



4imprint Group plc
Annual Report and Accounts 2010

Promoting business



4imprint is a leading international supplier of promotional products

4imprint Group plc is a leading international distributor of promotional products and comprises three Divisions supplying promotional products under three brand names: 4imprint; Brand Addition; and SPS.

4imprint Direct Marketing

The leading Direct Marketing promotional products business 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.

Brand Addition

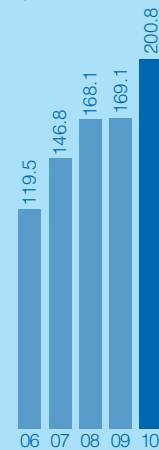
The UK market leader in sales of outsourced promotional product programmes, supplying large and medium sized customers throughout UK and Europe, principally through contractual and preferred supplier relationships. Operations in Manchester, London and Germany and sourcing offices in Hong Kong and China.

SPS

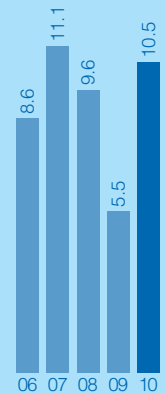
A trade supplier selling promotional products to distributors in UK and Europe for onward sale to their customers. The company has specialist manufacturing and sourcing capability together with an extensive range of printing and branding facilities.

4imprint Group

Revenue
£m



Underlying
operating profit
£m



Promoting business . . . some products from our range



Highlights

- Group revenue was £200.77m, an increase of 19%
- Underlying operating profit* was £10.49m, an increase of 92%
- Underlying profit before tax was £9.98m (2009: £5.14m)
- Profit before tax was £8.09m (2009: £2.83m)
- Year end net debt was £0.24m, a reduction of £2.89m
- Underlying basic earnings per share 32.87p (2009: 17.07p)
- Basic earnings per share 26.65p (2009: 9.39p)
- Final dividend proposed of 9.0p (2009: 8.5p)

* Underlying operating profit is operating profit before IAS 38 marketing cost adjustment, defined benefit pension charges, share option costs and exceptional items

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Group operations



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

Customers use promotional products as an integral part of their sales and marketing activities, employee/volunteer/student recruitment and recognition schemes, health and safety programmes and other initiatives where branded products make a lasting connection between an organisation and the recipient. The Division's objective is to take advantage of the growing significance of

promotional products in the overall marketing and advertising mix and the trend towards internet driven purchasing of these items.

Customers in the USA and Canada are served from the divisional headquarters in Oshkosh, Wisconsin. The UK operation serves the UK and Ireland. Both sites use a common, proprietary technology platform that delivers a highly efficient customer service and order fulfilment process that includes art preparation, targeted samples and industry leading turnaround time backed up by an 'on-time or free' promise.

The marketing process includes websites, catalogues, subscription e-mails, internet advertising, educational content and exclusive Blue Box® mailings which deliver targeted product samples and marketing materials to

brand addition

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

Its customers who wish to enhance their brand profile using corporate marketing activity and to increase

their revenue via consumer promotion campaigns are amongst the best known businesses in the world. It supplies businesses across all industry sectors with particular strength within Financial Services, Technology, Health and Beauty, Automotive and Engineering.

Using the expertise of its operations in UK and Germany as well as its Asian sourcing operations, Brand Addition offers its customers a range of services to support their requirements across UK and European locations. These



SPS 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 the largest UK manufacturer of promotional items.

SPS's customer base comprises more than 2,000 UK and Ireland based distributors. This includes 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 the local promotional product industry.

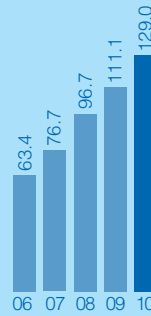
Based on an annual catalogue with a print run of over 100,000, which is used extensively throughout the industry, and supplemented by targeted product focussed catalogues, SPS sells an extensive range of manufactured and sourced products and has a wide range of manufacturing, printing and branding capability including

encourage customers to discover creative ways to use promotional items.

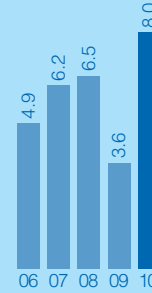
The business works closely with a small group of supply partners to create an extensive product range to meet the needs of customers. The range includes everything from basic giveaways like pens, bags and drinkware, to exclusive products, full colour trade show displays, embroidered clothing and more, all of which can be ordered through the websites or over the phone with the assistance of the customer care team.

In addition to favourable growth characteristics, the business is highly cash generative. Working capital requirements at around 5% of sales are low, driven by minimal inventory and an increasing proportion of sales being paid by credit card.

Total revenue
£m



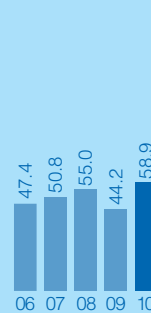
Underlying operating profit
£m



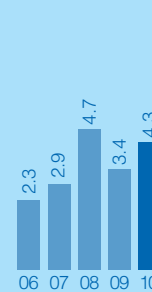
include creative design, bespoke product ranges, ethical sourcing, logistical and inventory management expertise together with account management and web based selling solutions.

The business has 230 employees who are based at sites in the UK, Germany and Asia. The business is cash generative with minimal fixed capital investment and modest investment in working capital.

Total revenue
£m



Underlying operating profit
£m



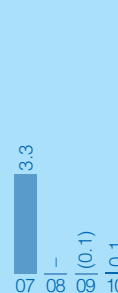
injection moulding, pad production, litho, screen, pad and digital printing, labelling and embroidery.

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 leadtimes.

Total revenue*
£m



Underlying operating profit*
£m



*Division formed in 2007

Chairman's statement



The Group delivered a good performance with strong revenue and operating profit growth as well as a reduction in net debt. The Group has seen some recovery in the markets it serves during the year. However, it has grown revenue and profitability at a rate well ahead of this recovery as the 4imprint Direct Marketing and Brand Addition Divisions continue to grow their market share.

Group revenue for the year was £200.77m, an increase of 19% over prior year. Underlying operating profit* was £10.49m, 92% ahead of prior year. Underlying operating margin increased to 5.2% from 3.2% in the prior year. Profit before tax was £8.09m (2009: £2.83m), an increase of 186%.

Operating cash flow was strong and cash generated from operations was £7.85m (2009: £7.63m) after a modest increase of £1.69m in working capital to support revenue growth (2009: £3.15m decrease) and contributions to the defined benefit pension fund of £2.50m (2009: £2.46m). Net debt reduced to £0.24m from £3.13m at the end of 2009.

Basic earnings per share were 26.65p (2009: 9.39p)

Divisional performance

4imprint Direct Marketing

Total revenue £128.97m (2009: £111.14m)

Revenue in the Division grew strongly and was 16% ahead of 2009, increasing market share. Underlying operating profit of £7.97m was more than double prior year. Both new and existing customer orders were significantly ahead of prior year as the business saw improvement in the yield on its prospecting catalogue and internet marketing spend coupled with further growth in its customer file and retention rate of existing customers. New customer orders in North America were up 14% over prior year and existing customer orders were up 27%. The UK business traded profitably on revenue which increased by 12% over the prior year.

Brand Addition

Total revenue £58.89m (2009: £44.22m)

Revenue in the Division grew by 33% compared to 2009. Underlying operating profit was £4.28m, 27% ahead of prior year. The Division benefited from new corporate contracts gained at the end of 2009 and during 2010, as well as some recovery in spend from its existing customer base. The Division continues to expand its geographic reach and has invested in people to maintain its service levels and expertise across a diverse range of industry sectors.

SPS

Total revenue £16.25m (2009: £16.85m)

Revenue in the Division was 4% below prior year. Underlying operating profit was £0.06m compared to a small loss in 2009. As a result of the weak performance, further cost cutting initiatives have been undertaken during the year. In addition the business has strengthened its senior management team with particular emphasis on sales and marketing.

Dividend

The Board has recommended a final dividend of 9.0p per share, an increase of 6% compared to 2009. The Board seeks to pay a progressive dividend whilst having regard for the performance and cash requirements of the Group.

Strategy

The Board reiterates its strategy of revenue investment in driving profitable organic growth in its three Divisions and continuing to grow market share.

The Board continues to examine ways of reducing the risk of the pension fund to the Group. An early retirement exercise was completed in 2010 and an offer allowing deferred members to transfer funds out of the scheme at an enhanced value is underway. The Board will continue to seek further strategic opportunities to reduce the pension deficit.

Outlook

The positive trading trends experienced in 4imprint Direct Marketing and Brand Addition in 2010 have continued into the early part of the new year. The Board, while mindful of the potential macroeconomic risk, remains optimistic for the performance of the Group in 2011.

John Poulter

Chairman
2 March 2011

* Operating profit before IAS 38 marketing cost adjustment, defined benefit pension charges, share option costs and exceptional items.

Finance Director's report

Group results

	2010 £m	2009 restated £m	Change
Group revenue	200.77	169.09	+19%
Underlying operating profit*	10.49	5.45	+92%
Operating profit	8.60	3.14	+174%
Profit before tax	8.09	2.83	+186%
Net debt	(0.24)	(3.13)	+£2.89m

* Operating profit before IAS 38 marketing cost adjustment, defined benefit pension charges, share option costs and exceptional items.

Divisional summary

	2010 £m	Revenue 2009 £m	Change
4imprint Direct Marketing	128.97	111.14	+16%
Brand Addition	58.89	44.22	+33%
SPS	16.25	16.85	-4%
Inter-segment	(3.34)	(3.12)	
	200.77	169.09	+19%

Revenue increased in both the 4imprint Direct Marketing and Brand Addition Divisions with a small decrease in SPS. The Group estimates that the impact of the 53 v 52 week reporting period in 2009 v 2010 resulted in approximately a £1m reduction in revenue in the 4imprint Direct Marketing Division.

	Underlying operating profit 2010 £m	2009 restated £m	Change
4imprint Direct Marketing	7.97	3.56	+124%
Brand Addition	4.28	3.37	+27%
SPS	0.06	(0.06)	
Head Office	(1.82)	(1.42)	
	10.49	5.45	+92%

Underlying operating profit increased in all Divisions as a result of tight control of costs and investment in marketing and infrastructure to grow market share resulting in increased revenue in the 4imprint Direct Marketing and Brand Addition Divisions.

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

These are discussed in the divisional operating reviews and in this report.

IAS 38 Marketing cost adjustment

As discussed in the interim statement the Group has adopted the amendment to IAS 38 'Intangible assets' in these financial statements. The amendment requires the expense for mail order catalogues and related marketing expenses to be recognised when the Group has access to the catalogues rather than when the catalogues are distributed. At the end of the year catalogues to which the Group had access are expensed rather than being included in prepayments. This resulted in a small increase in 2010 profit of £0.02m (2009: £0.26m), following restatement of 2008 and 2009 balance sheets.

Share option charge

The Group charged £0.22m (2009: £0.54m) to operating profit. In 2010 this charge is in respect of employee share option schemes in the UK and USA. The charge has been restated in line with a clarification to IFRS 2 'Share-based payments' that the cancellation of options by employees results in a charge of the full remaining cost of the options. This has resulted in an increase in the 2010 charge of £0.10m (2009: £0.11m). The charge is a non cash item.

Defined benefit pension scheme

The Group sponsors a defined benefit pension scheme, closed to new members. At 5 April 2010 (the date of the triennial valuation), the scheme had 1,170 pensioners (2009: 982) and 1,042 deferred members (2009: 1,293) and 2 active members (2009: 2).

The triennial valuation of the scheme as at 5 April 2010 was completed in December 2010 and resulted in a deficit on a scheme funding basis of £26.26m, based on assets of £74.94m and liabilities at £101.20m. At the year end, the IAS 19 pension valuation showed a £21.91m deficit with an increase in assets to £77.55m and liabilities at £99.46m (see note 4). The Group has agreed a cash contribution rate to the scheme of £3m for 2011 (increasing at 3% per annum).

The deficit of £21.91m is £0.55m less than the previous year end. This is due to higher asset values (£3.50m) offset by higher liability (£2.95m), as a result of a reduction in the discount rate from 5.8% to 5.5%.

During the year an early retirement exercise was undertaken and 184 members opted to take early retirement from the scheme. In addition, the Company is proposing to make an enhanced transfer value offer to those deferred members who wish to receive it. A trivial commutation exercise is also ongoing. In addition, from March 2011 the scheme will be closed to future accrual.

Exceptional items

The Group charged £1.13m to exceptional items in the year (2009: £0.77m).

Exceptional charges of £0.54m related to further restructuring in the SPS Division – including reduction in headcount and the planned closure of an off site warehouse in early 2011.

An exceptional charge of £0.59m related to a 4imprint Group plc 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 4imprint became liable for the obligation to the end of the lease in March 2013. An extensive search has not revealed any other historical property guarantees.

Taxation

The Group tax charge was £1.23m (2009: £0.42m), an effective rate of 15% (2009: 15%). The tax charge is below the Group's marginal rate due principally to the utilisation of previously unrecognised tax losses. The Group had a tax cash refund of £0.60m in the year and paid tax of £0.10m in overseas territories.

Earnings per share

Underlying basic earnings per share were 32.87p (2009: 17.07p) and basic earnings per share were 26.65p (2009: 9.39p). The calculations are set out in note 9.

Dividend

The Board has proposed a final dividend of 9.0p which together with the interim dividend of 4.7p, gives a dividend paid and proposed for the period of 13.7p, an increase of 7.5% compared to prior year.

Cash flow

The Group's net debt at 1 January 2011 was £0.24m, a reduction of £2.89m in the year. The principal components of the cash flow movement are:

	£m
Underlying operating profit	10.49
Working capital movement	(1.69)
Depreciation and amortisation	2.06
Capital expenditure	(1.54)
Cash exceptional items	(0.53)
	8.79
Tax and interest	0.02
Defined benefit pension contributions	(2.50)
Dividends	(3.40)
Exchange and other	(0.02)
Reduction in net debt	2.89

Net debt

	2010 £m	2009 £m
Cash and cash equivalents	8.46	5.61
Borrowings due in less than one year	(0.37)	(6.20)
Borrowings due after one year	(8.33)	(2.54)
	(0.24)	(3.13)

Borrowing facilities

The Group agreed new facilities with Lloyds TSB Bank plc in January 2010 and with JPMorgan Chase Bank in the USA in August 2010. These facilities are set out below.

The Group has a £9.75m facility with Lloyds TSB Bank plc, its principal banker. A £6m facility at an interest rate of LIBOR plus 3%, repayable on 31 December 2012, a £1.75m mortgage at an interest rate of LIBOR plus 2.75%, repayable £0.25m on 30 December 2011 and £1.5m on 31 December 2012 and an overdraft facility of £2m at base rate plus 2.75% renewable on 31 December 2011. The Group's US subsidiary has a facility of US\$10m with JPMorgan Chase Bank, at an interest rate of US\$ LIBOR plus 1.5% repayable on 20 April 2012.

The Group had headroom on its borrowing facilities of £7.77m at year end; together with cash balances of £8.46m; in total available funding of £16.23m.

Balance sheet and Shareholders' funds

	2010	2009 restated
	£m	£m
Non current assets	29.68	31.45
Working capital	10.68	8.64
Net debt	(0.24)	(3.13)
Pension deficit	(21.91)	(22.45)
Other (liabilities)/assets	(1.00)	0.05
Net assets	17.21	14.56

Net assets increased by £2.65m with the principal movements being profit for the period £6.86m offset by dividend payments totalling £3.40m and a net pension deficit adjustment to reserves £1.10m.

Exchange

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

	2010		2009	
	Year End	Average	Year End	Average
US Dollar	1.57	1.55	1.61	1.56
Euro	1.17	1.17	1.13	1.12

The movements in the average rates in the year increased operating profit in the US business by £0.09m and reduced the operating profit of the German business by £0.04m. The movements in the year end rates resulted in an increase in US dollar denominated overseas subsidiaries assets of £0.23m and a decrease in Euro denominated overseas subsidiary assets of £0.09m.

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, goodwill and inventory provisions.

New accounting standards

As already mentioned the Group has adopted the amendment to IAS 38 'Intangible assets' and the clarification to IFRS 2 'Share-based payments' in the period. In addition the adoption of the following standards have impacted on the financial statements:

IAS 1 'Presentation of Financial Statements' (Revised 2007): IAS 1 (revised) requires the presentation of a statement of changes in equity as a performance statement. As a result, a Group statement of changes in Shareholders' equity has been included in the primary

statements rather than in the notes. The Group has elected to show the Income statement and Statement of comprehensive income as separate performance statements.

IFRS 8 'Operating segments' and other new or amended standards effective during the period have not impacted upon the financial statements.

Treasury policy

Treasury policy is to manage centrally the financial requirements of the Divisions in line with their business needs. The Group operates cash pooling arrangements on currency accounts separately for its US operations and its UK operations. The Group enters into forward contracts to buy or sell currency relating to specific receivables and payables. It matches its remaining currency requirements in its UK Divisions with currency cash flows arising in its overseas subsidiaries and holds the majority of cash or borrowings with its principal UK banker.



Gillian Davies

Group Finance Director
2 March 2011

Operating review



	2010	2009 restated
	£'000	£'000
External revenue	128,972	111,138
Underlying operating profit	7,973	3,557
Operating profit	7,998	3,838

Revenue in the Division increased 16% over 2009 (15% at constant currency) as continuous enhancement of marketing techniques, more favourable market conditions and the decision to maintain marketing investment during the economic downturn in 2009 allowed the business to emerge from the recession in a strong position. In 2010, North American revenue in US Dollars was \$190.1m, compared to \$165.4m in the previous year. Revenue in the UK and Ireland was £6.0m, compared to £5.3m in 2009. Operating profit was more than double that of 2009 driven largely by the improving yield on customer acquisition activities.

Industry sources in the USA estimate the size of the promotional products industry in 2010 to be \$17.4bn. This represents a 9% increase over 2009, but is still 12% below the 2008 market estimate of \$19.8bn. In contrast, 4imprint Direct Marketing revenue in the USA increased by 12% between 2008 and 2010. 4imprint's revenue in the UK and Canadian markets is also well above pre-recession levels.

In 2010, the yield on prospecting activities improved, generating an 11% increase in customers acquired during the year to more than 100,000. In addition, existing customers were retained at a higher rate, a result of increasingly sophisticated marketing programmes that deliver highly targeted materials to each individual

customer. Orders from existing customers produce a stronger contribution as the cost of acquisition has already been absorbed. Together, these prospecting and retention dynamics along with a stabilised average order value were the principal factors contributing to increases in profitability and return on sales in the year.

2010 was a year of progress for the developing UK based Direct Marketing business. Although the UK economic conditions remain uncertain, revenue increased by 12%, reflecting the progress made in both prospecting and customer retention activities and the business made a small profit.

The business is committed to creating a working environment that attracts and retains the best employees and equips them with the training and tools they need to deliver the superior customer experience that is a key component to growth. In 2010, this was reflected in the North American operation being named for the third consecutive year in the list of 'Best Small & Medium Workplaces in America' by the Great Place to Work Institute® and the 'Investors in People' accreditation achieved in the UK.

The Division remains highly cash generative, with net operating cash inflow broadly equivalent to operating profit in the year.

Promoting business . . . some products from our range



brandaddition

	2010 £'000	2009 £'000
External and inter division revenue	58,886	44,219
External revenue	58,414	43,594
Underlying operating profit	4,284	3,370
Operating profit	4,284	3,183

Total revenue in Brand Addition at £58.89m increased 33% over 2009 and underlying operating profit increased by 27%. The revenue growth in 2010 was a result of new contracts gained, including some major international customers gained in 2009, as well as an improvement in sales to existing customers as the economic environment stabilised.

The Division continues to pursue its strategy of providing value added service to its existing customers whilst vigorously pursuing new business opportunities, expanding both its market share and geographic reach. Over half of the Division's revenue comes from outside the UK.

Underlying operating profit was £4.28m, £0.91m ahead of prior year. Operating margin was slightly lower than prior year as a result of customer mix and some foreign exchange impact. The Division also invested in its customer facing teams to ensure that it continues to deliver excellent service to customers as well as pursuing its business growth strategy and maintaining strong control of costs.

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



Operating review continued



	2010	2009 restated
	£'000	£'000
External and inter division revenue	16,252	16,847
External revenue	13,382	14,356
Underlying operating profit/(loss)	57	(56)
Operating loss	(486)	(73)

Total revenue for 2010 at £16.25m was 4% below prior year. Further production efficiencies and cost cutting initiatives were undertaken in the year to mitigate the reduction in revenue. Underlying operating profit before depreciation in 2010 was £0.77m compared to £0.71m in 2009. Underlying operating profit for 2010 was £0.06m compared with a loss of £0.06m in 2009.

The business continues to focus on improving its revenue and customer service levels and has strengthened its senior management, sales and customer service teams during the year. In addition, the business continues to focus on its product offering with further

product development in manufactured products being undertaken and modest investment in new digital printing, embroidery and screen printing technology.

The business continued to maintain tight control of working capital and cash generated in the year was ahead of underlying operating profit before depreciation and amortisation.

Exceptional costs in the year related to reduction in headcount from 227 to 211 and closure of an off site warehouse.

Promoting business . . . some products from our range



Board of Directors



J.W. Poulter, 68

Chairman

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



G. Davies, 43

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.



A.J. Scull, 54

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.



I. Brindle, 67

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, 63

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 1 January 2011. The Company's statement on Corporate Governance is included in the Corporate Governance Report on pages 16 to 20 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 28.

Dividends

An interim dividend of 4.7p per ordinary share was paid on 15 September 2010 and the Directors recommend a final dividend of 9.0p per share. The proposed final dividend, if approved, will be paid on 4 May 2011 in respect of shares registered at the close of business on 1 April 2011.

The total distribution paid and recommended for 2010 on the ordinary shares is £3.53m or 13.7p per share (2009: £3.24m or 12.75p per share).

Charitable and political donations

The Group contributed the following sums:

	2010 £'000	2009 £'000
Charitable purposes	80	79

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 a \$500 in-kind grant 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 4imprint Group businesses, but the list is not exhaustive and other factors may adversely affect the Group.

1. Macroeconomic conditions

The revenues, profits and cash flows of the Group may vary from period to period as a result of a variety of factors including general economic conditions, seasonal trends, disruption in specific industries, customers defaulting on payments, delays in obtaining stocks or raw materials, increased costs associated with obtaining banking facilities and falls in spending on promotional products. Specific examples include:

- Currency fluctuations which are relevant to all the Divisions;
- Variations in commodity prices, labour costs and prices of raw materials, energy and bought in goods which are particularly relevant to SPS and to 4imprint Direct Marketing which also has significant advance costs in printing and despatching catalogues;
- Credit Risk in the current economic environment, which is relevant to all the Divisions;
- Changes in interest and tax rates which are relevant to all the Divisions; and
- Technology risks associated with, for example, use of the internet which is particularly relevant to 4imprint Direct Marketing.

2. Market competitors and new products

The Group operates in a competitive market, competing with other national and international producers 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 condition and results of operations.

3. Operational risks

Operational risks are present in the Group's business. These risks include the risk of inadequate or failed internal and external processes and systems, departure of key management personnel, human error and external events such as changes in credit terms offered by suppliers, major disruption to delivery services or to the product supply chain.

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, rates, 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.

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.

6. Change in law or regulation

A major change in law or regulations, for example privacy laws restricting the mailing of catalogues or purchase of products over the internet, could adversely affect the Group's results or 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 25. The biographical details of the Directors, committee memberships, independence status and identification of the Senior Independent Director are given on page 11.

Neither the Directors, 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 1 December 2010.

Health and safety

During 2010, 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 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 following Annual General Meeting and is then eligible for election by the Shareholders.

At every Annual General Meeting of the Company, a minimum of one third of the Directors shall retire by

Directors' report continued

rotation. 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 2010 and up to 2 March 2011. A Qualifying Third Party Indemnity Agreement has been signed 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), is 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 to 10. 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 21 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 19. 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 accounts.

Directors' interests in the share capital of the Company

Details of share and option holdings are set out in the Remuneration report on pages 25 and 26. 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 23 and 24.

Purchase of own shares

Following the approval, at the 2010 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 2010 until the earlier of the end of the 2011 Annual General Meeting and 25 July 2011 unless previously cancelled or varied by the Company in general meeting. No such cancellation or variation has taken place.

Substantial interests

At 17 February 2011 the Company had been notified of the following interests in the issued ordinary share capital of the Company:

	Number of shares	%
Aberforth Partners	4,676,500	18.10
SVG Investment Managers	3,315,492	12.83
Artemis Investment Management	2,634,096	10.19
Mr K.J. Minton	1,718,010	6.65
Aviva Investors	1,683,636	6.52
Hermes Pensions Management	1,405,270	5.44
Standard Life Investments	1,071,975	4.15
Gartmore Investment	981,813	3.80
Legal and General Investment	813,553	3.15

Waiver of dividends

The dividend income in respect of the 90,325 shares (2009: 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 (2009: £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
2 March 2011

Statement on Corporate Governance

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

During 2010 the Group has complied with the provisions of the Combined Code (2008), except for the following matter:

There is no Group Chief Executive but the role of Executive Chairman was undertaken by Mr K.J. Minton until his retirement on 31 August 2010. Mr J.W. Poulter was appointed as Chairman on that date. (Principle A.2.1).

The structure of the Group is such that there are three Divisions, each of which has 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 R.W.G. MacLeod – SPS; and the Divisional Finance Director of 4imprint Direct Marketing, Mr D.J.E. Seekings, are members of the Executive Committee, together with the Chairman, the Group Finance Director and the Corporate Services Director. The Executive Committee meets usually 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 receives 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 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 1 December 2010. 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 17 to 19.

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. During 2009, a search was undertaken, without the use of an external search consultancy or open advertising, with a view to the appointment in 2010 of an additional Non-Executive Director who would, subsequent to appointment as a Non-Executive Director, take on the role of Chairman. During 2010 Mr J.W. Poulter acted as a Non-Executive Director from the date of his appointment on 1 May 2010 until the date of his appointment as Chairman on 1 September 2010. Mr J.W. Poulter was considered independent on appointment. 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 1 December 2010 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 Non-Executive Directors, led by the Senior Independent Non-Executive Director would, customarily, undertake an evaluation of the performance of the Chairman, taking into account the views of the Executive Directors. As Mr J.W. Poulter has only recently been appointed as Chairman, a formal evaluation has not yet been undertaken.

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	1
Mr J.W. Poulter*	5	1	1	–
Mr K.J. Minton	4	2	1	–
Mr I. Brindle	7	2	2	1
Ms G. Davies	7	2	–	–
Mr A.J. Scull	7	2	–	–
Mr N. Temple	7	2	2	1

*Mr J.W. Poulter was appointed as a director on 1 May 2010 and succeeded Mr K.J. Minton as Chairman following Mr Minton's retirement on 31 August 2010.

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; (ii) identifying and nominating candidates for the approval of the Board to fill Board vacancies as and when they arise; (iii) putting in place plans for succession at Board level; and (vi) recommending Directors who are retiring by rotation to be put forward for re-election.

The Nomination Committee was chaired throughout 2010 and at the date of this report by Mr N. Temple, an Independent Non-Executive Director. The other member of the Committee during 2010 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 attends 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 1 December 2010. 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 not specific decisions or recommendations to be made, the Chairman of the Committee consults the other member of the Committee as necessary. During 2010, the Nomination Committee held one meeting to consider the appointment of Mr J.W. Poulter.

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

Statement on Corporate Governance continued

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 2010 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 attends 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 1 December 2010. These Terms of Reference are available for inspection at the Company's registered office during normal business hours.

The Remuneration Committee met twice during 2010. 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 2010 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 1 December 2010. 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 2010.

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 (2008). 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 frauds perpetrated against the Group.

During 2010, the Group's auditors provided non-audit advice in a number of areas, including, for example, tax advisory work, and pension advice. 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. No such references were made during 2010.

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.

The Board has specifically reviewed the nature and extent of non-audit work carried out by the auditors in 2010 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 to external audit 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, have 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.

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.

Statement on Corporate Governance continued

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 Investor Relations Section of the 4imprint website 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 16, 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 2010 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 through 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 33.

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

Share capital

Details of the Company's share capital are provided in the Directors' Report on pages 12 to 15.

Going concern

The going concern statement is on page 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 11 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 15 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
2 March 2011

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 17 and 18 of the Annual Report and Accounts.

The members of the Committee are Mr I. Brindle and Mr N. Temple who, throughout 2010 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 2010 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 1 January 2011	Notice period (i) from Company (ii) from Director	Contractual Termination payment
J.W. Poulter	24 March 2010	Twenty eight months	(i) Three months* (ii) Three months	(i) See below ** (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

* Such notice not to be given prior to 1 February 2011.

** Contractual benefit up to a maximum of three months if notice given by the Company on or after 1 February 2011 reducing to no contractual benefit if notice is given on or after 1 May 2011.

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 also provided that his appointment as a Director of the Company may also be terminated, without any entitlement to compensation by either party giving to the other three months written notice, in which case the date of termination will be the date on which the three months notice expires, provided that no such notice may be given by the Company prior to 1 February 2011. No such notice has been given by either party.

Additionally, if, during the period between 1 May 2010 and 30 April 2011, the Company terminates the appointment, he shall be entitled to receive payment for any unexpired period commencing on the date of such termination and ending on 30 April 2011.

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 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 30% 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	77%	23%
A.J. Scull	77%	23%

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 1 January 2011 are set out in Note (a) on page 25 of the Remuneration Report.

Remuneration report continued

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. Since 23 October 2009, other than an option scheme relating specifically to Mr K.J. Minton, which scheme terminated on 31 August 2010, there has been no share option scheme in effect, other than an SAYE scheme.

Option grants were made during the period ended 1 January 2011, in respect of the SAYE scheme only.

It is the intention that a share option scheme will be proposed for approval by Shareholders at the 2011 Annual General Meeting. It is the intention that Mr J.W. Poulter will be a participant in such share option scheme.

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 25 and 26.

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 11.

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 1 January 2011	Holding at 2 January 2010
J.W. Poulter	10,000	–
G. Davies	104,950	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 1 January 2011.

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

	2010 £'000	2009 £'000
Emoluments of the Directors of 4imprint Group plc are as follows:		
Fees and contractual salary payments	614	466
Performance related bonus	180	–
Aggregate emoluments of the highest paid Director	237	166

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

	Note	Basic salary/fee £'000	Benefits £'000	Performance bonus £'000	Total emoluments	
					2010 £'000	2009 £'000
Executive						
J.W. Poulter	(b) (d)	80	–	–	80	–
K.J. Minton	(b) (e) (f)	80	12	80	172	55
G. Davies	(a)	170	15	50	235	165
A.J. Scull	(a)	170	17	50	237	166
Non-Executive						
I. Brindle	(b)	35	–	–	35	45
N. Temple		35	–	–	35	35
Total 2010		570	44	180	794	
Total 2009		400	56	10		466

Notes:

- The Group made defined contributions to the pension plans of Ms G. Davies and Mr A.J. Scull, amounting to £25,500 (2009: £22,500) each.
- Mr K.J. Minton, Mr J.W. Poulter and the Non-Executive Directors do not have any pension arrangements with the Group.
- Benefits include a company car allowance, travel costs and medical insurance.
- Mr J.W. Poulter was appointed a director on 1 May 2010.
- Mr K.J. Minton resigned as a director on 31 August 2010.
- At its meeting on 24 February 2010, the Remuneration Committee approved a Bonus payment for Mr K.J. Minton, conditional upon the Group meeting or exceeding its budgeted profit target for the period commencing on 3 January 2010 and ending on the date that Mr Minton ceased to be Executive Chairman. The bonus was to be equivalent in amount to the salary paid to Mr Minton during the same period.

Remuneration report continued

Directors' options over the share capital of the Company

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

	Holding at 1 January 2011	Date of grant	Exercise price	Exercisable	
				From	To
G. Davies					
– 2009 SAYE	10,431	7 Oct 2009	87p	1 Jan 2013	30 June 2013
A.J. Scull					
– 2009 SAYE	10,431	7 Oct 2009	87p	1 Jan 2013	30 June 2013

Gains on the exercise of options in the period by Ms Davies and Mr Scull were nil each (2009: £229,500 each).

During 2010 the middle market value of the share price ranged from 120p to 275p and was 270p at the close of business on 1 January 2011.

Details of share options granted by 4imprint Group plc as at 1 January 2011 are given in note 22. 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
2 March 2011

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 1 January 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 21, 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.

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 1 January 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 Corporate Governance statement set out on pages 16 to 20 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.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 14, in relation to going concern;
- the part of the Corporate Governance statement relating to the Company's compliance with the nine provisions of the June 2008 Combined 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 1 January 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
2 March 2011

Group income statement

for the 52 weeks ended 1 January 2011

	Note	2010 52 weeks £'000	2009 53 weeks restated* £'000
Revenue	1	200,768	169,088
Operating expenses	2	(192,172)	(165,948)
Operating profit	1	8,596	3,140
Operating profit before exceptional items		9,721	3,911
Exceptional items	5	(1,125)	(771)
Operating profit	1	8,596	3,140
Finance income	6	13	28
Finance costs	6	(522)	(343)
Profit before tax		8,087	2,825
Taxation	7	(1,225)	(424)
Profit for the period – attributable to equity Shareholders		6,862	2,401
Earnings per share			
Basic	9	26.65p	9.39p
Diluted	9	26.05p	9.29p

* Note 25

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

Group statement of comprehensive income

for the 52 weeks ended 1 January 2011

	Note	2010 52 weeks £'000	2009 53 weeks restated* £'000
Profit for the period		6,862	2,401
<i>Other comprehensive income/(expense)</i>			
Exchange differences on translation of foreign subsidiaries		193	(1,123)
Actuarial losses on defined benefit pension scheme	4	(1,387)	(6,701)
Tax relating to components of other comprehensive income		388	1,876
Effect of change in UK tax rate		(219)	–
Other comprehensive expense net of tax		(1,025)	(5,948)
Total comprehensive income/(expense) for the period		5,837	(3,547)

* Note 25


Group balance sheet

at 1 January 2011

	Note	2010 £'000	2009 restated* £'000	2008 restated* £'000
Non current assets				
Property, plant and equipment	10	12,580	13,063	12,548
Intangible assets – goodwill	11	9,084	9,084	9,084
Other intangible assets	12	1,657	1,730	1,630
Investments	13	9	10	11
Deferred tax assets	14	6,348	7,558	6,244
		29,678	31,445	29,517
Current assets				
Inventories	15	6,317	7,022	8,449
Trade and other receivables	16	29,947	23,207	27,685
Cash and cash equivalents	17	8,465	5,613	4,411
		44,729	35,842	40,545
Current liabilities				
Trade and other payables	18	(25,588)	(21,390)	(23,601)
Current tax		(239)	(150)	(151)
Borrowings	19	(374)	(6,196)	–
Provisions for other liabilities and charges	20	(377)	–	–
		(26,578)	(27,736)	(23,752)
Net current assets		18,151	8,106	16,793
Non current liabilities				
Retirement benefit obligations	4	(21,905)	(22,450)	(16,937)
Borrowings	19	(8,330)	(2,543)	(8,600)
Provisions for other liabilities and charges	20	(383)	–	–
		(30,618)	(24,993)	(25,537)
Net assets		17,211	14,558	20,773
Shareholders' equity				
Share capital	22	9,939	9,939	9,846
Share premium reserve		38,016	38,016	38,016
Capital redemption reserve		208	208	208
Cumulative translation differences		221	28	1,151
Retained earnings		(31,173)	(33,633)	(28,448)
Total equity		17,211	14,558	20,773

* Note 25

The financial statements on pages 28 to 58 were approved by the Board of Directors on 2 March 2011 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		Total equity £'000
					Own shares £'000	Profit and loss £'000	
Balance at 28 December 2008	9,846	38,016	208	1,151	(519)	(27,143)	21,559
Change in accounting policies*						(786)	(786)
Balance at 28 December 2008 (restated)	9,846	38,016	208	1,151	(519)	(27,929)	20,773
Profit for the period*						2,401	2,401
Other comprehensive income/(expense)							
Exchange differences on translation of foreign subsidiaries				(1,123)			(1,123)
Actuarial losses on defined benefit pension scheme						(6,701)	(6,701)
Tax relating to components of other comprehensive income						1,876	1,876
Total comprehensive expense				(1,123)		(2,424)	(3,547)
Shares issued	93						93
Own shares utilised					451	(451)	–
Own shares purchased					(93)		(93)
Share based payment charge*						470	470
Deferred tax on share based payment charge						(14)	(14)
Dividends						(3,124)	(3,124)
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

*restated (note 25)

Group cash flow statement

for the 52 weeks ended 1 January 2011

	Note	2010 52 weeks £'000	2009 53 weeks £'000
Cash flows from operating activities			
Cash generated from operations	24	7,849	7,633
Net tax recovered		499	73
Finance income		13	28
Finance costs		(497)	(340)
Net cash generated from operating activities		7,864	7,394
Cash flows from investing activities			
Purchases of property, plant and equipment		(884)	(1,679)
Purchases of intangible assets		(656)	(633)
Net cash used in investing activities		(1,540)	(2,312)
Cash flows from financing activities			
Proceeds from borrowings		10,814	–
Repayment of borrowings		(10,814)	(174)
Capital element of finance lease payments		(129)	(126)
Proceeds from issue of ordinary shares		–	93
Purchase of own shares		–	(93)
Dividends paid to Shareholders	8	(3,399)	(3,124)
Net cash used in financing activities		(3,528)	(3,424)
Net movement in cash, cash equivalents and bank overdrafts		2,796	1,658
Cash, cash equivalents and bank overdrafts at beginning of the period		5,613	4,411
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		56	(456)
Cash, cash equivalents and bank overdrafts at end of the period		8,465	5,613
Analysis of cash, cash equivalents and bank overdrafts			
Cash at bank and in hand	17	5,215	5,613
Short term deposits	17	3,250	–
		8,465	5,613

Notes to the 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 set out below. These policies have been consistently applied to all the periods presented except as noted below.

IAS 38 'Intangible assets': Following an amendment to IAS 38 an expense will now be recognised for mail order catalogues and other related marketing expenses when the Group has access to the catalogues, rather than when the catalogues are distributed to customers as was the previous policy.

The impact on reported profit for the period was to reduce operating expenses by £19,000, which has the impact of increasing profit after tax by £16,000 (2009: decrease in operating expenses of £264,000 and increase in profit after tax of £224,000). Net assets at 1 January 2011 are reduced by £493,000 as a result of this change of policy (2009: £496,000 decrease).

IFRS 2 'Share-based payments': A clarification to the interpretation of this standard requires that cancellations of options by employees are to be treated in the same way as cancellations by the employer and that the full remaining cost of the options are expensed at the time of cancellation. As a result of this clarification, operating expenses for the period have increased by £98,000 (2009: £111,000), which reduces profit after tax by £83,000 (2009: £94,000). There is no net impact on net assets.

IAS 1 (revised), 'Presentation of financial statements': In applying this standard both the income statement and statement of comprehensive income have been presented as performance statements.

IFRS 8 – 'Operating segments': 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. The adoption of this standard in the current reporting period has not impacted on the reported numbers or segments.

Other new and revised standards effective during the period have not impacted on the Group 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 2011).

After making enquiries, the Directors have reasonable expectations that the Group has adequate resources to continue in existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its 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.

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 operates 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.

Notes to the financial statements continued

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.

Inventory provisions

Inventory provisions are made in relation to slow moving and obsolete inventory and are based on assumptions of expected usage using historic and forecast sales as a basis.

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.

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 financial statements of overseas enterprises are translated into Sterling at the exchange rate ruling at the balance sheet date; income and expenses 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.

Investments

Investments held by subsidiaries are stated at historical cost. 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'.

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:

Buildings	20 – 50 years
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.

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.

Notes to the financial statements continued

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.

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 operated a defined benefit scheme, which is now closed to new members.

The Group accounts for the defined benefit scheme under IAS19 '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 operating expenses 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.

Financial instruments

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. Trade and other receivables are measured at amortised cost less any provision for impairment. Trade and other receivables are discounted when the time value of money is considered material.

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 ESOP 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 additional standards and interpretations which are effective for accounting periods starting 1 January 2011 unless otherwise stated. These standards and interpretations are not expected to have a material impact on the Group financial statements.

Amendments IAS 32 'Financial Instruments: Presentation on classification of rights issues' (effective 1 February 2010)

Amendment to IFRS 1 'First time adoption on financial instrument disclosures' (effective 1 July 2010)

IFRIC 19 'Extinguishing financial liabilities with equity instruments' (effective 1 July 2010)

Amendment IAS 24 'Related party disclosure'

Amendment to IFRIC 14 'Pre-payments of a Minimum Funding Requirement'

Annual improvements 2010

1 Segmental reporting

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

At 1 January 2011, the Group is reported in three primary business segments:

Revenue	Total		Inter-segment		External	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
4imprint Direct Marketing	128,972	111,138	–	–	128,972	111,138
Brand Addition	58,886	44,219	(472)	(625)	58,414	43,594
SPS	16,252	16,847	(2,870)	(2,491)	13,382	14,356
Total	204,110	172,204	(3,342)	(3,116)	200,768	169,088

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

Operating profit	Underlying operating profit		Exceptional items		Operating profit/(loss)	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 restated £'000
4imprint Direct Marketing	7,973	3,557	–	–	7,973	3,557
Brand Addition	4,284	3,370	–	(187)	4,284	3,183
SPS	57	(56)	(537)	–	(480)	(56)
Head Office	(1,828)	(1,419)	(588)	(584)	(2,416)	(2,003)
	10,486	5,452	(1,125)	(771)	9,361	4,681
<i>IAS 38 marketing cost adjustment:*</i>						
– 4imprint Direct Marketing					25	281
– SPS					(6)	(17)
Defined benefit pension charge					(569)	(1,268)
Share option charge*					(215)	(537)
Total					8,596	3,140

* Note 25

Net finance cost totalling £509,000 (2009: £315,000) and taxation charge of £1,225,000 (2009: £424,000) cannot be separately allocated to individual segments.

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

During the year the operating segments have been renamed to reflect their trading names: Direct Marketing is now 4imprint Direct Marketing; End User is now Brand Addition; and Trade is now SPS. This has not impacted on the components of the segments.

Notes to the financial statements continued

1 Segmental reporting continued

Other segmental information

	Assets		Liabilities		Capital expenditure		Depreciation		Amortisation	
	2010	2009 restated	2010	2009	2010	2009	2010	2009	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
4imprint										
Direct Marketing	19,672	17,289	(12,277)	(9,819)	919	2,267	(547)	(559)	(367)	(371)
Brand Addition	23,008	18,482	(11,098)	(8,695)	368	439	(173)	(182)	(226)	(195)
SPS	16,574	17,645	(1,847)	(2,092)	142	451	(639)	(684)	(77)	(77)
Unallocated assets/ (liabilities) & costs	6,688	8,258	(23,270)	(23,385)	26	10	(25)	(23)	(4)	–
Cash/(net debt)	8,465	5,613	(8,704)	(8,738)						
Total	74,407	67,287	(57,196)	(52,729)	1,455	3,167	(1,384)	(1,448)	(674)	(643)

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

Geographical analysis of revenue and non current assets

	Revenue by destination		Non current assets	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Europe	75,918	59,067	23,814	21,384
North America	124,850	110,021	5,864	10,061
Total	200,768	169,088	29,678	31,445

2 Operating expenses

	Note	2010 £'000	2009 restated £'000
The following items have been included in arriving at operating profit:			
<i>Inventories:</i>			
– Purchase of raw materials and consumables		127,097	104,949
– Changes in inventories		786	1,238
Staff costs	3	28,563	27,611
Depreciation of property, plant and equipment		1,247	1,313
Depreciation of leased assets		137	135
Amortisation of intangible assets		674	643
Loss on disposal of property, plant and equipment		–	26
<i>Other operating lease rentals payable:</i>			
– Plant and machinery		239	257
– Property		1,364	1,359
Exceptional items	5	1,125	771
Net exchange gains		(40)	(195)
Other operating expenses		30,980	27,841
		192,172	165,948

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

	2010 £'000	2009 £'000
Fees payable to the Company's auditor for the audit of the Parent Company and consolidated financial statements	68	66
Fees payable to the Company's auditor and its associates for other services:		
– the audit of Company's subsidiaries pursuant to legislation	65	62
– other services relating to taxation:		
– advice	7	8
– valuation and actuarial services:		
– pensions advice	53	21
– structural services	–	18
– all other services	–	13
	193	188

In addition the 4imprint Pension Scheme has paid the auditors £6,375 (2009: £6,175) for audit services.

Notes to the financial statements continued

3 Employees

Staff costs	Note	2010 £'000	2009 restated £'000
Wages and salaries		24,931	23,099
Social security costs		2,343	2,214
Pension costs	4	1,074	1,761
Share-based payment charges	23	215	537
		28,563	27,611

Termination costs totalling £146,000 have been charged to the Group exceptional items (2009: £653,000).

Average number of people (including Executive Directors) employed

	2010 No.	2009 No.
4imprint Direct Marketing	452	445
Brand Addition	224	217
SPS	213	237
Head Office	8	8
	897	907

Key management compensation

	2010 £'000	2009 £'000
Salaries, fees and short-term employee benefits	1,501	1,022
Social security costs	122	81
Pension contributions	102	91
Share-based payment charges	113	299
	1,838	1,493

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

	2010 £'000	2009 £'000
Aggregate emoluments	794	466
Company contributions to money purchase pension schemes	51	45
Aggregated gains made on the exercise of share options	–	459

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 operates a UK defined benefit scheme which is closed to new members.

Net pension costs	2010 £'000	2009 £'000
Defined contribution plans	505	493
<i>Defined benefit scheme</i>		
– Current service cost	38	28
– Net interest charge	531	1,240
	1,074	1,761

All of the above charge was included within operating expenses.

Defined benefit scheme

The financial position of the defined benefit scheme has been updated on an approximate basis at 1 January 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:

	2010	2009
Rate of increase in pensionable salaries	4.4%	4.4%
Rate of increase in pensions in payment and deferred pensions	3.4%	3.4%
Discount rate	5.5%	5.8%
Inflation assumption	3.4%	3.4%
Expected return on scheme assets	6.3%	6.8%

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 1 January 2011 imply the following life expectancies at age 65:

	2010	2009
Male currently age 40	24.4 yrs	21.5 yrs
Female currently age 40	27.9 yrs	24.2 yrs
Male currently age 65	22.0 yrs	20.3 yrs
Female currently age 65	25.3 yrs	23.2 yrs

The amounts recognised in the balance sheet comprise:

	2010 £'000	2009 £'000
Present value of funded obligations	(99,460)	(96,505)
Fair value of scheme assets	77,555	74,055
Net liability recognised in the balance sheet	(21,905)	(22,450)

Notes to the financial statements continued

4 Employee pension schemes continued

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

	2010		2009	
	£'000	%	£'000	%
Equities	24,674	32%	28,323	38%
Bonds	38,629	50%	28,970	39%
Property	13,722	17%	12,842	17%
Cash	530	1%	3,920	6%

The amounts recognised in the income statement are as follows:

	2010 £'000	2009 £'000
Current service cost	38	28
Interest cost	5,399	5,274
Expected return on scheme assets	(4,868)	(4,034)
Total included in staff costs	569	1,268

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

	2010 £'000	2009 £'000
Defined benefit obligation at start of period	96,505	83,170
Current service cost	38	28
Interest cost	5,399	5,274
Actuarial losses	4,280	12,228
Benefits paid	(6,762)	(4,195)
Defined benefit obligation at end of period	99,460	96,505

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

	2010 £'000	2009 £'000
Fair value of assets at start of period	74,055	66,233
Expected return on assets	4,868	4,034
Actuarial gains	2,893	5,527
Contributions by employer	2,501	2,456
Benefits paid	(6,762)	(4,195)
Fair value of assets at end of period	77,555	74,055

Based on the current schedule of cash contributions, contributions by the employer for 2011 will be £500,000 higher than the 2010 contributions.

4 Employee pension schemes continued

Analysis of the movement in the balance sheet liability:

	2010 £'000	2009 £'000
At start of period	22,450	16,937
Total expense	569	1,268
Contributions paid	(2,501)	(2,456)
Actuarial losses recognised in other comprehensive income	1,387	6,701
At end of period	21,905	22,450

The actual return on scheme assets was a gain of £8,135,000 (2009: gain £9,367,000).

	2010 £'000	2009 £'000
Cumulative actuarial losses recognised in the statement of other comprehensive income	13,976	12,589

History of experience gains and losses

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Fair value of assets	77,555	74,055	66,233	80,995	81,911
Fair value of defined benefit obligations	(99,460)	(96,505)	(83,170)	(91,544)	(100,347)
Net liability	(21,905)	(22,450)	(16,937)	(10,549)	(18,436)
Experience adjustment on scheme liabilities	3,693	(79)	(406)	2,240	(25)
Experience adjustment on scheme assets	2,893	5,527	(18,309)	(3,242)	2,251

5 Exceptional items

	2010 £'000	2009 £'000
Onerous contracts and termination costs	(588)	(584)
SPS restructuring costs	(537)	–
Brand Addition reorganisation costs	–	(187)
	(1,125)	(771)

The onerous contract charge in the year related to a 4imprint Group plc 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 4imprint became liable for the obligation to the end of the lease in March 2013. An extensive search has not revealed any other historical property guarantees.

SPS restructuring costs related to the closure of an offsite warehouse facility and a headcount reduction exercise.

The termination and onerous contract costs in 2009 related to a reduction in the Group overhead costs.

Brand Addition reorganisation costs in 2009 related to the completion of the restructuring commenced in 2008.

Cash expenditure on exceptional items in 2010 was £526,000 (2009: £829,000). Cash items of £456,000 (2009: £728,000) are included in accruals and £760,000 included in provisions (2009: £nil) at 1 January 2011.

Notes to the financial statements continued

6 Finance income and costs

	2010 £'000	2009 £'000
Finance income		
Bank and other interest	13	28
Finance costs		
Interest payable on bank borrowings	(494)	(308)
Interest payable on finance leases	(28)	(35)
	(522)	(343)

7 Taxation

	2010 £'000	2009 restated £'000
Analysis of charge/(credit) in the period:		
UK tax – current	–	3
Overseas tax – current	208	95
Adjustments in respect of prior years	–	(144)
Total current tax	208	(46)
Deferred tax	1,021	524
Effect of change in UK tax rate	(4)	–
Adjustment in respect of prior years	–	(54)
Total deferred tax (note 14)	1,017	470
Taxation	1,225	424

The tax for the year is different to the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2010 £'000	2009 restated £'000
Profit before tax	8,087	2,825
Profit before tax multiplied by rate of corporation tax in the UK of 28% (2009: 28%)	2,264	791
Effects of:		
Adjustments in respect of foreign tax rates	138	(152)
Expenses not deductible for tax purposes and non taxable income	78	(18)
Timing differences and other differences	(455)	1
Adjustments in respect of previous years	–	(198)
Utilisation of losses not previously recognised	(796)	–
Effect of change in UK tax rate on deferred tax balances	(4)	–
Taxation	1,225	424

8 Dividends

	2010 £'000	2009 £'000
Equity dividends – ordinary shares		
Interim paid: 4.7p (2009: 4.25p)	1,210	1,098
Final paid: 8.5p (2009: 8.0p)	2,189	2,026
	3,399	3,124

In addition, the Directors are proposing a final dividend in respect of the period ended 1 January 2011, of 9.0p per share, which will absorb an estimated £2.32m of Shareholders' funds. It will be paid on 4 May 2011 to Shareholders who are on the register of members on 1 April 2011. These financial statements do not reflect this proposed dividend.

9 Earnings per share

Basic, underlying and diluted

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

	2010 £'000	2009 restated £'000
Profit for the period	6,862	2,401
Add back:		
IAS 38 marketing cost adjustment	(19)	(264)
Defined benefit pension charge	569	1,268
Share option charge	215	537
Exceptional items	1,125	771
Tax relating to above items	(287)	(347)
Underlying profit for the period	8,465	4,366

	Number 000's	Number 000's
Basic weighted average number of shares	25,750	25,574
Dilutive potential ordinary shares – employee share options	593	261
Diluted weighted average number of shares	26,343	25,835

Basic earnings per share	26.65p	9.39p
Underlying basic earnings per share	32.87p	17.07p
Diluted earnings per share	26.05p	9.29p

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 90,325 (2009: 170,648).

The basic earnings per share is calculated based on the profit for the financial period divided by the basic weighted average number of shares.

The underlying basic earnings per share is calculated before the after tax effect of IAS 38 marketing cost adjustments, defined benefit pension charges, share option charges and exceptional items and is included because the Directors consider this gives a measure of the underlying performance of the business.

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 at the balance sheet date.

Notes to the financial statements continued

10 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

Freehold land with a value of £304,000 (2009: £295,000) has not been depreciated.

	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 28 December 2008	2,290	2,767	166	10,726	1,878	17,827
Additions	854	–	–	1,206	274	2,334
Disposals	–	(38)	–	(513)	(237)	(788)
Exchange translation	(232)	–	(9)	(243)	(82)	(566)
At 2 January 2010	2,912	2,729	157	11,176	1,833	18,807
Depreciation:						
At 28 December 2008	–	128	117	3,604	1,430	5,279
Charge for the period	59	68	12	1,005	304	1,448
Disposals	–	(20)	–	(506)	(236)	(762)
Exchange translation	(2)	–	(4)	(149)	(66)	(221)
At 2 January 2010	57	176	125	3,954	1,432	5,744
Net book value at 2 January 2010	2,855	2,553	32	7,222	401	13,063

Plant and machinery additions in 2009 of £683,000 were acquired by means of finance lease.

The Directors are not aware of a significant difference between the net book value and the fair value of property, plant and equipment.

11 Intangible assets – goodwill

£'000

Cost:

At 1 January 2011 and 2 January 2010 **9,084**

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

	2010 £'000	2009 £'000
Brand Addition	4,341	4,341
SPS	4,743	4,743
	9,084	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 discounted rate is calculated using the capital asset pricing model.

The key assumptions used in the value in use calculations for goodwill held at 1 January 2011 and 2 January 2010 were:

	2010	2009
Discount rate pre tax	13.36%	13.89%
Operating profit margin	7%	7%
Long term growth rate	2%	2%

The recoverable amount calculated for SPS indicated a headroom of £0.7m. A reduction in the short term growth rate of 0.8% or an increase to the discount rate of 0.5% would remove this headroom.

12 Other intangible assets

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

Notes to the financial statements continued

12 Other intangible assets continued

Computer software
£'000

Cost:	
At 28 December 2008	5,178
Additions	833
Disposals	(394)
Exchange translation	(191)
At 2 January 2010	5,426
Amortisation:	
At 28 December 2008	3,548
Charge for the period	643
Disposals	(392)
Exchange translation	(103)
At 2 January 2010	3,696
Net book value at 2 January 2010	1,730

The average remaining life of intangible assets is 2.7 years.

13 Investments

2010
£'000

2009
£'000

Investment in German trade organisation	9	10
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The investment represents an equity investment in a German promotional products trade group of which the German subsidiary is a member. The movement in cost is entirely due to exchange translation.

14 Deferred tax

2010
£'000

2009
restated
£'000

At start of period	7,558	6,244
Income statement charge	(1,021)	(470)
Offset with current tax in respect of loss carry back	(413)	–
Deferred tax credited to other comprehensive income	388	1,862
Effect of change in UK tax rate – income statement	4	–
Effect of change in UK tax rate – other comprehensive income	(219)	–
Exchange gain/(loss)	51	(78)
At end of period	6,348	7,558

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.

14 Deferred tax continued

Deferred tax analysis

	Depreciation/ capital allowances £'000	Tax losses £'000	Pension £'000	Other £'000	Total £'000
At 3 January 2010	(893)	1,555	6,283	278	7,223
Impact of changes to accounting policies (note 25)	–	–	–	335	335
At 3 January 2010 (restated)	(893)	1,555	6,283	613	7,558
Income statement charge	(3)	(231)	(541)	(246)	(1,021)
Offset with current tax in respect of loss carry back	–	(413)	–	–	(413)
Deferred tax credited to other comprehensive income	–	–	388	–	388
Effect of change in UK tax rate – income statement	24	(18)	–	(2)	4
Effect of change in UK tax rate – other comprehensive income	–	–	(219)	–	(219)
Exchange translation differences	(5)	37	–	19	51
At 1 January 2011	(877)	930	5,911	384	6,348

Included in Other in the table above is deferred tax in respect of US goodwill and other 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 £0.3m (2009: £0.7m). 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 £6.7m (2009: £9.4m). 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 carried forward of £9.85m (2009: £9.85m). These amounts will be utilised should the UK Group have any chargeable gains in the future. No material gains were anticipated as at 1 January 2011.

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% 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 (No 2) Act 2010 has been to reduce the deferred tax asset at 1 January 2011 by £215,000. This decrease in the net deferred tax asset increased profit for the period by £4,000 and decreased other comprehensive income by £219,000.

The proposed reductions of the main rate of corporation tax by 1% per year to 24% by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 27% to 24%, if these applied to the deferred tax balance at 1 January 2011, would be to reduce the deferred tax asset by £640,000.

Notes to the financial statements continued

15 Inventories

	2010 £'000	2009 £'000
Raw materials and consumables	304	381
Work in progress	95	321
Finished goods and goods for resale	5,918	6,320
	6,317	7,022

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 total £617,000 (2009: £1,112,000).

During the year a net amount of £134,000 has been charged to the income statement in respect of provisions for slow moving and obsolete stock (2009: £36,000 credit).

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

16 Trade and other receivables

	2010 £'000	2009 restated £'000	2008 restated £'000
Trade receivables	24,135	18,145	23,566
Less: Provision for impairment of receivables	(169)	(178)	(987)
Trade receivables – net	23,966	17,967	22,579
Corporation tax debtor	–	208	250
Other receivables	3,386	2,794	3,228
Prepayments and accrued income	2,595	2,238	1,628
	29,947	23,207	27,685

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

The impairment of trade receivables charged to the income statement was £131,000 (2009: £45,000 credit). This was incurred in the divisions as follows: SPS £84,000 (2009: £150,000); 4imprint Direct Marketing £36,000 (2009: £75,000); and Brand Addition £11,000 (2009: £270,000 credit). There is no impairment of any receivables other than trade receivables.

The ageing of past due trade receivables which are not impaired is as follows:

Time past due date	2010 £'000	2009 £'000	2008 £'000
Up to 3 months	2,979	2,941	5,122
3 to 6 months	461	186	605
Over 6 months	34	142	110
	3,474	3,269	5,837

The ageing of impaired trade receivables is as follows:

Time past due date	2010 £'000	2009 £'000	2008 £'000
Up to 3 months	58	15	104
3 to 6 months	95	58	196
Over 6 months	16	105	687
	169	178	987

16 Trade and other receivables continued

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

	2010 £'000	2009 restated £'000	2008 restated £'000
Sterling	10,805	7,974	10,700
US Dollars	13,099	11,973	13,114
Euros	5,301	2,669	2,905
Canadian Dollars	701	524	811
Other currencies	41	67	155
	29,947	23,207	27,685

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

	2010 £'000	2009 £'000	2008 £'000
At 3 January 2010	178	987	603
Exchange translation	2	(10)	20
Utilised	(128)	(754)	(515)
Provided	131	355	975
Released	(14)	(400)	(96)
At 1 January 2011	169	178	987

17 Cash and cash equivalents

	2010 £'000	2009 £'000
Cash at bank and in hand	5,215	5,613
Short term deposits	3,250	–
	8,465	5,613

18 Trade and other payables – current

	2010 £'000	2009 £'000
Trade payables	20,127	16,449
Other tax and social security payable	1,086	1,008
Other payables	137	111
Accruals	4,238	3,822
	25,588	21,390

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

Notes to the financial statements continued

19 Financial liabilities – borrowings

	2010 £'000	2009 £'000
Current borrowing		
Finance lease creditor	135	124
Bank loans	239	6,072
	374	6,196
Non current borrowings		
Finance lease creditor	293	416
Bank loans	8,037	2,127
	8,330	2,543

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

	2010 £'000	2009 £'000
Non current borrowings		
Repayable in 1-2 years	8,330	199
Repayable in 2-5 years	–	2,344
	8,330	2,543

£1,750,000 of the non current borrowings outstanding at the end of 2010 is secured on the SPS long leasehold property in Blackpool. The non current borrowings in 2009 include £2,199,000 related to a mortgage for the US distribution centre secured on the land and building.

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

	2010 £'000	2009 £'000
Sterling (2010: 3.70%; 2009: 1.30%)	6,654	6,000
US Dollars (2010: 1.765%; 2009: 5.30%)	2,050	2,739
	8,704	8,739

The Group had the following undrawn committed borrowing facilities available at 1 January 2011:

	2010 £'000	2009 £'000
Borrowing facilities		
Expiring within one year	250	8,025
Expiring in more than one year	7,515	–
	7,765	8,025

The Group renewed its UK borrowing facilities in January 2010 and its US borrowing facilities in August 2010. This resulted in the existing borrowings of £6m in the UK, and £4.8m in the USA being repaid by draw down on the new facilities.

The £6m loan facility and £4m overdraft facility in the UK were replaced with a £6m loan facility repayable on 31 December 2012, a £2m mortgage repayable £0.25m on 30 December 2010, £0.25m on 30 December 2011 and £1.5m on 31 December 2012 and an overdraft facility of £2m renewable annually on 31 December.

The Group's US subsidiary replaced its mortgage and line of credit with a \$10m line of credit repayable on 20 April 2012.

20 Provisions for other liabilities and charges

	2010 £'000	2009 £'000
At start of period	–	–
Charged to the income statement	760	–
At end of period	760	–

	2010 £'000	2009 £'000
Analysis of provisions		
Current	377	–
Non current	383	–
Total	760	–

The provisions relate to rental and dilapidations costs for onerous leases in respect of a guarantee enforced on a lease previously assigned on disposal of a business and a SPS warehouse in Blackpool (see note 5).

21 Financial risk management

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

Currency risk

The Group operates internationally and is exposed to various currency exposures, predominantly the US 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 currencies cash flows arising from sales and purchases of goods. Contracts outstanding at the year 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.

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 increased profit of the US business by £0.1m and net assets by £0.2m. Closing rate was US\$1.57 (2009: US\$1.61) and the average rate used to translate profits was US\$1.55 (2009: US\$1.56).

A weakening in the US Dollar exchange rate by ten cents would reduce profit by £0.48m and net assets by £0.45m.

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.

Notes to the financial statements continued

21 Financial risk management continued

Cash deposits at 1 January 2011 are as follows:

	2010 Rating	2010 Deposit £'000	2009 Rating	2009 Deposit £'000
Lloyds TSB	Aa3	6,396	Aa3	2,583
JPMorgan Chase Bank, NA	Aa1	805	Aa1	350
Commerzbank	Aa3	490		–
Sparkassen – Finanzgruppe	Aa2	636		–
Associated	A3	84	A1	1,406
HSBC	Aa2	34	Aa2	57
Fortis		–	Aa2	1,201
Other		20		16
		8,465		5,613

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 Group and cash forecasts are reviewed regularly by Group and Divisional management.

At 1 January 2011 the net debt position of the Group was £239,000 (2009: £3,126,000).

The maturity profile of the Group's borrowings is shown in note 19.

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 £11,000 (2009: £8,000) higher in the year.

22 Share capital

	2010 £'000	2009 £'000
Authorised		
39,000,000 (2009: 39,000,000) ordinary shares of 38 6/13p each	15,000	15,000
Allotted and fully paid		
25,840,552 (2009: 25,840,552) ordinary shares of 38 6/13p each	9,939	9,939

No ordinary shares were issued in the period (2009: 240,000, value £92,308 to satisfy the exercise of share options under UK Executive schemes).

At 1 January 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	Number of option holders	Number of ordinary shares	Subscription price	Date exercisable	
		2010	2010	2009		From	to
SAYE	03.10.06	–	–	12,284	266.0p	Jan 2010	Jun 2010
	01.10.07	12,994	29	13,547	346.0p	Jan 2011	Jun 2011
	07.10.08	58,173	31	69,541	130.0p	Jan 2012	Jun 2012
	07.10.09	458,507	100	520,040	87.0p	Jan 2013	Jun 2013
	05.10.10	55,279	46	–	166.0p	Jan 2014	Jun 2014
US Sharesave	07.10.08	7,972	7	12,527	\$2.32	Dec 2010	Jan 2011
	07.10.09	436,036	154	482,305	\$1.49	Dec 2011	Jan 2012
	05.10.10	61,276	86	–	\$3.14	Dec 2012	Jan 2013
Total		1,090,237	453	1,110,244			

The weighted average exercise price for options outstanding at 1 January 2011 was 95.21p (2009: 97.76p).

23 Share-based payments

Share options may be granted to senior management and in addition a SAYE scheme is 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 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 all 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 a zero coupon government bond yields.

	2010 £'000	2009 restated £'000
Charge resulting from spreading the fair value of options	215	537

Notes to the financial statements continued

23 Share-based payments continued

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

	UK SAYE Schemes				US Sharesave Scheme		
	01/10/07	07/10/08	07/10/09	05/10/10	07/10/08	07/10/09	05/10/10
Grant date							
Share price at grant date	432.5p	129p	110p	232.5p	129p	110p	232.5p
Exercise price	346p	130p	87p	116p	\$2.32	\$1.49	\$3.14
Number of employees	29	31	100	46	7	154	86
Shares under option	12,994	58,173	458,507	55,279	7,972	436,036	61,276
Vesting period (years)	3	3	3	3	2.17	2.17	2.17
Expected volatility	18%	35%	40%	45%	35%	40%	45%
Option life (years)	3.5	3.5	3.5	3.5	2.25	2.25	2.25
Expected life (years)	3	3	3	3	2.17	2.17	2.17
Risk free rate	5.2%	3.7%	2.0%	1.3%	3.6%	2.0%	0.9%
Expected dividends expressed as a dividend yield	2.3%	5.5%	8.5%	5.5%	5.5%	8.5%	5.5%
Possibility of ceasing employment before vesting	10%	10%	10%	10%	10%	10%	10%
Expectations of meeting performance criteria	100%	100%	100%	100%	100%	100%	100%
Fair value per option	95.0p	24.5p	24.0p	75.1p	20.8p	22.3p	59.1p

A reconciliation of option movements over the period to 1 January 2011 is shown below:

	2010		2009	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at start of period	1,110,244	97.76p	1,088,109	96.35p
Granted	116,555	184.16p	1,008,209	89.53p
Forfeited/cancelled	(121,118)	97.64p	(496,995)	139.01p
Exercised	(3,160)	87.00p	(440,000)	0.00p
Expired	(12,284)	266.00p	(49,079)	231.15p
Outstanding at end of period	1,090,237	95.21p	1,110,244	97.76p
Exercisable at end of period	20,966	270.78p	–	–

Range of exercise prices	2010				2009			
	Weighted average exercise price	Number of shares	Weighted average remaining life (years)		Weighted average exercise price	Number of shares	Weighted average remaining life (years)	
			Expected	Contractual			Expected	Contractual
£0.01 – £1	90.98p	894,543	1.51	1.81	89.53p	1,002,345	2.52	2.52
£1.01 – £2	165.35p	182,700	1.90	2.24	110.38p	82,068	1.85	1.85
£2.01 – £3	–	–	–	–	266.0p	12,284	1.00	1.00
£3.01 – £4	346.0p	12,994	0.00	0.50	346.0p	13,547	1.00	1.50

24 Cash generated from operations

	2010	2009
	£'000	restated £'000
Operating profit	8,596	3,140
<i>Adjustments for:</i>		
Depreciation charge	1,384	1,448
Amortisation of intangibles	674	643
Loss on disposal of property, plant and equipment	–	26
Exceptional non cash items	111	–
Increase/(decrease) in exceptional accrual/provisions	488	(58)
Share option non cash charge	215	470
IAS 19 pension charge for defined benefit scheme	569	1,268
Contributions to defined benefit pension scheme	(2,501)	(2,456)
<i>Changes in working capital:</i>		
Decrease in inventories	688	1,158
(Increase)/decrease in trade and other receivables	(6,683)	3,405
Increase/(decrease) in trade and other payables	4,308	(1,411)
Cash generated from operations	7,849	7,633

	Note	2010	2009
		£'000	£'000
Analysis of net debt			
Cash at bank and in hand	17	5,215	5,613
Short term deposits	17	3,250	–
Current finance lease creditor	19	(135)	(124)
Current bank loans	19	(239)	(6,072)
		8,091	(583)
Non current bank loans	19	(8,037)	(2,127)
Non current finance lease creditor	19	(293)	(416)
Net debt		(239)	(3,126)

Notes to the financial statements continued

25 Prior years' restatements

IAS 38 'Intangible assets': Following an amendment to IAS 38 an expense will now be recognised for mail order catalogues and other related marketing expenses when the Group has access to the catalogues, rather than when the catalogues are distributed to customers as was the previous policy.

The impact on reported profit for the period ended 2 January 2010 was to decrease operating expenses by £264,000, which has the impact of increasing profit after tax by £224,000. Net assets at 2 January 2010 are reduced by £496,000 as a result of this change of policy (2008: £786,000 decrease).

IFRS 2 'Share-based payments': A clarification to the interpretation of this standard requires that cancellations of options by employees are to be treated in the same way as cancellations by the employer and that the full remaining cost of the options are expensed at the time of cancellation. As a result of this clarification, operating expenses for the period ended 2 January 2010 have increased by £111,000, which reduces profit after tax by £94,000. There is no net impact on net assets.

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

	2009 £'000
Profit for the period as previously reported	2,271
Decrease in operating expenses	153
Deferred tax impact of the above	(23)
Profit for the period as restated	2,401

	2009 £'000	2008 £'000
Net assets as previously reported	15,054	21,559
Reduction in trade and other receivables	(831)	(1,169)
Increase in deferred tax asset	335	383
Net assets as restated	14,558	20,773

26 Financial commitments

At 1 January 2011, the Group was committed to make payments in respect of non-cancellable operating leases expiring in the following periods:

	2010		2009	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
In one year	1,501	274	1,341	263
In two to five years	4,426	382	4,579	474
In more than five years	3,371	–	4,351	–
	9,298	656	10,271	737

27 Contingent liabilities

The Group has no known contingent liabilities (2009: none).

28 Capital commitments

The Group had capital commitments contracted but not provided for in the financial statements of £79,000 (2009: £nil).

29 Related party transactions

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

Key management compensation is disclosed in note 3.

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 1 January 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 and as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 21, 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.

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 1 January 2011 and of its cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; 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 1 January 2011.

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

Manchester
2 March 2011

Company balance sheet

at 1 January 2011

	Note	2010 £'000	2009 £'000
Non current assets			
Property, plant and equipment	B	175	179
Investments	C	104,182	104,187
Deferred tax assets	D	5,883	6,251
Trade and other receivables	E	52,313	60,000
		162,553	170,617
Current assets			
Trade and other receivables	E	42,804	33,028
Cash and cash equivalents		4,555	1,526
		47,359	34,554
Current liabilities			
Trade and other payables	F	(3,951)	(3,428)
Borrowings	J	–	(6,000)
Provisions for other liabilities and charges	G	(281)	–
		(4,232)	(9,428)
Net current assets		43,127	25,126
Non current liabilities			
Retirement benefit obligations	H	(21,905)	(22,450)
Borrowings	J	(4,928)	–
Provisions for other liabilities and charges	G	(307)	–
Amounts due to subsidiary companies	K	(67,149)	(61,375)
		(94,289)	(83,825)
Net assets		111,391	111,918
Shareholders' equity			
Share capital	M	9,939	9,939
Share premium reserve		38,016	38,016
Capital redemption reserve		208	208
Retained earnings		63,228	63,755
Total equity		111,391	111,918

The financial statements on pages 60 to 69 were approved by the Board of Directors on 2 March 2011 and were signed on its behalf by:



John Poulter
Chairman



Gillian Davies
Group Finance Director

Statement of changes in Company Shareholders' equity

	Share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Retained earnings		Total equity £'000
				Own shares £'000	Profit and loss £'000	
Balance at 28 December 2008	9,846	38,016	208	(519)	19,442	66,993
Profit for the period					52,418	52,418
<i>Other comprehensive income</i>						
Actuarial losses on defined benefit pension scheme					(6,701)	(6,701)
Deferred tax on actuarial losses					1,876	1,876
Total comprehensive income					47,593	47,593
Shares issued	93					93
Own shares utilised				451	(451)	–
Own shares purchased				(93)		(93)
Share based payment charge					470	470
Deferred tax on share-based payment charge					(14)	(14)
Dividends					(3,124)	(3,124)
Balance at 2 January 2010	9,939	38,016	208	(161)	63,916	111,918
Profit for the period					3,875	3,875
<i>Other comprehensive income</i>						
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

Company cash flow statement

for the 52 weeks ended 1 January 2011

	Note	2010 52 weeks £'000	2009 53 weeks £'000
Cash flows from operating activities			
Cash generated from/(used in) operations	L	12	(5,948)
Tax recovered		–	47
Finance income		8,633	7,125
Finance costs		(1,120)	(4,476)
Net cash generated from/(used in) operating activities		7,525	(3,252)
Cash flows from investing activities			
Purchases of property, plant and equipment		(25)	(10)
Dividends received		–	7,587
Net cash (used in)/generated from investing activities		(25)	7,577
Cash flows from financing activities			
Proceeds from borrowings		4,928	–
Repayment of borrowings		(6,000)	–
Proceeds from issue of ordinary shares		–	93
Purchase of own shares		–	(93)
Dividends paid to Shareholders		(3,399)	(3,124)
Net cash used in financing activities		(4,471)	(3,124)
Net movement in cash, cash equivalents and bank overdrafts		3,029	1,201
Cash, cash equivalents and bank overdrafts at beginning of the period		1,526	325
Cash, cash equivalents and bank overdrafts at end of the period		4,555	1,526
Analysis of cash, cash equivalents and bank overdrafts			
Cash at bank and in hand		1,305	1,526
Short term deposits		3,250	–
		4,555	1,526

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 33 to 36 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 2011). The principal accounting policies are set out below.

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 operates 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. 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'.

Notes to the Company's financial statements continued

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 £3,875,000 (2009: £52,418,000) is included in the financial statements of the Company.

Distributable reserves

Of the £63,228,000 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

	2010 £'000	2009 £'000
Wages and salaries	1,071	692
Social security costs	131	82
Pension costs		
– Defined contribution plans	60	52
– Defined benefit scheme	569	1,268
Share-based payments	172	389
	2,003	2,483

There were no termination costs in the Company.

The average number of people employed by the Company during the year was 8 (2009: 8).

B. Property, plant and equipment

	Fixtures & fittings £'000
Cost:	
At 28 December 2008	200
Additions	10
At 2 January 2010	210
Additions	25
At 1 January 2011	235
Depreciation:	
At 28 December 2008	8
Charge for the period	23
At 2 January 2010	31
Charge for the period	29
At 1 January 2011	60
Net book value at 1 January 2011	175
Net book value at 2 January 2010	179

C. Investments

	Shares in subsidiary undertakings £'000
Cost:	
At 3 January 2010	104,187
Investment written off	(5)
At 1 January 2011	104,182

Subsidiary undertakings

The principal operating subsidiaries at 1 January 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	Promotional products (non trading from 4 October 2010)
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 rate used of 13.36% pre tax is calculated using the capital asset pricing model.

D. Deferred tax

	2010 £'000	2009 £'000
At start of period	6,251	5,254
Income statement charge	(537)	(865)
Deferred tax credited to other comprehensive income	169	1,876
Deferred tax charged to equity re share options	-	(14)
At end of period	5,883	6,251

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:

	2010 £'000	2009 £'000
Actuarial gains	388	1,876
Effect of change in UK tax rate	(219)	-
	169	1,876

Notes to the Company's financial statements continued

E. Trade and other receivables

	2010 £'000	2009 £'000
Amounts due from subsidiary companies	94,792	92,596
Other receivables	270	302
Prepayments and accrued income	55	130
	95,117	93,028
Less non current portion: Amounts due from subsidiary companies	(52,313)	(60,000)
	42,804	33,028

Current amounts due from subsidiary companies include £34,142,000 (2009: £24,464,000) 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:

	2010 £'000	2009 £'000
Sterling	84,560	91,124
US Dollars	8,956	276
Euros	1,601	1,628
	95,117	93,028

F. Trade and other payables – current

	2010 £'000	2009 £'000
Other payables	87	16
Amounts due to subsidiary companies	3,494	3,133
Accruals	370	279
	3,951	3,428

The amounts due to subsidiary companies are interest free and repayable on demand.

G. Provisions for other liabilities and charges

	2010 £'000	2009 £'000
At start of period	–	–
Charged to the income statement	588	–
At end of period	588	–
Analysis of provisions		
	2010 £'000	2009 £'000
Current	281	–
Non current	307	–
Total	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. An extensive search has not revealed any other historical property guarantees.

H. Retirement benefit obligations

The amount recognised in the balance represents the net liability in respect of the closed defined benefit scheme. Full details are contained in note 4 on pages 41 to 43.

J. Financial liabilities – borrowings

	2010 £'000	2009 £'000
Current bank loans	–	6,000
Non current bank loans	4,928	–
	4,928	6,000
Non current borrowings		
	2010 £'000	2009 £'000
Repayable in 1-2 years	4,928	–

Borrowings are denominated in Sterling and have an effective interest rate of 3.76% (2009: 1.30%)

K. Amounts due to subsidiary companies – non current

The amounts due to subsidiary companies comprises £36,394,000 (2009: £30,620,000) due in two to five years and £30,755,000 (2009: £30,755,000) due after five years. Of the loans due after two years and under five years, £18,247,000 (2009: £12,473,000) are interest bearing at market rates of interest. All other loans are interest free.

Notes to the Company's financial statements continued

L. Cash generated from operations

	2010 £'000	2009 £'000
Operating loss	(3,061)	(1,210)
<i>Adjustments for:</i>		
Depreciation charge	29	23
Increase/(decrease) in exceptional accrual	539	(18)
Share option non cash charge	215	470
IAS 19 pension charge for defined benefit scheme	569	1,268
Contributions to defined benefit pension scheme	(2,501)	(2,456)
Exchange losses/(gains) on inter-company loans	697	(1,227)
<i>Changes in working capital:</i>		
Decrease/(increase) in trade and other receivables	106	(124)
Increase/(decrease) in trade and other payables	177	(71)
Increase/(decrease) in payables to subsidiary undertakings	3,242	(2,603)
Cash generated from/(used in) operations	12	(5,948)

	2010 £'000	2009 £'000
Reconciliation of net debt		
Cash at bank and in hand	1,305	1,526
Short term deposits	3,250	–
Current bank loan	–	(6,000)
	4,555	(4,474)
Non current bank loans	(4,928)	–
Net debt	(373)	(4,474)

The Company had financial commitments for land and buildings of £404,000 on leases expiring in two to five years at 1 January 2011 (2009: £167,000). These are payable as follows: within 1 year £190,000 (2009: £48,000); in two to five years £214,000 (2009: £119,000).

M. Share capital

	2010 £'000	2009 £'000
Authorised		
39,000,000 (2009: 39,000,000) ordinary shares of 38 6/13p each	15,000	15,000
Allotted and fully paid		
25,840,552 (2009: 25,840,552) ordinary shares of 38 6/13p each	9,939	9,939

No ordinary shares were issued in the period (2009: 240,000, value £92,308, to satisfy the exercise of share options under UK Executive schemes).

The options that have been granted and were outstanding under the Company's share option schemes are shown in note 22.

Full details of the share option schemes are given in note 23.

Employees of the Company had interests in 41,724 SAYE options under the 7 October 2009 grant (2009: 49,025 options under the 2009 grant and 2,774 options under the 2007 grant).

N. Contingent liabilities

Guarantees have been given by the Company for letters of credit and import collections of £352,000 at 1 January 2011 (2009: £158,000).

P. Related party transactions

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

	2010 £'000	2009 £'000
Income statement		
Finance income due from subsidiary companies	8,633	7,580
Finance costs due to subsidiary companies	916	586
Balance sheet		
Interest bearing loans due from subsidiary companies at end of period	86,455	84,464
Interest bearing loans due to subsidiary companies at end of period	18,247	12,473

Key management compensation, comprising only the Directors' remuneration, is disclosed in the Remuneration report on page 25, 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

	2010 £'000	2009* £'000	2008 £'000	2007 £'000	2006 £'000
Income statement					
Revenue	200,768	169,088	168,085	146,823	119,519
Underlying operating profit	10,486	5,452	9,562	11,050	8,601
IAS 38 marketing cost adjustment†	19	264	–	–	–
Defined benefit pension (charge)/credit	(569)	(1,268)	150	(295)	(325)
Share option charge	(215)	(537)	(370)	(595)	(735)
Exceptional items	(1,125)	(771)	(3,553)	(5,273)	(377)
Share grant	–	–	–	(1,140)	–
Operating profit	8,596	3,140	5,789	3,747	7,164
Finance income	13	28	37	13	218
Finance costs	(522)	(343)	(756)	(458)	(44)
Profit before tax	8,087	2,825	5,070	3,302	7,338
Taxation	(1,225)	(424)	(1,520)	(1,072)	(2,348)
Profit from continuing operations	6,862	2,401	3,550	2,230	4,990

* 2009 is a 53 week period, other periods are 52 weeks.

† 2010 and 2009 reflect the amendment to IAS 38 re marketing costs. Previous years have not been restated.

Basic earnings per ordinary share	26.65p	9.39p	14.06p	8.93p	20.29p
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Dividend per share – paid and proposed	13.70p	12.75p	12.25p	12.00p	9.50p
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	2010 £'000	2009† £'000	2008† £'000	2007 £'000	2006 £'000
Balance sheet					
Non current assets (excluding deferred tax)	23,330	23,887	23,273	20,791	21,022
Deferred tax asset	6,348	7,558	6,244	4,334	6,149
Net current assets	18,151	8,106	16,793	16,142	12,341
Pension liability	(21,905)	(22,450)	(16,937)	(10,549)	(18,436)
Other liabilities	(8,713)	(2,543)	(8,600)	(6,000)	(1,000)
Shareholders' equity	17,211	14,558	20,773	24,718	20,076
Net debt	(239)	(3,126)	(4,189)	(7,077)	(249)

† restated for amendment to IAS 38 re marketing costs.

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