brindle and Mr N. Temple who, throughout 2011 and at the date of this report chaired the Committee. The Committee meets at least once a year and may invite other attendees as it sees fit.

Compliance

The Committee considers that during 2011 the Company has complied with the Best Practice Provision for Directors' Remuneration as required by the Financial Services Authority's Listing Rules.

Service agreements

Ms G. Davies and Mr A.J. Scull have rolling service contracts which continue until terminated by the expiry of twelve months written notice from the Company to the Director. The contractual termination payment in such circumstances would comprise up to twelve months payments, equivalent to the notice period, in respect of salary, car allowance, employers' contributions to defined contribution pension schemes and contributions to healthcare schemes. Each service contract provides for participation in a discretionary bonus scheme, the provision of a car (or car allowance) and pension entitlements. Further detailed information in regard to the foregoing may be found later in the report in the section entitled "Elements of remuneration".

Name	Contract Details	Unexpired term at 31 December 2011	Notice period (i) from Company (ii) from Director	Contractual Termination payment
J.W. Poulter	24 March 2010	Sixteen months	(i) Three months (ii) Three months	(i) n/a (ii) n/a
G. Davies	6 December 2004	n/a	(i) Twelve months (ii) Six months	Twelve months contractual benefits n/a
A.J. Scull	8 November 2004	n/a	(i) Twelve months (ii) Six months	Twelve months contractual benefits n/a

The Chairman has a letter of appointment dated 24 March 2010 pursuant to which he was appointed as a Non-Executive Director with effect from 1 May 2010 and as Chairman with effect from 1 September 2010. The appointment is for a period of three years from 1 May 2010 after which it is renewable by mutual agreement subject to the provisions in respect of reappointment contained in the Company's Articles of Association.

The letter of appointment indicates that the appointment will terminate, forthwith, without any entitlement to compensation, if, at any time:

(a) he is not reappointed as a Director of the Company upon retirement (by rotation or otherwise) pursuant to the Company's Articles of Association; or
(b) he is removed as a Director of the Company by resolution passed at a General Meeting of the Company; or
(c) he ceases to be a Director of the Company by reason of his vacating or being removed from office pursuant to any provisions of the Company's Articles of Association.

The letter of appointment does not provide for: (i) any participation in an annual bonus scheme; (ii) any pension provision; or (iii) any car allowance.

Non-Executive Directors

The remuneration of the Non-Executive Directors is determined by the Board with assistance, as required, from independent advisors.

The Non-Executive Directors do not receive any pension or benefits from the Company relating to their activities as Non-Executive Directors, nor do they participate in any bonus, incentive or share option schemes.

The Non-Executive Directors do not have service agreements with the Company. They are appointed for a two or three year period and offer themselves for re-election at the relevant Annual General Meeting. The current Non-Executive Directors have letters of appointments for three years from 5 September 2009 in the case of Mr N. Temple and from 10 October 2009 in the case of Mr I. Brindle.

Executive Directors – policy
The Committee's policy is to provide Executive Directors with remuneration packages, which are:

- competitive when compared with those in organisations of similar size, complexity and type;
- structured so that remuneration is linked to the long term growth in profitability and Shareholder value of the Company; and
- clear, easy to understand and motivating.

Methodology
The Committee has access to surveys carried out by remuneration consultants, as well as to the services of independent advisors, as required. These external sources of data, the policy and the objectives outlined below provide a framework for the Committee's decision making process.

Objectives
The Committee's objectives are:

- to enable the Company to attract, retain and motivate high calibre Executives and to align their interests with those of Shareholders;
- to retain discretion to vary the elements of remuneration to reflect individuals' performance and economic circumstances but to ensure that total remuneration does not become excessive; and
- to give Executives incentives to perform at the highest level.

Elements of remuneration
The elements of remuneration set out below apply to Executive Directors other than Mr J.W. Poulter. Similar arrangements apply to Senior Managers, with the exception of annual performance related bonuses which are capped at 100% of salary for Senior Managers.

Basic salary
Basic salaries for Executive Directors are reviewed with effect from January of each year based on levels of responsibility and any changes thereto, experience and individual performance with the Committee taking advice, as required, on market rates for comparable jobs.

Annual performance related bonus
Each Executive Director is entitled to participate in a discretionary bonus scheme, which provides rewards according to growth in financial parameters established by the Committee. The level of bonus and the financial parameters including for example: profitability; cash generation; and improvements in performance over prior year, are decided by the Committee each year and may vary from time to time. All bonus payments are capped and do not form part of pensionable remuneration. Other than in exceptional circumstances, the cap is 50% of salary for Executive Directors.

If the maximum bonus is achieved, the composition of each Executive Director's remuneration (excluding shares and share options) will be as follows:

	Non Performance Related	Performance Related
G. Davies	67%	33%
A.J. Scull	67%	33%

Pensions
Each Executive Director is entitled to receive post retirement benefits through the Group's defined contribution pension scheme. The amounts paid by the Company to Ms G. Davies and Mr A.J. Scull during the period ending 31 December 2011 are set out in Note (a) on page 24 of the Remuneration report.

Share options
Executive Directors may be granted share options or nil cost shares under the Company's share option schemes which, in certain cases, have been approved by H M Revenue and Customs and which, in other cases, are not so approved. Such grants are subject to performance targets, which are determined by the Committee taking independent advice as required.

Option grants were made to five members of the Executive Committee during the period ended 31 December 2011, in respect of a Performance Share Plan which was approved by Shareholders at the 2011 Annual General Meeting.

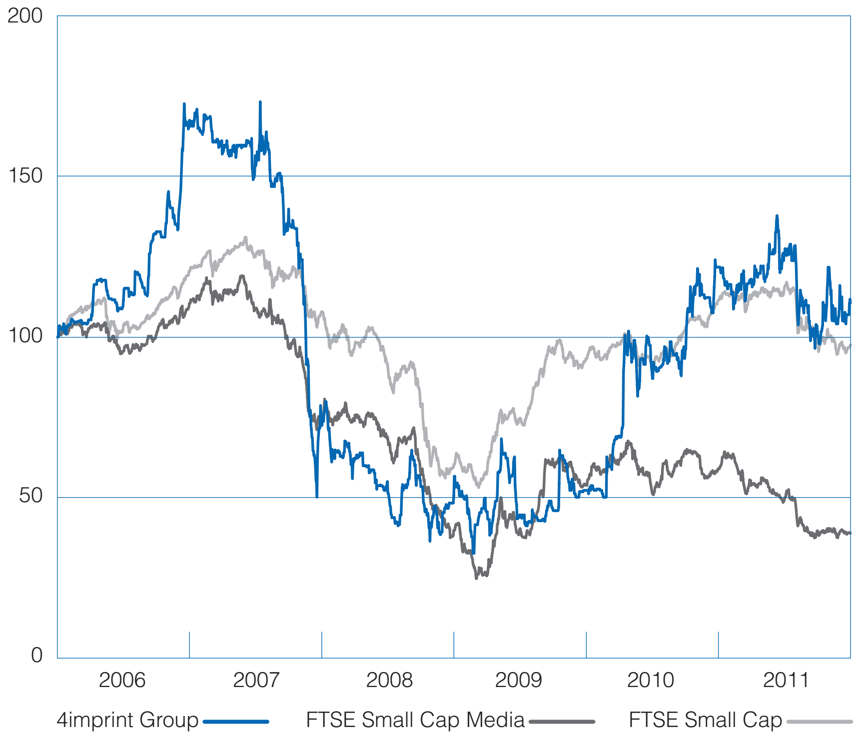
On 27 April 2011 300,000 share options were granted to each of the Chairman and Executive Directors to acquire ordinary shares at nil cost. The performance conditions are that one third of the options vest if the Company share price attains and remains at or above for thirty consecutive days each of: 300p; 350p; and 400p in the three year period commencing 27 April 2011. Any options that vest will be exercisable between 27 April 2014 and 27 April 2021.

Other benefits
The Remuneration Committee has agreed the provision of other benefits to Executive Directors, including a car (or car allowance) and membership for each Executive Director, other than Mr J.W. Poulter, and their spouse and children up to age 18 of a private healthcare scheme.

Details of Directors' basic salaries or fees, annual performance related bonuses and other benefits (including all interests in shares and share options held by Directors) are set out on pages 23 and 24.

The Board believes that the Company can benefit from Executive Directors accepting appointments as Non-Executives and, as a consequence, allows them to hold outside appointments as Non-Executive Directors, subject to the approval of the Board. Any remuneration for an outside appointment is retained by the Executive Director. During the period and up to the date of this report, neither Ms G. Davies nor Mr A.J. Scull had any appointments as a Non-Executive Director. Other Directorships held by Mr J.W. Poulter are set out on page 10.

Total Shareholder return



A comparative total shareholder return of the 'Small Cap Media Index' and the 'Small Cap Index' are included on the basis of the market capitalisation of 4imprint Group plc.

Directors' interests in the share capital of the Company

	Holding at 31 December 2011	Holding at 1 January 2011
J.W. Poulter	**20,000**	10,000
G. Davies	**108,450**	104,950
A.J. Scull	**116,117**	116,117
I. Brindle*	**3,337**	3,337
N. Temple*	**–**	–

* Non-Executive Director

There has been no change in the Directors' interests in the share capital of the Company since 31 December 2011 to the date of this report.

Audited information

The following information has been audited by the Company's auditors, PricewaterhouseCoopers LLP, as required by Sections 421 and 497 of the Companies Act 2006.

Directors' emoluments

	2011 £'000	2010 £'000
Emoluments of the Directors of 4imprint Group plc are as follows:		
Fees and contractual salary payments	**563**	614
Performance related bonus	**140**	180
Aggregate emoluments of the highest paid Director	**257**	237

The total emoluments, excluding pension contributions, of the Directors were as follows:

	Note	Basic salary/fee £'000	Benefits (note C) £'000	Performance bonus £'000	Total emoluments 2011 £'000	Total emoluments 2010 £'000
Executive						
J.W. Poulter	(b) (d)	120	–	–	**120**	80
K.J. Minton	(e)	–	–	–	**–**	172
G. Davies	(a)	175	11	70	**256**	235
A.J. Scull	(a)	175	12	70	**257**	237
Non-Executive	(b)					
I. Brindle		35	–	–	**35**	35
N. Temple		35	–	–	**35**	35
Total 2011		**540**	**23**	**140**	**703**	
Total 2010		570	44	180		794

Notes:

(a) The Group made defined contributions to the pension plans of Ms G. Davies and Mr A.J. Scull, amounting to £26,250 (2010: £25,500) each.

(b) Mr J.W. Poulter and the Non-Executive Directors do not have any pension arrangements with the Group.

(c) Benefits include a company car allowance and medical insurance.

(d) Mr J.W. Poulter was appointed a Director on 1 May 2010.

(e) Mr K.J. Minton resigned as a Director on 31 August 2010.

Directors' options over the share capital of the Company

Details of share options held by the Directors are set out below:

	Holding at 31 Dec 2011	Date of grant	Exercise price	Exercisable From	Exercisable To
J.W. Poulter					
– Performance Share Plan	**300,000**	27 Apr 2011	nil	27 Apr 2014	27 Apr 2021
G. Davies					
– 2009 SAYE	**10,431**	7 Oct 2009	87p	1 Jan 2013	30 June 2013
– Performance Share Plan	**300,000**	27 Apr 2011	nil	27 Apr 2014	27 Apr 2021
A.J. Scull					
– 2009 SAYE	**10,431**	7 Oct 2009	87p	1 Jan 2013	30 Jun 2013
– Performance Share Plan	**300,000**	27 Apr 2011	nil	27 Apr 2014	27 Apr 2021

Gains on the exercise of options in the period by Ms Davies and Mr Scull were nil each (2010: £nil each).

During 2011 the middle market value of the share price ranged from 202p to 295p and was 229p at the close of business on 31 December 2011.

Details of share options granted by 4imprint Group plc as at 31 December 2011 are given in note 23. None of the terms and conditions of the share options was varied during the period. The performance criteria for all the Directors' options were consistent with the remuneration policy. Once an award has vested, the exercise of share options is unconditional, subject to the Rules of the option grant.

On behalf of the Board

Nick Temple
Chairman of the Remuneration Committee
7 March 2012

Independent Auditors' report to the members of 4imprint Group plc

We have audited the group financial statements of 4imprint Group plc for the 52 weeks ended 31 December 2011 which comprise the Group income statement, Group statement of comprehensive income, Group balance sheet, Group statement of changes in Shareholders' equity, Group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' responsibilities set out on page 20, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2011 and of its profit and cash flows for the 52 weeks then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements; and

- the information given in the Statement on corporate governance set out on pages 15 to 19 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following:
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on pages 13 and 14, in relation to going concern;
- the part of the Statement on corporate governance relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to Shareholders by the Board on Directors' remuneration.

Other matter

We have reported separately on the parent company financial statements of 4imprint Group plc for the 52 weeks ended 31 December 2011 and on the information in the Directors' Remuneration report that is described as having been audited.

Nicholas Boden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
7 March 2012

Group income statement

for the 52 weeks ended 31 December 2011

		2011			2010 (restated)		
	Note	**Before goodwill impairment and exceptional items £'000**	**Goodwill impairment and exceptional items £'000**	**Total £'000**	Before goodwill impairment and exceptional items £'000	Goodwill impairment and exceptional items £'000	Total £'000
Continuing operations							
Revenue	1	**158,824**	**–**	**158,824**	143,723	–	143,723
Operating expenses	2	**(150,855)**	**(6,678)**	**(157,533)**	(137,685)	(1,125)	(138,810)
Exceptional goodwill impairment	12	**–**	**(4,743)**	**(4,743)**	–	–	–
Exceptional items	5	**–**	**(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	6	**–**	**–**	**–**	10	–	10
Interest payable	6	**(352)**	**–**	**(352)**	(519)	–	(519)
Other net financing charges	6	**(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	7	**(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	8			**(6.18)p**			11.52p
From continuing and discontinued operations	8			**8.48p**			26.65p
Diluted							
From continuing operations	8			**(6.03)p**			11.26p
From continuing and discontinued operations	8			**8.28p**			26.05p
Underlying							
From continuing operations	8			**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	4	**(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	**11,959**	12,580
Goodwill	12	**–**	9,084
Other intangible assets	13	**945**	1,657
Investments	14	**–**	9
Deferred tax assets	15	**6,115**	6,348
		19,019	29,678
Current assets			
Assets held for sale	10	**20,680**	–
Inventories	16	**2,728**	6,317
Trade and other receivables	17	**17,828**	29,947
Cash and cash equivalents	18	**12,492**	8,465
		53,728	44,729
Current liabilities			
Trade and other payables	19	**(15,399)**	(25,588)
Current tax		**(159)**	(239)
Borrowings	20	**(4,095)**	(374)
Provisions for other liabilities and charges	21	**(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	4	**(23,547)**	(21,905)
Borrowings	20	**(2,934)**	(8,330)
Provisions for other liabilities and charges	21	**(535)**	(383)
		(27,016)	(30,618)
Net assets		**13,057**	17,211
Shareholders' equity			
Share capital	23	**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

The financial statements on pages 27 to 61 were approved by the Board of Directors on 7 March 2012 and were signed on its behalf by:

John Poulter
Chairman

Gillian Davies
Group Finance Director

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				**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	25	**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	9	**(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	18	**6,992**	5,215
Short term deposits	18	**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 principal accounting policies adopted in the preparation of these financial statements are set out below. 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

The financial statements have been prepared under the historical cost convention in accordance with IFRS (International Financial Reporting Standards), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The standards used are those published by the International Accounting Standards Board (IASB) and endorsed by the EU at the time of preparing these statements (March 2012).

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.

Basis of consolidation

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the consideration. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The excess of the cost of acquisition over the Group's share of identifiable net assets is recorded as goodwill.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. In addition, comparatives are also restated to reclassify disposed businesses, or those that meet the criteria of IFRS 5 to be classified as held for sale, into discontinued operations.

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 4 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.

Other accounting policies

Segment reporting
The reporting requirements of IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance.

Revenue
Revenue is represented by the invoiced value of goods to customers outside the Group excluding value added taxes and other similar revenue based taxes less estimated rebates. Revenues are primarily recognised upon despatch of goods to customers in the Brand Addition and SPS divisions and on delivery to the customer in 4imprint Direct Marketing.

Leases
Where the Group has substantially all of the risks and rewards of ownership under a lease, the lease will be classified as a finance lease. All other leases are classified as operating leases.

Finance leases
Assets acquired through finance leases are capitalised as property, plant and equipment, at the lower of the fair value of the leased asset and the present value of the minimum lease payments, and depreciated over the lease term or the estimated useful life, whichever is shorter. The resulting lease obligations are included in liabilities, net of finance charges. Interest costs on finance leases are charged directly to the income statement.

Operating leases
Assets leased under operating leases are not recorded on the balance sheet. Rental payments are charged directly to the income statement on a straight line basis over the period of the lease.

Share-based payments
All share options are valued using option-pricing models (primarily Black-Scholes, Binomial or Monte Carlo). The fair value is charged to the income statement over the vesting period of the share option schemes. The value of the charge is adjusted to reflect the expected number of options that will become exercisable. All options cancelled are fully expensed to the income statement upon cancellation.

Exceptional items
Income or costs which are both material and non-recurring, whose significance is sufficient to warrant separate disclosure in the financial statements, are referred to as exceptional items. The Group has adopted a columnar income statement format to highlight these items. The Directors consider that the separate disclosure of these items assists in understanding the Group's financial performance.

Taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case the tax is recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Dividends
Final equity dividends are recognised in the Group's financial statements in the period in which the dividends are approved by the Shareholders. Interim equity dividends are recognised when paid.

Foreign currency
The functional and presentational currency of the Company is Sterling and the consolidated financial statements are presented in Sterling.

Transactions in currencies other than the functional currency of the Company or subsidiary concerned are recorded at the exchange rate prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Translation differences on monetary items are taken to the income statement.

On consolidation the balance sheets of overseas enterprises are translated into Sterling at the exchange rate ruling at the balance sheet date and income statements are translated at average rates for the trading period under review. The resulting exchange differences are taken to the cumulative translation differences reserve and are reported in the consolidated statement of other comprehensive income.

On disposal of a foreign operation any cumulative exchange differences held in Shareholders' equity are transferred to the consolidated income statement.

Derivative instruments

The Group uses forward foreign exchange contracts to hedge highly probable cash flows in relation to future sales and product purchases.

Derivatives are recognised initially at fair value and are remeasured at fair value at each reporting date. The treatment of the gain or loss on remeasurement depends on the nature of the item being hedged.

Hedges of the fair value of recognised assets and liabilities are designated as fair value hedges. Hedges of highly probable forecast transactions are designated as cash flow hedges.

Changes in the fair value of fair value hedges are recognised in the income statement. Changes in the fair value of the hedged items are also recognised in the income statement.

The effective portion of changes in cash flow hedges are deferred in a hedging reserve and then charged to the income statement when the forecast sale or purchase occurs or if the forecast transaction is no longer expected to occur. Any ineffective portion of the cash flow hedge is recognised immediately in the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any impairment losses. No depreciation is provided on land and assets in the course of construction. For all other property, plant and equipment, depreciation is calculated to write-off their cost less residual value by equal annual instalments over the period of their estimated useful lives, which are reviewed and revised on a regular basis. Leasehold assets are depreciated over the shorter of the term of the lease or their estimated useful lives.

The principal useful lives currently fall within the following ranges:

Freehold and long leasehold buildings	50 years
Short leasehold buildings	Life of lease
Plant, machinery, fixtures and fittings	3 – 15 years
Computer hardware	3 years

Profits and losses on disposal which have arisen from over or under depreciation are accounted for in arriving at operating profit and are separately disclosed when material.

Intangible assets – goodwill

Goodwill is the excess of the fair value of the consideration payable for an acquisition over the fair value of the Group's share of identifiable net assets of a subsidiary acquired at the date of acquisition. Fair values are attributed to the identifiable assets, liabilities and contingent liabilities that existed at the date of acquisition, reflecting their condition at that date. Adjustments are made where necessary to bring the accounting policies of acquired businesses into alignment with those of the Group.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is stated at cost less any impairment. Goodwill is not amortised but is tested annually for impairment. Any impairment is charged to the income statement.

Other intangible assets

Acquired software licences and external expenditure on developing websites and other computer systems is capitalised, held at historic cost and amortised from the invoice date on a straight-line basis over its useful economic life (currently 3 to 5 years). Internal costs and non-development costs are expensed as incurred.

An expense is recognised for mail order catalogues and other related marketing expenses when the Group has access to those catalogues.

Impairment of assets

All property, plant and equipment and intangible assets with the exception of goodwill are reviewed for impairment in accordance with IAS 36 'Impairment of assets' if there is some indication that the carrying value of the asset may have been impaired. Goodwill is tested for impairment annually. Where an impairment review is required, the carrying value of the assets is measured against their value in use based on future estimated cash flows, discounted by the appropriate cost of capital, resulting from the use of those assets. Assets are grouped at the lowest level for which there is a separately identifiable cash flow (cash generating unit). An impairment loss is recognised for the amount at which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Discontinued operations and assets held for sale

Business components that represent separate major lines of business or geographical areas of operations are recognised as discontinued if the operations have been disposed of, or meet the criteria to be classified as held for sale under IFRS 5. Assets and disposal groups are classified as held for sale if their carrying amount will be principally recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, expected to be completed within one year and the asset (or disposal group) is available for immediate sale in its present condition. Operations held for sale are held at the lower of their carrying amount on the date they are classified as held for sale and fair value less costs to sell.

Inventories
Inventories are valued at the lower of cost and net realisable value using weighted average cost or first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost comprises materials, labour and the overheads attributable to the stage of production reached. Items in transit where the Group holds the risks and rewards are included in inventories.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement. Trade and other receivables are discounted when the time value of money is considered material.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. In the cash flow statement cash and cash equivalents are shown net of bank overdrafts.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Pensions
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 sponsors a defined benefit scheme, which is now closed to new members and future accruals.

The Group accounts for the defined benefit scheme under IAS 19 'Employee benefits – actuarial gains and losses, group plans and disclosures'. The deficit of the defined benefit scheme is recognised in full on the balance sheet and represents the difference between the fair value of the plan assets and the present value of the defined benefit obligation at the balance sheet date. A full actuarial valuation is carried out at least every three years and the defined benefit obligation is updated on an annual basis, by independent actuaries, using the projected unit credit method.

The pension charge recognised in the income statement consists of current service costs and a finance cost based on the interest on pension scheme liabilities less the expected return on pension assets.

Differences between the actual and expected return on assets, experience gains and losses and changes in actuarial assumptions are included directly in the consolidated statement of comprehensive income.

Borrowings
Borrowings are measured at cost net of transaction costs incurred and subsequently carried at amortised costs using the effective interest rate method. Arrangement fees are amortised over the life of the loan.

Provisions
Provisions are made when there is a legal or constructive obligation as a result of past events and it is probable that expenditure will be incurred and a reliable estimate can be made of the cost. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Own shares held by Employee Share Trust
Own shares acquired, to meet future obligations under employee share options, are held in an independent Trust. These are funded by the Company and purchases of shares by the Trust are charged directly to equity.

Administration expenses of the Trust are charged to the Company's income statement as incurred.

IFRS standards effective in future financial statements
The IASB and IFRIC have issued new or amended standards and interpretations which are effective for accounting periods as noted below. Management are currently assessing the impact of adopting these new or amended standards and interpretations.

IFRS 9, 'Financial instruments' (effective 1 January 2015)
IFRS 10, 'Consolidated financial statements' (effective 1 January 2013)
IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013)
IFRS 13, 'Fair value measurement' (effective 1 January 2013)
IAS 19 (revised 2011), 'Employee benefits' (effective 1 January 2013)
IAS 27 (revised 2011), 'Separate financial statements' (effective 1 January 2013)
Amendment to IAS 12, 'Income taxes' on deferred tax (effective 1 January 2012)
Amendment to IAS 1, 'Presentation of financial statements' on other comprehensive income (effective 1 July 2012)

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.

The underlying interest charge, excluding the net pension finance charge, was £352,000 (2010: £509,000). Underlying profit before tax was £8,134,000 (2010: £5,712,000).

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

1 Segmental reporting continued

Other segmental information

	Assets		Liabilities		Capital expenditure		Depreciation		Amortisation	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000	**2011 £'000**	2010 £'000	**2011 £'000**	2010 £'000	**2011 £'000**	2010 £'000
4imprint Direct Marketing	**21,734**	19,672	**(12,815)**	(12,277)	**963**	919	**(558)**	(547)	**(346)**	(367)
SPS	**11,116**	16,574	**(2,012)**	(1,847)	**280**	142	**(582)**	(639)	**(55)**	(77)
Unallocated items	**6,725**	6,400	**(25,070)**	(23,186)	**36**	26	**(23)**	(25)	**(9)**	(4)
Cash/(debt)	**12,492**	8,465	**(7,029)**	(8,704)						
	52,067	51,111	**(46,926)**	(46,014)	**1,279**	1,087	**(1,163)**	(1,211)	**(410)**	(448)
Discontinued operation*	**20,680**	23,296	**(12,764)**	(11,182)	**431**	368	**(175)**	(173)	**(246)**	(226)
Total	**72,747**	74,407	**(59,690)**	(57,196)	**1,710**	1,455	**(1,338)**	(1,384)	**(656)**	(674)

Unallocated items relate to Head Office items and Group tax balances, which cannot be reliably allocated to individual segments.

* The assets/liabilities of the discontinued operation (formerly the Brand Addition segment) are included in assets/liabilities held for resale in 2011 (note 10).

Geographical analysis of revenue and non current assets

	Revenue by destination		Non current assets	
	2011 £'000	2010 (restated) £'000	**2011 £'000**	2010 £'000
Europe	**18,816**	20,679	**13,405**	23,814
North America	**140,008**	123,044	**5,614**	5,864
Total	**158,824**	143,723	**19,019**	29,678

ACCOUNTS

2 Operating expenses

Continuing operations	Note	2011 £'000	2010 (restated) £'000
The following items have been included in arriving at operating profit:			
Inventories:			
– Purchase of goods for resale, raw materials and consumables		**96,889**	86,480
– Changes in inventories		**(136)**	522
Staff costs	3	**20,876**	19,703
Depreciation of property, plant and equipment		**1,031**	1,074
Depreciation of leased assets		**132**	137
Amortisation of intangible assets		**410**	448
Operating lease payments:			
– Land and buildings		**758**	856
– Other		**138**	192
Exceptional items	5	**1,935**	1,125
Impairment of intangible assets – goodwill	12	**4,743**	–
Net exchange gains		**(253)**	(130)
Other operating expenses		**31,010**	28,403
		157,533	138,810

During the year the Group obtained the following services from its auditors at costs as detailed below:

	2011 £'000	2010 (restated) £'000
Continuing operations		
Fees payable to the Company's auditor for the audit of the Parent Company and consolidated financial statements	**75**	68
Fees payable to the Company's auditor and its associates for other services:		
– the audit of Company's subsidiaries pursuant to legislation	**31**	24
– pensions advice re enhanced transfer value exercise	**186**	–
– other pensions advice	**–**	53
– all other services	**18**	7
	310	152
Discontinued operations		
– audit of Company's subsidiaries included in discontinued operations	**35**	39
– fees in respect of the disposal of Brand Addition:		
– due diligence	**238**	–
– transaction services	**130**	–
	713	191

The 4imprint Pension Scheme has paid the auditors £7,000 (2010: £6,375) for audit services.

3 Employees

Staff costs	Note	2011 Continuing operations £'000	2011 Discontinued operations £'000	2010 (restated) Continuing operations £'000	2010 (restated) Discontinued operations £'000
Wages and salaries		**18,373**	**8,045**	17,639	7,292
Social security costs		**1,528**	**989**	1,480	863
Pension costs	4	**458**	**166**	401	142
Share option charges	24	**517**	**35**	183	32
		20,876	**9,235**	19,703	8,329

In addition, termination costs totalling £198,000 have been charged to the continuing operations exceptional items (2010: £146,000).

Average number of people (including Executive Directors) employed

	2011 No.	2010 No.
4imprint Direct Marketing	**514**	452
SPS	**193**	213
Head Office	**8**	8
Continuing operations	**715**	673
Discontinued operations	**251**	224
Total operations	**966**	897

Key management compensation

	2011 £'000	2010 £'000
Salaries, fees and short-term employee benefits	**1,494**	1,501
Social security costs	**121**	122
Pension contributions	**94**	102
Share option charges	**432**	113
	2,141	1,838

Key management compensation includes the emoluments of all Directors (which are disclosed separately in the Remuneration report) and the emoluments of members of the Group Executive Committee.

Directors' remuneration

	2011 £'000	2010 £'000
Aggregate emoluments	**703**	794
Company contributions to money purchase pension schemes	**53**	51

4 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)

4 Employee pension schemes continued

The major categories of plan assets as a percentage of total scheme assets are as follows:

	2011		2010	
	£'000	**%**	£'000	%
Equities	**15,949**	**23**	24,674	32
Corporate bonds	**17,392**	**25**	15,236	20
Gilts	**21,511**	**31**	23,393	30
Property	**14,265**	**21**	13,722	17
Cash	**206**	**–**	530	1

No 4imprint Group plc shares are held by the scheme.

The amounts recognised in the income statement are as follows:

	2011 £'000	2010 £'000
Enhanced transfer value ('ETV') exercise settlement costs – exceptional items – continuing operations (note 5)	**575**	–
Interest cost on the defined benefit obligation	**5,174**	5,399
Expected return on scheme assets	**(4,593)**	(4,868)
Net pension finance charge – continuing operations	**581**	531
Current service cost – discontinued operations	**9**	38
Total recognised in the income statement	**1,165**	569

Changes in the present value of the defined benefit obligation are as follows:

	2011 £'000	2010 £'000
Defined benefit obligation at start of period	**99,460**	96,505
Current service cost	**9**	38
Interest cost	**5,174**	5,399
Liabilities extinguished on settlement re ETV exercise	**(10,105)**	–
Actuarial losses	**3,468**	4,280
Benefits paid	**(5,136)**	(6,762)
Defined benefit obligation at end of period	**92,870**	99,460

Changes in the fair value of scheme assets are as follows:

	2011 £'000	2010 £'000
Fair value of assets at start of period	**77,555**	74,055
Expected return on assets	**4,593**	4,868
Actuarial (losses)/gains	**(387)**	2,893
Contributions by employer – normal contributions	**3,000**	2,501
– additional contribution in respect of ETV exercise	**378**	–
Assets distributed on settlements re ETV exercise	**(10,680)**	–
Benefits paid	**(5,136)**	(6,762)
Fair value of assets at end of period	**69,323**	77,555

4 Employee pension schemes continued

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.

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 5)	**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

The actual return on scheme assets was a gain of £4,206,000 (2010: gain £8,135,000).

	2011 £'000	2010 £'000
Cumulative actuarial losses recognised in the statement of other comprehensive income	**17,831**	13,976

History of experience gains and losses

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Fair value of assets	**69,323**	77,555	74,055	66,233	80,995
Fair value of defined benefit obligations	**(92,870)**	(99,460)	(96,505)	(83,170)	(91,544)
Net liability	**(23,547)**	(21,905)	(22,450)	(16,937)	(10,549)
Experience adjustment on scheme liabilities	**(521)**	3,693	(79)	(406)	2,240
Experience adjustment on scheme assets	**(387)**	2,893	5,527	(18,309)	(3,242)

5 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.

5 Exceptional items continued

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). Cash items in respect of continuing operations of £118,000 (2010: £456,000) are included in accruals and £417,000 are included in provisions (2010: £760,000) at 31 December 2011.

6 Net finance income and costs

Continuing operations	**2011 £'000**	2010 (restated) £'000
Interest receivable		
Bank and other interest	**–**	10
Interest payable		
Interest payable on bank borrowings	**(333)**	(491)
Interest payable on finance leases	**(19)**	(28)
	(352)	(519)
Other net financing costs		
Net pension finance charge (note 4)	**(581)**	(531)

7 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 (notes 15 and 21)	**876**	872
Taxation – continuing operations	**1,950**	906

7 Taxation continued

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

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

	2011 £'000	2010 (restated) £'000
(Loss)/profit after tax – continuing operations	**(1,592)**	2,967
Add back:		
Impairment of goodwill (note 12)	**4,743**	–
Defined benefit net pension finance charge (note 4)	**581**	531
Share option charges (note 24)	**517**	183
Exceptional items (note 5)	**1,935**	1,125
Tax relating to above items	**(513)**	(290)
Underlying continuing operating profit after interest and tax	**5,671**	4,516

8 Earnings per share continued

	2011 Number £'000	2010 Number £'000
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 basic earnings per share is calculated based on the profit for the financial period divided by the basic weighted average number of shares.

For diluted earnings per share, the basic weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares. The potential dilutive ordinary shares relate to those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares and are likely to vest at the balance sheet date. The Performance Share Plan had not met any vesting conditions at the balance sheet date and none of these options have been included as dilutive.

The underlying basic earnings per share is calculated before the after tax effect of defined benefit pension charge, 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.

9 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.

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 Vermögensverwaltung 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
Inter-segment revenue	**(1,525)**	(1,841)
External revenue	**63,004**	57,045
Operating expenses	**(58,925)**	(52,831)
Operating profit	**4,079**	4,214
Operating profit before exceptional items	**5,022**	4,214
Exceptional items*	**(943)**	–
Operating profit	**4,079**	4,214
Finance income	**–**	3
Finance costs	**–**	(3)
Profit before tax	**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.

10 Discontinued operations continued

Assets held for sale	2011 £'000
Non current assets	
Property, plant and equipment	**436**
Goodwill	**4,341**
Intangible assets	**590**
Investments	**9**
Deferred tax assets	**247**
	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

Included within other comprehensive income is the following cumulative income or expense relating to discontinued operations:

	2011 £'000	2010 £'000
Foreign exchange translation adjustments	**22**	58

11 Property, plant and equipment

	Freehold land and buildings £'000	Long leasehold buildings £'000	Short leasehold buildings £'000	Plant, machinery, fixtures & fittings £'000	Computer hardware £'000	Total £'000
Cost:						
At 2 January 2011	3,008	2,767	115	11,382	1,881	19,153
Additions	52	–	73	710	294	1,129
Disposals	–	–	(17)	(38)	(88)	(143)
Transfer to assets held for sale (note 10)	–	–	(171)	(1,123)	(907)	(2,201)
Exchange translation	24	–	–	29	6	59
At 31 December 2011	**3,084**	**2,767**	**–**	**10,960**	**1,186**	**17,997**
Depreciation:						
At 2 January 2011	130	252	111	4,578	1,502	6,573
Charge for the period	71	62	3	948	254	1,338
Disposals	–	–	(15)	(31)	(88)	(134)
Transfer to assets held for sale (note 10)	–	–	(99)	(874)	(792)	(1,765)
Exchange translation	3	–	–	18	5	26
At 31 December 2011	**204**	**314**	**–**	**4,639**	**881**	**6,038**
Net book value at 31 December 2011	**2,880**	**2,453**	**–**	**6,321**	**305**	**11,959**

Freehold land with a value of £306,000 (2010: £304,000) has not been depreciated.
Plant and machinery includes assets with a net book value of £273,000 (2010: £407,000) held under finance leases.
The Directors are not aware of a significant difference between the net book value and the fair value of property, plant and equipment.

	Freehold land and buildings £'000	Long leasehold buildings £'000	Short leasehold buildings £'000	Plant, machinery, fixtures & fittings £'000	Computer hardware £'000	Total £'000
Cost:						
At 3 January 2010	2,912	2,729	157	11,176	1,833	18,807
Additions	5	–	–	607	267	879
Disposals	–	–	(6)	(475)	(238)	(719)
Reclassifications	–	37	(37)	–	–	–
Exchange translation	91	1	1	74	19	186
At 1 January 2011	3,008	2,767	115	11,382	1,881	19,153
Depreciation:						
At 3 January 2010	57	176	125	3,954	1,432	5,744
Charge for the period	72	64	2	954	292	1,384
Disposals	–	–	(6)	(366)	(238)	(610)
Reclassifications	–	11	(11)	–	–	–
Exchange translation	1	1	1	36	16	55
At 1 January 2011	130	252	111	4,578	1,502	6,573
Net book value at 1 January 2011	2,878	2,515	4	6,804	379	12,580

12 Intangible assets – goodwill

	£'000
Cost:	
At 2 January 2011	9,084
Reclassification to assets held for sale	(4,341)
At 31 December 2011	**4,743**
Accumulated amortisation and impairment:	
At 2 January 2011	–
Impairment charge	(4,743)
At 31 December 2011	**(4,743)**
Net book value at 31 December 2011	–
Net book value at 1 January 2011	9,084

A segment-level summary of the goodwill allocation is presented below:

	2011 £'000	2010 £'000
Brand Addition	**–**	4,341
SPS	**–**	4,743
	–	9,084

The recoverable amount of a segment is determined based on value in use calculations compared against the goodwill and non current assets of the segment. These calculations use cash flow projections based on financial budgets approved by management covering a two year period. Subsequent cash flows have been increased in line with past performance and management's view of market developments using growth rates noted below. These growth rates do not exceed the long term average growth rates for the countries in which the Divisions operate. The discount rate is calculated using the capital asset pricing model.

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.

The key assumptions used in the value in use calculations for goodwill held at 31 December 2011 and 1 January 2011 were:

	2011	2010
Discount rate pre tax	**14.5%**	13.36%
Operating profit margin	**5%**	7%
Long term growth rate	**2%**	2%

ACCOUNTS

13 Other intangible assets

	Computer software £'000
Cost:	
At 2 January 2011	5,566
Additions	581
Disposals	(285)
Transfer to assets held for sale (note 10)	(3,532)
Exchange translation	13
At 31 December 2011	**2,343**
Amortisation:	
At 2 January 2011	3,909
Charge for the period	656
Disposals	(234)
Transfer to assets held for sale (note 10)	(2,942)
Exchange translation	9
At 31 December 2011	**1,398**
Net book value at 31 December 2011	**945**

	Computer software £'000
Cost:	
At 3 January 2010	5,426
Additions	576
Disposals	(489)
Exchange translation	53
At 1 January 2011	5,566
Amortisation:	
At 3 January 2010	3,696
Charge for the period	674
Disposals	(489)
Exchange translation	28
At 1 January 2011	3,909
Net book value at 1 January 2011	1,657

The average remaining life of intangible assets is 2.3 years (2010: 2.7 years).

14 Investments

	£'000
At 2 January 2011	9
Transfer to assets held for sale (note 10)	(9)
At 31 December 2011	–

The investment represented an equity investment in a German promotional products trade group of which the German subsidiary is a member. The investment has been reclassified to assets held for sale in the period.

15 Deferred tax assets

	2011 £'000	2010 £'000
At start of period	**6,348**	7,558
Reclassified to deferred tax liability	**428**	–
Income statement charge – continuing operations	**(925)**	(887)
– discontinued operations	**(21)**	(134)
Offset with current tax in respect of loss carry back	**–**	(413)
Deferred tax credited to other comprehensive income	**1,022**	388
Transfer to assets held for sale	**(247)**	–
Effect of change in UK tax rate – income statement – continuing operations	**(4)**	15
Effect of change in UK tax rate – income statement – discontinued operations	**(20)**	(11)
Effect of change in UK tax rate – other comprehensive income	**(462)**	(219)
Exchange (loss)/gain	**(4)**	51
At end of period	**6,115**	6,348

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries. No tax is expected to be payable on them in the foreseeable future.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown in the following table. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

15 Deferred tax assets continued

Deferred tax analysis

	Depreciation/ capital allowances £'000	Tax losses £'000	Pension £'000	Other £'000	Total £'000
At start of period	(877)	930	5,911	384	6,348
Reclassified to deferred tax liability	921	(493)	–	–	428
Prior year adjustment	–	(3)	–	3	–
Income statement charge – continuing operations	(326)	(35)	(586)	22	(925)
Income statement charge – discontinued operations	(21)	–	–	–	(21)
Deferred tax credited to other comprehensive income	–	–	1,022	–	1,022
Transfer to assets held for sale	(247)	–	–	–	(247)
Effect of change in UK tax rate – income statement – continuing operations	1	–	–	(5)	(4)
Effect of change in UK tax rate – income statement – discontinued operations	(20)	–	–	–	(20)
Effect of change in UK tax rate – other comprehensive income	–	–	(462)	–	(462)
Exchange (loss)/gain	(10)	2	–	4	(4)
At end of period	**(579)**	**401**	**5,885**	**408**	**6,115**

Included in Other in the table above is deferred tax in respect of timing differences.

Deferred tax assets have been recognised where it is considered that there will be taxable profit available in future against which the deductible temporary differences can be utilised.

No provision has been made for deferred tax assets relating to trading losses carried forward of £0.9m (2010: £0.3m). These losses are available for offset against future taxable trading profits.

No provision has been made for deferred tax assets relating to losses carried forward in holding companies of £3.6m (2010: £6.7m). These losses may be available for offset against future profits in these companies.

No provision has been made for deferred tax assets relating to capital losses, in respect of discontinued operations, carried forward of £9.85m (2010: £9.85m).

The Finance Act 2011 included legislation to reduce the main rate of UK corporation tax from 26% to 25% from 1 April 2012. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These future changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the reduction in the rate of 1% enacted in the Finance Act 2011 has been to reduce the deferred tax balance at 31 December 2011 by £455,000. This decrease in the net deferred tax asset increased profit for the period by £7,000 and decreased other comprehensive income by £462,000.

The proposed reductions of the main rate of UK corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 25% to 23%, if these applied to the deferred tax balance at 31 December 2011, would be to reduce the deferred tax asset by £460,000.

16 Inventories

	2011 £'000	2010 £'000
Raw materials and consumables	**299**	304
Work in progress	**73**	95
Finished goods and goods for resale	**2,356**	5,918
	2,728	6,317

During both the current and previous year, inventory was carried at cost less appropriate provisions as this did not exceed the fair value less cost to sell. Provisions held against inventory in respect of continuing operations total £234,000 (2010: Total operations £617,000).

During the year a net amount of £34,000 has been charged in respect of continuing operations in the income statement in respect of provisions for slow moving and obsolete stock (2010: Continuing operations £134,000).

The amount of inventory charged to the income statement for continuing operations is shown in note 2.

ACCOUNTS

17 Trade and other receivables

	2011 £'000	2010 £'000
Trade receivables	**12,458**	24,135
Less: Provision for impairment of receivables	**(83)**	(169)
Trade receivables – net	**12,375**	23,966
Other receivables	**3,295**	3,386
Prepayments and accrued income	**2,158**	2,595
	17,828	29,947

The fair value of trade receivables does not differ from the book value.

The impairment of trade receivables charged to continuing operations in the income statement was £27,000 (2010: £120,000). This was incurred in the divisions as follows: 4imprint Direct Marketing £27,000 (2010: £36,000); SPS £nil (2010: £84,000). There is no impairment of any receivables other than trade receivables.

The ageing of past due trade receivables which are not impaired, based on the customers credit worthiness and payment history, is as follows:

Time past due date	2011 £'000	2010 £'000
Up to 3 months	**1,718**	2,979
3 to 6 months	**139**	461
Over 6 months	**–**	34
	1,857	3,474

The ageing of impaired trade receivables is as follows:

Time past due date	2011 £'000	2010 £'000
Up to 3 months	**29**	58
3 to 6 months	**43**	95
Over 6 months	**11**	16
	83	169

17 Trade and other receivables continued

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2011 £'000	2010 £'000
Sterling	**3,328**	10,805
US dollars	**13,472**	13,099
Euros	**253**	5,301
Canadian dollars	**775**	701
Other currencies	**–**	41
	17,828	29,947

Movements in the provision for impairment of trade receivables are as follows:

	2011 £'000	2010 £'000
At 2 January 2011	**169**	178
Exchange translation	**–**	2
Utilised	**(64)**	(128)
Provided	**33**	131
Released	**(6)**	(14)
Transferred to assets held for sale	**(49)**	–
At 31 December 2011	**83**	169

No other receivables are impaired.

18 Cash and cash equivalents

	2011 £'000	2010 £'000
Cash at bank and in hand	**6,992**	5,215
Short term deposits	**5,500**	3,250
	12,492	8,465

19 Trade and other payables – current

	2011 £'000	2010 £'000
Trade payables	**12,043**	20,127
Other tax and social security payable	**449**	1,086
Other payables	**312**	137
Accruals	**2,595**	4,238
	15,399	25,588

The fair value of trade payables does not differ from the book value.

20 Borrowings

	2011 £'000	2010 £'000
Current borrowings		
Finance lease creditor	**143**	135
Bank loans	**3,952**	239
	4,095	374
Non current borrowings		
Finance lease creditor	**152**	293
Bank loans	**2,782**	8,037
	2,934	8,330

All non current borrowings are repayable in 1-2 years.

The fair value of borrowings does not differ from the book value.

£1,500,000 of the current borrowings outstanding at the end of 2011 (2010: non current £1,500,000; current £250,000) are secured on the SPS long leasehold property in Blackpool.

Borrowings are held in the following currencies and interest is payable at the following effective interest rates:

	2011 £'000	2010 £'000
Sterling (2011: 3.92%; 2010: 3.70%)	**3,952**	6,654
US dollars (2011: 1.77%; 2010: 1.765%)	**3,077**	2,050
	7,029	8,704

The Group had the following undrawn committed borrowing facilities available at 31 December 2011:

	Floating rate	
Borrowing facilities	2011 £'000	2010 £'000
Expiring within one year	**3,500**	250
Expiring in more than one year	**3,966**	7,515
	7,466	7,765

Facilities comprise a £6m loan facility repayable on 31 December 2012, a £1.5m mortgage repayable on 31 December 2012 and an overdraft facility of £2m renewable annually on 31 December. The Group's US subsidiary has a US dollar 10.0m and Canadian dollar 0.5m line of credit repayable on 31 August 2013.

21 Provisions for other liabilities and charges

	Deferred tax		Onerous leases		Total	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000	**2011 £'000**	2010 £'000
At start of period	**–**	–	**760**	–	**760**	–
Reclassified from deferred tax assets	**428**	–	**–**	–	**428**	–
(Credited)/charged to the income statement	**(11)**	–	**–**	760	**(11)**	760
Prior year adjustment	**(11)**	–	**–**	–	**(11)**	–
Effect of change in UK tax rate	**(31)**	–	**–**	–	**(31)**	–
Utilised in period	**–**	–	**(343)**	–	**(343)**	–
At end of period	**375**	–	**417**	760	**792**	760

Analysis of provisions

	2011 £'000	2010 £'000
Current	**257**	377
Non current	**535**	383
Total	**792**	760

The onerous lease provisions relate to rental and dilapidation costs in respect of a guarantee enforced on a lease previously assigned on disposal of a business and a SPS warehouse in Blackpool.

Deferred tax analysis	Depreciation/ capital allowances £'000	Tax losses £'000	Total £'000
At start of period	–	–	–
Reclassified from deferred tax assets	921	(493)	428
Income statement charge – continuing operations	(11)	–	(11)
Prior year adjustment	(11)	–	(11)
Effect of change in UK tax rate – income statement – continuing operations	(67)	36	(31)
At end of period	**832**	**(457)**	**375**

22 Financial risk management

The Group's activities expose it to a variety of financial risks including currency risk, credit risk, liquidity risk, interest rate risk and capital risk.

Currency risk

The Group operates internationally and is exposed to various currency movements, predominantly the US dollar, Canadian dollar and the Euro. Risk arises predominantly from the translation of profits of overseas subsidiaries and the net assets of these subsidiaries. In addition, Group subsidiaries may make both sales and purchases in a currency other than their functional currency and have foreign currency trade receivables and trade payables in relation to these transactions.

The Group uses derivative financial instruments only to hedge foreign currency cash flows arising from sales and purchases of goods, as well as remittances from its overseas subsidiaries. Contracts outstanding at the period end had no material impact on the financial statements. It does not hedge the currency exposure of profits and assets of its overseas subsidiaries or other financial transactions.

At 31 December 2011 the Group had the following forward currency contracts: the sale of 3.5m Canadian dollars for US dollars, these contracts are up to May 2012; sale of 1.5m Euros for Sterling up to start of February 2012; and the purchase of 0.15m US dollars with Sterling in early January. The fair value of the derivatives was not material when measured at 31 December 2011 and consequently no entries have been reflected in the financial statements.

22 Financial risk management continued

The Group operates a UK cash currency pooling arrangement and also, when appropriate, seeks to utilise currency cash flows arising in its overseas subsidiaries to match currency cash outflows in its other subsidiaries.

The movement in the exchange rates compared to prior year reduced profit of the US business by £0.4m and increased net assets by £0.1m. Closing rate was US$1.55 (2010: US$1.57) and the average rate used to translate profits was US$1.60 (2010: US$1.55).

A weakening in the US Dollar exchange rate by ten cents would reduce profit in the period by £0.6m and net assets at period end by £0.4m.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to trade receivable balances due from customers.

The risk associated with banks and financial institutions is managed on a Group basis and all banking relationships must be approved by the Group Finance Director or the Board based on the credit rating of the bank.

The Group operates cash pooling arrangements for its UK subsidiaries and, apart from overseas subsidiaries working capital cash requirements, the Group seeks to hold any cash balances on deposit with its principal UK banker.

Cash deposits at 31 December 2011 are as follows:

	2011 Rating	**2011 Deposit £'000**	2010 Rating	2010 Deposit £'000
Lloyds TSB	**A1**	**10,644**	Aa3	6,396
JPMorgan Chase Bank, N.A.	**Aa1**	**739**	Aa1	805
Commerzbank	**A2**	**1,022**	Aa3	490
Sparkassen – Finanzgruppe	**Aa2**	**8**	Aa2	636
HSBC	**Aa2**	**65**	Aa2	34
Associated		**–**	A3	84
Other		**14**		20
		12,492		8,465

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers who are internationally dispersed.

Credit risk arising from customers is delegated to the senior management of each Division to a maximum level per customer, above which, it is referred to the Group Executive Committee for approval. External agency credit assessment reports are referred to as part of this process.

Liquidity risk

Group borrowing requirements are managed centrally and borrowing arrangements are customarily with the Group's principal UK bank and terms are agreed which are considered appropriate for the funding requirement of the Group at that time. Local operating working capital cash requirements in overseas subsidiaries are customarily raised locally in accordance with Group guidelines.

Operating working capital is managed within each Division to levels agreed with the Group and cash forecasts are reviewed regularly by Group and Divisional management.

At 1 January 2011 the net cash position (note 25) of the Group was £5,463,000 (2010: net debt £239,000).

The maturity profile of the Group's borrowings is shown in note 20.

22 Financial risk management continued

Interest rate risk

Group cash balances earn interest at variable rates and Group borrowing facilities incur interest at variable rates as agreed between the Group and the banks at the time of entering the facility. These are linked to the Bank of England base rate, LIBOR or appropriate local equivalent for overseas subsidiaries.

If interest rates had been 0.1% higher, interest charges would have been £8,000 (2010: £11,000) higher in the year.

Capital risk management

The Group's objective for managing capital is to safeguard the Group's and Company's ability to continue as a going concern, in order to provide returns for Shareholders and benefits for other stakeholders.

In 2011 the Company has provided returns to Shareholders in the form of dividends, details of which are included in note 9.

The Group monitors net cash/debt (total cash and cash equivalents less borrowings) and at period end the Group had net cash of £5,463,000 (2010: net debt of £239,000). The Group does not actively monitor a gearing ratio, but seeks to pay down debt using cash generated by the business to maintain an appropriate level of financial flexibility.

23 Share capital

	2011 £'000	2010 £'000
Authorised		
39,000,000 (2010: 39,000,000) ordinary shares of 38 6/13 pence each	**15,000**	15,000
Allotted and fully paid		
25,840,552 (2010: 25,840,552) ordinary shares of 38 6/13 pence each	**9,939**	9,939

No ordinary shares were issued in the period (2010: Nil).

At 31 December 2011 the following options have been granted and were outstanding under the Company's share option schemes:

Scheme	Date of grant	**Number of ordinary shares 2011**	**Number of option holders 2011**	Number of ordinary shares 2010	Subscription price	Date exercisable From	Date exercisable to
Performance Share Plan	27.04.11	**1,400,000**	**5**	–	Nil	Apr 2014	Apr 2021
SAYE	01.10.07	**–**	**–**	12,994	346.0p	Jan 2011	Jun 2011
	07.10.08	**52,563**	**12**	58,173	130.0p	Jan 2012	Jun 2012
	07.10.09	**423,257**	**88**	458,507	87.0p	Jan 2013	Jun 2013
	05.10.10	**51,161**	**41**	55,279	166.0p	Jan 2014	Jun 2014
US Sharesave	07.10.08	**–**	**–**	7,972	$2.32	Dec 2010	Jan 2011
	07.10.09	**409,597**	**138**	436,036	$1.49	Dec 2011	Jan 2012
	05.10.10	**51,474**	**75**	61,276	$3.14	Dec 2012	Jan 2013
Total		**2,388,052**	**359**	1,090,237			

The weighted average exercise price for options outstanding at 31 December 2011 was 42.64p (2010: 95.21p).

Included in options outstanding at 31 December 2011 are 370,323 SAYE options held by employees of the discontinued operations.

On 27 April 2011, 1,400,000 share options were granted to five members of the Group's Executive Committee to acquire ordinary shares at nil cost. The performance conditions are that one third of the options vest if the Company share price attains and remains at or above for thirty consecutive days each of: 300p; 350p; and 400p in the three year period commencing 27 April 2011. The options that vest will be exercisable between 27 April 2014 and 27 April 2021.

24 Share-based payments

Share options may be granted to senior management and in addition a SAYE scheme was available to all UK and US employees. The exercise price for SAYE options is equal to the market rate, plus any discount up to the limit imposed by the local tax authority at the pricing date.

The fair value of the options is determined using the Black-Scholes model for SAYE and Sharesave schemes and the Monte Carlo model for the Performance Share Plan and is spread over the vesting period of the options. The significant inputs into the model are an expected life of between 2.17 and 3 years for the SAYE and Sharesave options, the volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last 5 years and the risk-free rate is based on zero coupon government bond yields.

Continuing operations	**2011** **£'000**	2010 (restated) £'000
Charge resulting from spreading the fair value of options	**517**	183

In addition £35,000 was charged in respect of discontinued operations (2010: £32,000).

The fair value per option granted and the assumptions used in the calculation are as follows:

	Performance Share Plan	UK SAYE Schemes			US Sharesave Scheme	
Grant date	27/04/11	07/10/08	07/10/09	05/10/10	07/10/09	05/10/10
Share price at grant date	260p	129p	110p	232.5p	110p	232.5p
Exercise price	Nil	130p	87p	166p	$1.49	$3.14
Number of employees	5	12	88	41	138	75
Shares under option	1,400,000	52,563	423,257	51,161	409,597	51,474
Vesting period (years)	3	3	3	3	2.17	2.17
Expected volatility	40%	35%	40%	45%	40%	45%
Option life (years)	10	3.5	3.5	3.5	2.25	2.25
Expected life (years)	3.5	3	3	3	2.17	2.17
Risk free rate	1.7%	3.7%	2.0%	1.3%	2.0%	0.9%
Expected dividends expressed as a dividend yield	5.5%	5.5%	8.5%	5.5%	8.5%	5.5%
Possibility of ceasing employment before vesting	0%	10%	10%	10%	10%	10%
Expectations of meeting performance criteria	n/a	100%	100%	100%	100%	100%
Fair value per option	106p-164p	24.5p	24.0p	75.1p	22.3p	59.1p

A reconciliation of option movements over the period to 31 December 2011 is shown below:

	2011		2010	
	Number of shares	**Weighted average exercise price**	Number of shares	Weighted average exercise price
Outstanding at start of period	**1,090,237**	**95.21p**	1,110,244	97.76p
Granted	**1,400,000**	**–**	116,555	184.16p
Forfeited/cancelled	**(72,349)**	**117.06p**	(121,118)	97.64p
Exercised	**(10,641)**	**89.01p**	(3,160)	87.00p
Expired	**(19,195)**	**282.09p**	(12,284)	266.00p
Outstanding at end of period	**2,388,052**	**42.64p**	1,090,237	95.21p
Exercisable at end of period	**409,597**	**95.88p**	20,966	270.78p

24 Share-based payments continued

	2011				2010			
Range of exercise prices	Weighted average exercise price	Number of shares	Weighted average remaining life (years) Expected	Contractual	Weighted average exercise price	Number of shares	Weighted average remaining life (years) Expected	Contractual
Nil	**–**	**1,400,000**	**2.82**	**9.32**	–	–	–	–
£0.01 – £1	**91.36p**	**832,854**	**0.51**	**0.81**	90.98p	894,543	1.51	1.81
£1.01 – £2	**147.76p**	**103,724**	**0.99**	**1.49**	165.35p	182,700	1.90	2.24
£2.01 – £3	**202.05p**	**51,474**	**1.00**	**1.08**	–	–	–	–
£3.01 – £4	**–**	**–**	**–**	**–**	346.0p	12,994	0.00	0.50

25 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

Analysis of net cash/(debt)	Note	2011 £'000	2010 £'000
Cash at bank and in hand	18	**6,992**	5,215
Short term deposits	18	**5,500**	3,250
Current finance lease creditor	20	**(143)**	(135)
Current bank loans	20	**(3,952)**	(239)
		8,397	8,091
Non current bank loans	20	**(2,782)**	(8,037)
Non current finance lease creditor	20	**(152)**	(293)
Net cash/(debt)		**5,463**	(239)

26 Financial commitments

At 31 December 2011, the Group was committed to make payments in respect of non-cancellable operating leases in the following periods:

	2011		2010	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
In one year	**1,446**	**293**	1,501	274
In two to five years	**4,537**	**447**	4,426	382
In more than five years	**2,486**	**33**	3,371	–
	8,469	**773**	9,298	656

Included above is £3,590,000 (2010: £3,490,000) of commitments in respect of the Brand Addition operation, which is classified as 'held for sale' in the balance sheet.

27 Contingent liabilities

The Group has no known contingent liabilities (2010: none).

28 Capital commitments

The Group had capital commitments contracted but not provided for in the financial statements of £213,000 (2010: £79,000), of which £134,000 was in respect of discontinued operations (2010: £nil).

29 Related party transactions

The Group did not participate in any related party transactions.

Key management compensation is disclosed in note 3.

30 Post balance sheet events

The Board announced that a binding agreement to sell Brand Addition Limited and Kreyer Promotion Service GmbH was entered into on 16 February 2012, subject to Shareholder approval and regulatory clearances (see note 10).

Independent Auditors' report to the members of 4imprint Group plc

We have audited the parent company financial statements of 4imprint Group plc for the 52 weeks ended 31 December 2011 which comprise the Company balance sheet, Statement of changes in Company Shareholders' equity, Company cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Director's responsibilities set out on page 20, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its cash flows for the 52 weeks then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of 4imprint Group plc for the 52 weeks ended 31 December 2011.

Nicholas Boden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
7 March 2012

Company balance sheet

at 31 December 2011

	Note	2011 £'000	2010 £'000
Non current assets			
Property, plant and equipment	B	**180**	175
Investments	C	**104,182**	104,182
Deferred tax assets	D	**5,862**	5,883
Trade and other receivables	E	**45,673**	52,313
		155,897	162,553
Current assets			
Trade and other receivables	E	**39,274**	42,804
Cash and cash equivalents		**9,573**	4,555
		48,847	47,359
Current liabilities			
Trade and other payables	F	**(10,803)**	(3,951)
Borrowings	J	**(2,464)**	–
Provisions for other liabilities and charges	G	**(131)**	(281)
		(13,398)	(4,232)
Net current assets		**35,449**	43,127
Non current liabilities			
Retirement benefit obligations	H	**(23,547)**	(21,905)
Borrowings	J	**–**	(4,928)
Provisions for other liabilities and charges	G	**(160)**	(307)
Amounts due to subsidiary companies	K	**(60,831)**	(67,149)
		(84,538)	(94,289)
Net assets		**106,808**	111,391
Shareholders' equity			
Share capital	M	**9,939**	9,939
Share premium reserve		**38,016**	38,016
Capital redemption reserve		**208**	208
Retained earnings		**58,645**	63,228
Total equity		**106,808**	111,391

The financial statements on pages 63 to 72 were approved by the Board of Directors on 7 March 2012 and were signed on its behalf by:

John Poulter
Chairman

Gillian Davies
Group Finance Director

ACCOUNTS

Statement of changes in Company Shareholders' equity

	Share capital £'000	Share premium reserve £'000	Capital redemption reserve £'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	(161)	63,916	111,918
Profit for the period					3,875	3,875
Other comprehensive income/(expense)						
Actuarial losses on defined benefit pension scheme					(1,387)	(1,387)
Deferred tax on actuarial losses					388	388
Effect of change in UK tax rate					(219)	(219)
Total comprehensive income					2,657	2,657
Share based payment charge					215	215
Dividends					(3,399)	(3,399)
Balance at 1 January 2011	9,939	38,016	208	(161)	63,389	111,391
Profit for the period					**1,766**	**1,766**
Other comprehensive income/(expense)						
Actuarial losses on defined benefit pension scheme					**(3,855)**	**(3,855)**
Deferred tax on actuarial losses					**1,022**	**1,022**
Effect of change in UK tax rate					**(462)**	**(462)**
Total comprehensive expense					**(1,529)**	**(1,529)**
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**	**(124)**	**58,769**	**106,808**

Company 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	L	**4,729**	12
Finance income		**6,885**	8,633
Finance costs		**(489)**	(1,120)
Net cash generated from operating activities		**11,125**	7,525
Cash flows from investing activities			
Purchases of property, plant and equipment		**(37)**	(25)
Net cash used in investing activities		**(37)**	(25)
Cash flows from financing activities			
Proceeds from borrowings		**–**	4,928
Repayment of borrowings		**(2,464)**	(6,000)
Dividends paid to Shareholders		**(3,606)**	(3,399)
Net cash used in financing activities		**(6,070)**	(4,471)
Net movement in cash and cash equivalents		**5,018**	3,029
Cash and cash equivalents at beginning of the period		**4,555**	1,526
Cash and cash equivalents at end of the period		**9,573**	4,555

	2011 £'000	2010 £'000
Analysis of cash and cash equivalents		
Cash at bank and in hand	**4,073**	1,305
Short term deposits	**5,500**	3,250
	9,573	4,555

Notes to the Company's financial statements

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 principal accounting policies adopted in the preparation of these financial statements are the same as those adopted in the consolidated financial statements on pages 32 to 35 except for the investments policy noted below. These policies have been consistently applied to all the periods presented.

Basis of preparation
The financial statements have been prepared under the historical cost convention in accordance with IFRS, IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The standards used are those published by the International Accounting Standards Board (IASB) and endorsed by the EU at the time of preparing these statements (March 2012).

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

Use of assumptions and estimates
The preparation of the 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 critical accounting policies of the Company.

Pensions
As disclosed in note 4 the Company sponsors a closed defined benefit scheme. 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 Company is required to estimate the income tax in the jurisdiction 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.

Investments
Investments in subsidiaries are stated at cost. Impairment reviews are carried out if there is some indication that the carrying value of the investments may have been impaired. Where, in the opinion of the Directors, an impairment of the investment has arisen, provisions are made in accordance with IAS 36 'Impairment of assets'.

Company's income statement

Under Section 408 of the Companies Act 2006 an income statement for the Company is not presented. Profit after tax and before external dividends payable for the period of £1,766,000 (2010: £3,875,000) is included in the financial statements of the Company.

Distributable reserves

Of the £58,769,000 profit and loss reserve in the Company, £40,000,000 is currently considered not distributable as no qualifying consideration has yet been received and the debt is not expected to be settled within a reasonable period of time.

A. Employees

	2011 £'000	2010 £'000
Wages and salaries	**1,011**	1,071
Social security costs	**132**	131
Pension costs		
– Defined contribution plans	**61**	60
– Defined benefit scheme	**9**	38
Share option charges	**505**	172
	1,718	1,472

There were no termination costs in the Company.

The average number of people, including Executive Directors, employed by the Company during the year was 8 (2010: 8).

B. Property, plant and equipment

	Fixtures & fittings £'000
Cost:	
At 2 January 2010	210
Additions	25
At 1 January 2011	235
Additions	37
At 31 December 2011	**272**
Depreciation:	
At 2 January 2010	31
Charge for the period	29
At 1 January 2011	60
Charge for the period	32
At 31 December 2011	**92**
Net book value at 31 December 2011	**180**
Net book value at 1 January 2011	175

C. Investments

	Shares in subsidiary undertakings £'000
Cost:	
At 1 January 2011 and 31 December 2011	**104,182**

Subsidiary undertakings

The principal operating subsidiaries at 31 December 2011, are set out below. All of these subsidiaries are wholly owned. All subsidiaries have ordinary share capital only.

Company	Country of incorporation and operation	Business
4imprint Inc.	US	Promotional products
4imprint Direct Limited	England	Promotional products
Brand Addition Limited (formerly Broadway Incentives Limited)	England	Promotional products
Kreyer Promotion Service GmbH*	Germany	Promotional products
Product Plus International Limited	England	Dormant
SPS (EU) Limited	England	Promotional products

* Trading as Brand Addition

A complete list of investments held by the Company is included with the annual return submitted to Companies House.

An impairment test was performed on the carrying value of the investments in subsidiary undertakings. The recoverable amount was determined based on value in use calculations using cash flow projections based on financial budgets approved by management covering a two year period. Subsequent cash flows have been increased in line with past performance and management's view of market developments using long term growth rates of 2%. These growth rates do not exceed the long term average growth rates for the countries in which subsidiaries operate. The discount rates used of 12.6%-14.5% pre-tax are calculated using the capital asset pricing model.

D. Deferred tax

	2011 £'000	2010 £'000
At start of period	**5,883**	6,251
Income statement charge	**(581)**	(537)
Deferred tax credited to other comprehensive income	**560**	169
At end of period	**5,862**	5,883

The Company's deferred tax relates to the defined benefit pension scheme and accelerated capital allowances.

The deferred income tax credited to other comprehensive income is as follows:

	2011 £'000	2010 £'000
Actuarial gains	**1,022**	388
Effect of change in UK tax rate	**(462)**	(219)
	560	169

E. Trade and other receivables

	2011 £'000	2010 £'000
Amounts due from subsidiary companies	**84,669**	94,792
Other receivables	**235**	270
Prepayments and accrued income	**43**	55
	84,947	95,117
Less non current portion: Amounts due from subsidiary companies	**(45,673)**	(52,313)
	39,274	42,804

Current amounts due from subsidiary companies include £24,739,000 (2010: £34,142,000) which is interest bearing at market rates of interest. The balance is repayable on demand.

Non current amounts due from subsidiary companies are due within two to five years and are interest bearing at market rates of interest.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2011 £'000	2010 £'000
Sterling	**77,604**	84,560
US dollars	**5,791**	8,956
Euros	**1,552**	1,601
	84,947	95,117

F. Trade and other payables – current

	2011 £'000	2010 £'000
Other payables	**60**	87
Amounts due to subsidiary companies	**10,377**	3,494
Accruals	**366**	370
	10,803	3,951

The amounts due to subsidiary companies include £1,584,000 which is interest bearing, the remainder are interest free and all are repayable on demand.

G. Provisions for other liabilities and charges

	2011 £'000	2010 £'000
At start of period	**588**	–
Utilised	**(297)**	–
Charged to the income statement	**–**	588
At end of period	**291**	588

Analysis of provisions

	2011 £'000	2010 £'000
Current	**131**	281
Non current	**160**	307
Total	**291**	588

The provision relates to a Company guarantee for a leasehold property. This guarantee was maintained following the sale of the Henry Booth business by the Group in 2000. Bemrosebooth Ltd, who acquired the Henry Booth business, went into administration in 2010 and the Company became liable for the obligation to the end of the lease in March 2013.

H. Retirement benefit obligations

The amount recognised in the balance sheet represents the net liability in respect of the closed defined benefit scheme. Full details are contained in note 4 on pages 40 to 42.

J. Financial liabilities – borrowings

	2011 £'000	2010 £'000
Current bank loans	**2,464**	–
Non current bank loans	**–**	4,928
	2,464	4,928

	2011 £'000	2010 £'000
Non current borrowings		
Repayable in 1-2 years	**–**	4,928

Borrowings are denominated in Sterling and have an effective interest rate of 4.01% (2010: 3.76%).

K. Amounts due to subsidiary companies – non current

The amounts due to subsidiary companies, totalling £60,831,000, comprises £30,076,000 (2010: £36,394,000) due in two to five years and £30,755,000 (2010: £30,755,000) due after five years. Of the loans due after two years and under five years, £11,929,000 (2010: £18,247,000) are interest bearing at market rates of interest. All other loans are interest free.

L. Cash generated from operations

	2011 £'000	2010 £'000
Operating loss	**(3,479)**	(2,530)
Adjustments for:		
Depreciation charge	**32**	29
Exceptional non cash items	**575**	–
(Decrease)/increase in exceptional accrual	**(310)**	539
Share option non cash charges	**552**	215
IAS 19 current service cost	**9**	38
Contributions to defined benefit pension scheme	**(3,378)**	(2,501)
Exchange losses on inter-company loans	**27**	697
Changes in working capital:		
Decrease in trade and other receivables	**221**	106
(Decrease)/increase in trade and other payables	**(181)**	177
Increase in payables to subsidiary undertakings	**10,661**	3,242
Cash generated from operations	**4,729**	12

Reconciliation of net debt	2011 £'000	2010 £'000
Cash at bank and in hand	**4,073**	1,305
Short term deposits	**5,500**	3,250
Current bank loan	**(2,464)**	–
	7,109	4,555
Non current bank loans	**–**	(4,928)
Net cash/(debt)	**7,109**	(373)

The Company had financial commitments for land and buildings of £214,000 at 31 December 2011 (2010: £404,000). These are payable as follows: within 1 year £190,000 (2010: £190,000); in two to five years £24,000 (2010: £214,000).

M. Share capital

	2011 £'000	2010 £'000
Authorised		
39,000,000 (2010: 39,000,000) ordinary shares of 38 $^{6}/_{13}$ pence each	**15,000**	15,000
Allotted and fully paid		
25,840,552 (2010: 25,840,552) ordinary shares of 38 $^{6}/_{13}$ pence each	**9,939**	9,939

No ordinary shares were issued in the period (2010: Nil).

The options that have been granted and were outstanding under the Company's share option schemes are shown in note 23. Full details of the share option schemes are given in note 24.

Employees of the Company had interests in 41,724 SAYE options under the 7 October 2009 grant (2010: 41,724); and 900,000 options under the Performance Share Plan (2010: Nil).

N. Contingent liabilities
Guarantees have been given by the Company for letters of credit and import collections of £653,000 at 31 December 2011 (2010: £352,000).

P. Related party transactions
During the year the Company has been party to a number of transactions with fellow subsidiary companies:

	2011 £'000	2010 £'000
Income statement:		
Finance income due from subsidiary companies	**7,396**	8,633
Finance costs due to subsidiary companies	**781**	916
Balance sheet:		
Interest bearing loans due from subsidiary companies at end of period	**70,412**	86,455
Interest bearing loans due to subsidiary companies at end of period	**11,929**	18,247

Key management compensation, comprising only the Directors' remuneration, is disclosed in the Remuneration report on page 24, and was charged to the income statement of the Company.

All related party transactions were made on terms equivalent to those that prevail in arms length transactions.

Five year financial record

The Brand Addition business has been classified as a discontinued operation in 2011 and the 2010 comparatives have been restated. Prior periods have not been restated.

Income statement	**2011** **£'000**	2010 (restated) £'000	2009*† £'000	2008 £'000	2007 £'000
Revenue	**158,824**	143,723	169,088	168,085	146,823
Underlying operating profit	**8,486**	6,221	5,716	9,562	11,050
Defined benefit pension – current service charge	**–**	–	(28)	(68)	(91)
Share option charges	**(517)**	(183)	(537)	(370)	(595)
Goodwill impairment	**(4,743)**	–	–	–	–
Exceptional items	**(1,935)**	(1,125)	(771)	(3,553)	(5,273)
Share grant	**–**	–	–	–	(1,140)
Operating profit	**1,291**	4,913	4,380	5,571	3,951
Finance income	**–**	10	28	37	13
Finance costs	**(352)**	(519)	(343)	(756)	(458)
Net pension finance (charge)/income	**(581)**	(531)	(1,240)	218	(204)
(Loss)/profit before tax	**358**	3,873	2,825	5,070	3,302
Taxation	**(1,950)**	(906)	(424)	(1,520)	(1,072)
(Loss)/profit from continuing operations	**(1,592)**	2,967	2,401	3,550	2,230
Discontinued operations					
Profit from discontinued operations	**3,777**	3,895	–	–	–
Profit for the period	**2,185**	6,862	2,401	3,550	2,230

Continuing operations					
Revenue	**158,824**	143,723	126,541	115,012	100,420
Underlying operating profit	**8,486**	6,221	2,346	4,841	8,170

Basic earnings per ordinary share	**8.48p**	26.65p	9.39p	14.06p	8.93p
Dividend per share – paid and proposed	**14.60p**	13.70p	12.75p	12.25p	12.00p

Balance sheet	**2011** **£'000**	2010 £'000	2009† £'000	2008† £'000	2007 £'000
Non current assets (excluding deferred tax)	**12,904**	23,330	23,887	23,273	20,791
Deferred tax assets	**6,115**	6,348	7,558	6,244	4,334
Net current assets	**13,138**	18,151	8,106	16,793	16,142
Net assets held for sale	**7,916**	–	–	–	–
Pension liability	**(23,547)**	(21,905)	(22,450)	(16,937)	(10,549)
Other liabilities	**(3,469)**	(8,713)	(2,543)	(8,600)	(6,000)
Shareholders' equity	**13,057**	17,211	14,558	20,773	24,718
Net cash/(debt)	**5,464**	(239)	(3,126)	(4,189)	(7,077)

* 2009 is a 53 week period, other periods are 52 weeks.
† Restated for amendments to IAS 38 re marketing costs.

Registered office and Company advisers

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