

4 October 2011

ST IVES plc
Preliminary Results for the 52 weeks ended 29 July 2011

St Ives plc, the UK's leading marketing services and print group, announces preliminary results for the 52 weeks ended 29 July 2011.

Group Financial Highlights

- Underlying* revenue up 1.8% to £296.8m (2010: £291.4m)
- Revenue up 2.0% to £297.2m (2010: £291.5m)
- Underlying* profit before tax up 17.4% to £20.9m (2010: £17.8m)
- Profit before tax up 28.3% to £16.9m (2010: £13.2m)
- Underlying* earnings per share up 22.1% to 14.45p (2010: 11.83p)
- Earnings per share up 21.6% to 13.22p (2010: 10.87p)
- Total dividends 5.25p per share (2010: 3.50p per share)
- Balance sheet further strengthened, with net cash of £16.3m (2010: net debt £2.7m)

All figures for revenue, profit and earnings per share are based on continuing operations.

* Before non-underlying items which comprise restructuring costs, provision releases, operating results of non-continuing operations, amortisation of acquired intangibles and other one-off items.

Operational Highlights

- Significant further progress in reshaping the group
- Disposal of the Magazine printing business in April reduced exposure to commodity print
- Acquisition of Tactical Solutions in February, and Response One and Pragma since the year end, enhance our marketing services offering
- Continued investment in organically grown marketing services
- Further successful cost reduction initiatives across print segment, and investment in digital production
- Winning additional market share: new contracts include HSBC, RAC and Hachette.

Commenting on the results, Chief Executive, Patrick Martell said:

'The last year has seen significant and important strides forward for St Ives. We have continued to reposition the group by strengthening our position in marketing services whilst successfully moving away from commoditised print markets. The sale of the magazine printing business and the acquisition of three further marketing services businesses have significantly changed the shape of the Group.

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'We have also made further encouraging financial progress despite very tough trading conditions and we have again strengthened the balance sheet.

'We remain focused on using our strong financial position to acquire businesses and invest to reinforce our enhanced marketing services offering, which will become an increasingly significant growth driver for the group. Our book business has continued to perform well and we have made further investments to extend the range and effectiveness of its offering to our publishing customers.'

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Business Review

We are pleased to report further significant financial progress, the continued development of our marketing services capabilities and the ongoing success in repositioning the business away from commoditised print markets.

We have again taken action to reduce our costs and improve efficiencies in our print operations whilst investing for growth in our marketing services businesses. Further to the recent acquisition of Tactical Solutions we are delighted to have announced the acquisition of Response One and Pragma Consulting. As with our previous acquisitions they are strong businesses with excellent management teams, have potential to grow and are a great fit with our strategic reshaping.

We finished the year with a cash balance of £16.3 million despite the cash cost of the ongoing restructuring and the acquisition of Tactical Solutions. In addition, we are pleased to have once again further strengthened the balance sheet with net assets increasing by £6.7 million to £136.6 million.

The board recommends a final dividend of 3.50p making a full year dividend of 5.25p (3.50p in 2010). If approved, the final dividend will be paid on 23 December 2011 to shareholders on the register at 2 December 2011, with an ex-dividend date of 30 November 2011.

Trading conditions during the year continued to be very tough as the economic climate remained subdued. Underlying Group revenue of £296.8 million was 1.8% higher compared to the previous year as our marketing services segment offset the decline in print revenues. We have made further significant progress in improving the underlying operating profits of the business to £21.3 million (2010 – £18.8 million) and we are pleased that progress has been made in both reporting segments due to the actions taken to reduce costs and improve manufacturing efficiencies in the print operations and the investment made to grow our marketing services segment.

Key financial performance indicators

The board uses a range of key performance indicators ('KPIs') to measure past performance and as a basis for future planning. The most significant KPIs used by the Group are financial which are set out below and reflect the priorities and focus of the board. Those KPIs in respect of environmental and employee matters are referred to in the report on Corporate and Social Responsibility included within the consolidated financial statements.

| | 2011 | 2010 |
|--------------------------------|---------------|--------|
| Underlying revenue growth | 1.8% | (6.5%) |
| Underlying operating margin* | 7.2% | 6.4% |
| Cash conversion** | 83% | 167% |
| Underlying earnings per share* | 14.45p | 11.83p |
| Dividends per share | 5.25p | 3.50p |

* Continuing operations before non-underlying items.

**Operating profit from continuing operations converted to underlying free cash flow, measured as net cash generated from operating activities before non-underlying items, interest and tax less net cash used in investing activities before non-underlying items.

Print

Our Print operations represented 95.3% of Group external sales for the year. This comprises the Books; Exhibition and Events; Point of Sale and Direct Response and Commercial print businesses.

| | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Print total revenue before non-underlying items | 282,736 | 290,541 |
| Print operating profit before non-underlying items | 20,870 | 18,966 |

Books

The Group's book business accounted for 27.3% of the Print segment revenues. Sales were down by 3.3% compared to the previous year at £77.1 million (2010 - £79.7 million) but once again we benefited from increased market share and growth in our added value and distribution services. Actions taken to improve manufacturing efficiencies and reduce costs mitigated the impact of lower revenues and the business continues to perform very well.

The investments into digital print and print-on-demand continue to be very successful and we are delighted to have made a further strategic and unique investment in digital production. Working with our technology partners, we have invested in an integrated digital system which significantly extends the run length at which digital production is a better solution than conventional manufacture.

Our strategy is to provide services that enable our customers to profitably produce physical books in smaller quantities, ensure their availability, deliver them directly and in so doing minimise the risk associated with holding stock. We continue to assess the impact upon volumes from eBook sales which remain at levels lower than those reported in the US. We are very confident that our ongoing investment in this business will ensure we remain the market leader, are able to respond to the dynamic changes in this market place and continue to increase our market share. We have renewed a number of our contracts during the year including that with Hachette.

Being able to provide extensive conventional and digital production, an integrated warehouse facility and post production services from a single point enables us to provide a unique service whilst reducing the cost and time of fulfilment. As a result of our superior levels of service and reliability, we have again produced the majority of the bestselling books which included the following titles:

For Penguin 'How hard can it be?' by Jeremy Clarkson and 'Life and Laughing' by Michael Macintyre; for Hodder 'One Day' by David Nicholls; for Headline 'The Family' by Martina Cole; for Little, Brown 'Post Mortuary' by Patricia Cornwell; for Transworld 'Madeleine' by Kate McCann; for HarperCollins 'The Corrections' by Jonathan Franzen; for Bloomsbury 'The Finkler Question' (Booker prize winner) by Howard Jacobson; for Random House 'A journey' by Tony Blair; and for Orion 'The Tiger's Wife' (Orange prize winner) by Téa Obreht.

Exhibitions and Events

Sales for the exhibitions, events and outdoor media business represented 12.3% of Print segment sales.

Sales of £34.8 million (2010 - £31.3 million) were 11.4% ahead of last year but the margins were impacted by the short-term cost and disruption caused by the move of our principal site from Wandsworth to Chessington. The move has been completed successfully and the business is well placed to benefit from this new facility and ahead of the increased activity associated with the 2012 London Olympics. In addition to the new facility, we have invested in additional digital output and implemented a new IT system for the business.

Point of Sale

Point of sale material for the UK retailers and international brands represented 30.3% of Print segment sales at £85.7 million (2010 - £81.8 million). Demand continued to be resilient albeit the pressure on margins remained intense. We have invested in additional digital output capacity during the year and remain the market leader.

Direct Response and Commercial

Direct response and commercial printing accounted for 30.1% of sales in the Print segment. Market conditions continued to be extremely challenging and excess capacity and a trend to marketers spending on alternative media again exerted downward pressure on prices. As a result we have taken action to reduce our costs, improve efficiencies and reduce capacity.

Sales in the direct response and commercial businesses fell significantly compared to the previous year at £85.1 million (2010 - £97.8 million). The impact upon operating profit was mitigated by the actions taken to reduce costs. We continue to keep this business under close review given its exposure to commoditised print markets.

Marketing Services

Marketing Services accounts for approximately 4.7% of external sales and includes our data management business, Occam, our recently acquired field marketing business, Tactical Solutions, and our organically grown consultancy offerings.

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Marketing Services total revenue | 14,054 | 888 |
| Marketing Services operating profit before non-underlying items | 450 | (216) |

Data Management

Occam is a leading supplier of marketing management software and innovative data-driven solutions for direct marketing. Occam represented 48.5% of Marketing Services sales at £6.8 million (2010 - £0.9 million) of revenue. We have invested significantly in this business during the financial year to ensure that we have a stronger base both in terms of people and infrastructure that will support our growth plans. We have recently secured new contract wins with the RAC, Albemarle & Bond and a partnership agreement with IBM as a reseller.

We continue to invest to build this business and our overall capabilities within the market for data driven insight and business intelligence. We are delighted with the acquisition of Response One, completed on 14 September 2011, which will add further scale and capability in this growing market. Established in 1998, Response One is one of the UK's leading and fastest growing data marketing businesses. The business helps its clients to design and deliver effective customer and prospect communications through more intelligent use of data. Principal services include specialist media buying and sales; improving data quality and insight; and strategic campaign planning; and print management. By integrating these services into one solution, Response One has created a unique offering that has transformed multi-channel marketing activities for organisations across the UK.

Field Marketing

Tactical Solutions was acquired in February 2011 and represented 51.5% of Marketing Services revenue at £7.2 million. The business is one of the UK's leading and fastest growing field marketing companies working with major brands and retailers to drive sales in store. Its ability to deploy a nationwide team of highly skilled sales professionals enables the business to deliver measureable return on investment for its clients within the retail and FMCG sector.

Consultancy Services

Our acquisition of Pragma on 20 September 2011, a leading high growth consultancy specialising in retail and consumer markets, is a further step to extend our services within these markets. We believe there are opportunities for the Group to provide products and

services that help drive sales by understanding, predicting and influencing consumer behaviour. Pragma are unique in combining rigorous analytical work with innovative ideas and commercial implementation skills. Their key strength is in understanding how customers behave and what motivates them to buy.

Pragma will add significant strength to our organically grown consultancy offerings where we have invested during this financial year.

Balance sheet

The balance sheet has been further strengthened during the year and the Group continues to be very well invested; as a result, capital expenditure was again lower than depreciation at £8.9 million. Underlying cash flow remains robust and the year ended with a positive cash balance of £16.3 million (2010 – net debt £2.7 million), an excellent performance given the impact on cash of funding the cost reduction actions and the acquisition of Tactical Solutions, partially offset by the proceeds on the sale of the Magazine printing business.

We disposed of our sites in Edenbridge and our London head office during the year and continue to hold a surplus property for sale in Crayford.

The Group's strong financial position, even after the recent acquisitions of Response One and Pragma, ensures we have the necessary flexibility to invest to improve our business and take advantage of further suitable acquisition opportunities to deliver our strategy.

Strategy

Our results this year show that we have made further progress in restructuring our current business, developing our marketing services segment, and improving efficiencies in our existing print businesses. We have invested in those businesses where we will continue to generate acceptable margins and exited markets where we do not believe it will be possible to generate a satisfactory return on investment, thereby reducing our exposure to commoditised markets. Most importantly we are making significant progress in building a different business model and revenue stream in marketing services following the acquisition of Occam, Tactical Solutions, Response One and Pragma in addition to our ongoing investment to build our organically grown non-print offerings. Our businesses are well invested and given the changed business model, capital expenditure going forward will remain at these lower levels.

The Group benefits from strong relationships with blue chip organisations across a number of markets. Within the Print segment we continue to invest to extend the offering to our book publishers beyond just manufacture, to enable us to produce only in quantities that need to be printed and made available for sale, when and where required. In addition, we have invested in print to support our marketing services offering but not where print is differentiated by price alone.

We will continue to build upon our offering of non-print services both through acquisition and organic development. We are very pleased with the quality and range of our services that provide efficient and effective execution of marketing campaigns across a number of markets and for blue chip organisations. Our ability to provide products, services and insight that influence consumer behaviour and drive sales is essential to being able to demonstrate a return on investment to marketeers, retailers and brand owners.

The recently won contract with HSBC supports our decision to invest in building a Group sales team able to provide a range of services from a single point.

Outlook

The Group has made good progress in improving the performance of those print businesses that support our marketing services offering whilst reducing its exposure to commoditised markets. Through acquisition we have, and will continue to build, a significant and broad offering that drives the effectiveness of multi channel marketing across a range of markets. Trading conditions within our traditional print markets, as a result of both cyclical and structural changes, remain extremely difficult and we do not expect these pressures to ease

in the foreseeable future. We will keep the cost base and performance of these businesses under review and will not hesitate to take further action if required.

We are very pleased with our progress and performance in the current economic climate as we continue to invest to reposition the business for the future. We start the new financial year having again improved our financial performance and have made good progress in executing our strategy. We are confident that the actions we have taken to date and the strategy we are pursuing will ensure the Group continues to prosper. Our financial strength will enable us to continue to invest and reposition the business despite the current economic conditions and in the face of ongoing structural changes to our traditional businesses.

We believe that within the next three years 30 to 40% of the Group's profit will derive from our marketing services segment and that, despite the challenging climate, we will be able to continue to invest for the long term benefit of our shareholders.

Patrick Martell
Chief Executive

4 October 2011

Financial Review

Overview of revenue

Underlying revenue for the Group from continuing operations increased by £5.4 million (1.8%) to £296.8 million. Revenue of £7.2 million is included for Tactical Solutions, acquired 9 February 2011.

Revenue from the Print segment decreased by £7.8 million (2.7%). Revenue decreased by 3.3% in the Books business but market share increased. Exhibitions and Events revenue increased by 11.4% although this growth slowed towards the end of the financial year as general economic sentiment deteriorated. Revenue for the Point of sale business increased by £3.9 million (4.8%) but Direct Response and Commercial revenue declined by 13.0%, partly due to planned reductions in capacity and the removal of less profitable work from the overall mix.

Revenue for the Marketing Services segment increased significantly due to the acquisition of Occam at the end of the previous financial year and the acquisition of Tactical Solutions during the year.

From a geographical point of view, 95.8% of our Print and Marketing Services' revenue is generated within the UK.

Gross profit margin and underlying profitability

Underlying gross profit margin has increased from 25.5% to 26.8%. Despite the revenue decline within the Print segment gross margins in the segment have been maintained due to improved work mix, lower levels of outsourced work, improved production efficiencies, successful procurement initiatives and the labour cost reductions resulting from restructuring activities. Gross margins within the Marketing Services segment are significantly higher than those within the Print segment and therefore the growth of this segment has led to the overall improvement in margin at the Group level.

Underlying sales and administrative overheads increased by £2.4 million driven by acquisition related overheads of £4.5 million partially offset by headcount related overhead reductions within the Print segment of £2.1 million.

As a result of these management actions, underlying profit before taxation for the Group from continuing operations increased from £17.8 million to £20.9 million (6.1% to 7.0% of revenue).

Non-underlying items

The Group has undergone further restructuring during the year in order to mitigate the effects of the economic downturn, remove excess capacity and improve operating performance.

The £4.0 million net charge (2010 – £4.6 million), before tax, primarily relates to: the costs associated with the relocation of our principal exhibitions and events site to Chessington of £1.5 million; redundancy, asset impairment and other re-structuring related costs within our head office and the Books, Point of Sale and Direct Response and Commercial businesses of £5.0 million; transaction costs associated with the acquisition of Tactical Solutions of £0.6 million; and the amortisation of acquired intangibles for Occam and Tactical Solutions of £1.1 million; partially offset by gains of £4.2 million on the sale of our previous head office and properties at Edenbridge site.

Balance sheet

The balance sheet has strengthened with net assets increasing to £136.6 million (2010 – £129.9 million). The movement reflects the loss after taxation of £4.8 million; dividends of £3.6 million; actuarial gains on the defined benefits pension scheme (net of deferred tax) of £12.0 million; and the impact of the issue of shares of £3.1 million.

Net debt

Net debt decreased during the year from £2.7 million to a cash balance of £16.3 million. The major contributing factors to the movement are an improvement in underlying profitability, a further reduction in capital expenditure, and the proceeds of disposal of excess property and non-core activities, partially offset by acquisition-related cash requirements.

The Group maintains a £55.0 million committed revolving multicurrency credit agreement which expires 31 October 2012.

Capital expenditure and depreciation

Capital expenditure in cash flow terms on property, plant and equipment, together with additions to intangible assets, other than in the context of acquisitions, was £8.9 million (2010 – £12.1 million) and cash receipts from asset disposals were £9.3 million (2010 – £4.6 million). Depreciation, amortisation and impairments charged in the year was £35.0 million (2010 – £20.2 million) including a £13.5 million impairment charge in respect of the Magazine printing business disposed of in the period. Our businesses are very well invested and we are therefore able to operate at reduced levels of capital expenditure versus historic levels without any deterioration in our competitive advantage. We will, however, continue to invest in those businesses that present opportunities for growth.

Acquisitions

On 9 February 2011, the Group acquired Tactical Solutions (UK) Limited, one of the UK's leading field marketing companies. The total consideration payable for the business is £18.6 million.

Subsequent to the end of the financial year the Group acquired Response One Holdings Limited for a maximum consideration of £19 million and Pragma Holdings Limited for a maximum consideration of £6.3 million.

Disposal

On 6 April 2011, the Group disposed of its magazine printing business for £18.8 million, net of selling costs. The impairment of property, plant and machinery associated with the disposal, before tax, was £13.5 million. The business has been treated as a discontinued operation.

Tax

The Group's tax rate on profit before non-underlying items was 27.6% (2010 – 31.5%).

Dividends

The board is recommending a final dividend of 3.50p, bringing the total dividends for the year to 5.25p, resulting in an underlying dividend cover of 2.8 times.

The Group remains cash generative and was debt free at the end of the financial year. Retained earnings in the Group balance sheet at 30 July 2011 were £76.4 million (2010 – £73.4 million).

Pensions

The deficit (on an IAS 19 basis) in the defined benefits pension scheme at the end of the year, excluding the related deferred tax asset, was £12.3 million (2010 – £32.9 million). The decrease of the deficit is due, primarily, to an increase in the value of the scheme assets.

The charge to underlying operating profit for this scheme was £0.2 million (2010 – £0.2 million) which represents the costs of administering the scheme. The income statement also includes a net financing credit of £0.6 million (2010 – £0.4 million charge) which reflects the expected return on assets of the scheme based on market rates available at the start of the financial year less the effect of the fact that the benefits are one year closer to being paid.

The Group contributes £2.2 million per annum in order to meet its obligations regarding the current level of deficit within the scheme. The next triennial valuation for the scheme is scheduled for April 2013.

Financial risk management and treasury policies

The main financial risks of the Group relate to interest rate, liquidity, foreign exchange and credit (in relation to its trade receivables).

The Group introduced an internal audit function in 2007. The Group's policy is to test all the business's trade cycles over a three-year period.

The Group's treasury function is responsible for managing the Group's exposure to financial risk and operates within a defined set of policies and procedures approved by the board.

The overall objective of the treasury policy is to use financial instruments to manage the financial risks that arise from the specific activities of the business. It follows, therefore, that the Group does not enter into speculative financial transactions for which there is no underlying business requirement.

Interest rate risk

The Group's borrowings are at floating interest rates. Interest as a proportion of profits before tax is relatively small and changes in interest rates have a low impact on profits. The Group keeps this situation under constant review.

Liquidity risk

The Group maintains a £55.0 million committed revolving multicurrency credit agreement which expires 31 October 2012. At the year end the Group had unused facilities of £55.0 million.

Foreign exchange risk

The Group's trading, including purchases of property, plant and equipment, is principally in Sterling. Currency risk management relating to transactional business, if significant, is dealt with by the use of currency derivatives, which are mainly foreign currency forward contracts.

Credit risk (trade receivables)

The majority of sales of the Group to its customers are made on credit. The Group maintains credit insurance covering its larger trade debtors. It is Group policy that all customers are granted credit subject to credit verification procedures. A rigorous system of credit control is applied and receivables are continually monitored. Bad debt provisions represented 3.6% (2010 – 4.6%) of gross trade debtors at the year end.

Matt Armitage
Finance Director

4 October 2011

Consolidated Income Statement

| | 52 weeks to 29 July 2011 | | | 52 weeks to 30 July 2010† | | |
|--|--------------------------|--|-----------------|---------------------------|--|----------------|
| Note | Underlying £'000 | Non- underlying* (note 3) £'000 | Total £'000 | Underlying £'000 | Non- underlying* (note 3) £'000 | Total £'000 |
| Revenue | 2, 3 | 296,790 | 454 | 297,244 | | 291,430 |
| Cost of sales | | (217,284) | (4,645) | (221,929) | | (217,002) |
| Gross profit | | 79,506 | (4,191) | 75,315 | | 74,428 |
| Selling costs | | (24,160) | (276) | (24,436) | | (21,944) |
| Administrative expenses | | (34,207) | (3,842) | (38,049) | | (34,003) |
| Other operating income | | 181 | 4,300 | 4,481 | | 271 |
| Profit/(loss) from operations | 2, 3 | 21,320 | (4,009) | 17,311 | | 18,752 |
| Investment income | | 13,973 | – | 13,973 | | 13,267 |
| Finance costs | | (14,388) | – | (14,388) | | (14,222) |
| Profit/(loss) before tax | | 20,905 | (4,009) | 16,896 | | 17,797 |
| Income tax (charge)/credit | 4 | (5,764) | 2,692 | (3,072) | | (5,607) |
| Profit/(loss) for the period from continuing operations | | 15,141 | (1,317) | 13,824 | | 12,190 |
| Loss from discontinued operations | 4 | (1,312) | (17,273) | (18,585) | | (2,248) |
| Net profit/(loss) for the period | | 13,829 | (18,590) | (4,761) | | 9,942 |
| Attributable to: | | | | | | |
| Shareholders of the parent company | | 13,748 | (18,551) | (4,803) | | 9,942 |
| Non-controlling interests | | 81 | (39) | 42 | | – |
| | | 13,829 | (18,590) | (4,761) | | 9,942 |
| Basic earnings per share (p) | | | | | | |
| From continuing operations | 6 | 14.45 | (1.23) | 13.22 | | 11.83 |
| From continuing and discontinued operations: | 6 | 13.19 | (17.80) | (4.61) | | 9.65 |
| | | | | | | (2.14) |
| | | | | | | 7.51 |
| Diluted earnings per share (p) | | | | | | |
| From continuing operations | 6 | 14.36 | (1.22) | 13.14 | | 11.83 |
| From continuing and discontinued operations | 6 | 13.11 | (17.69) | (4.58) | | 9.65 |
| | | | | | | (2.14) |
| | | | | | | 7.51 |

† The results for the prior period have been reclassified to present the Magazine printing business as a discontinued operation.

* Non-underlying items comprise restructuring charges, provision releases, operating results of non-continuing operations, amortisation of acquired intangibles and other one-off items.

Consolidated Statement of Comprehensive Income

| | 52 weeks to 29 July 2011 £'000 | 52 weeks to 30 July 2010 £'000 |
|--|---|---|
| (Loss)/profit for the period | (4,761) | 7,738 |
| Actuarial gains on defined benefits pension schemes | 16,696 | 3,835 |
| Transfers of gains on cash flow hedges to hedged items | (59) | (209) |
| Gains on cash flow hedges taken directly to comprehensive income | 4 | 59 |
| Tax charge on items taken directly to comprehensive income | (4,697) | (1,367) |
| Other comprehensive income for the period | 11,944 | 2,318 |
| Total comprehensive income for the period | 7,183 | 10,056 |
| Attributable to: | | |
| Shareholders of the parent company | 7,141 | 10,056 |
| Non-controlling interests | 42 | – |
| | 7,183 | 10,056 |

Consolidated Statement of Changes in Equity

| | Share capital £'000 | Share premium £'000 | ESOP reserve £'000 | Capital redemption reserve £'000 | Share option reserve £'000 | Hedging and translation reserve £'000 | Other reserves £'000 | Retained earnings £'000 | Non-controlling interest £'000 | Total £'000 |
|--|------------------------|------------------------|-----------------------|-------------------------------------|-------------------------------|--|-------------------------|----------------------------|-----------------------------------|----------------|
| Balance at 31 July 2009 | 10,355 | 46,689 | (1,913) | 1,238 | – | 157 | 46,171 | 65,542 | – | 122,068 |
| Profit for the period | – | – | – | – | – | – | – | 7,738 | – | 7,738 |
| Other comprehensive (loss)/income for the period | – | – | – | – | – | (114) | (114) | 2,432 | – | 2,318 |
| Comprehensive income/(loss) for the period | – | – | – | – | – | (114) | (114) | 10,170 | – | 10,056 |
| Dividends | – | – | – | – | – | – | – | (2,318) | – | (2,318) |
| Issue of share capital | 3 | 17 | – | – | – | – | 17 | – | – | 20 |
| Recognition of share-based payments | – | – | – | – | 60 | – | 60 | – | – | 60 |
| Balance at 30 July 2010 | 10,358 | 46,706 | (1,913) | 1,238 | 60 | 43 | 46,134 | 73,394 | – | 129,886 |
| Loss for the period | – | – | – | – | – | – | – | (4,803) | 42 | (4,761) |
| Other comprehensive (loss)/income for the period | – | – | – | – | – | (39) | (39) | 11,983 | – | 11,944 |
| Comprehensive (loss)/income for the period | – | – | – | – | – | (39) | (39) | 7,180 | 42 | 7,183 |
| Arising on acquisition of subsidiary | – | – | – | – | – | – | – | – | 620 | 620 |
| Dividends | – | – | – | – | – | – | – | (3,616) | – | (3,616) |
| Issue of share capital | 227 | 1,834 | 769 | – | – | – | 2,603 | (606) | – | 2,224 |
| Recognition of share-based payments | – | – | – | – | 284 | – | 284 | – | – | 284 |
| Balance at 29 July 2011 | 10,585 | 48,540 | (1,144) | 1,238 | 344 | 4 | 48,982 | 76,352 | 662 | 136,581 |

Consolidated Balance Sheet

| | Note | 29 July 2011 £'000 | 30 July 2010 £'000 |
|---|------|--------------------------|--------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 62,376 | 107,438 |
| Goodwill | | 67,443 | 54,383 |
| Other intangible assets | | 11,522 | 4,683 |
| Financial assets | | 2,429 | 3,495 |
| Deferred tax assets | | – | 1,355 |
| Other non-current assets | | – | 202 |
| | | 143,770 | 171,556 |
| Current assets | | | |
| Inventories | | 7,182 | 10,112 |
| Trade and other receivables | | 65,110 | 68,148 |
| Current tax receivable | | – | 568 |
| Derivative financial instruments | | 4 | 59 |
| Cash and cash equivalents | | 16,262 | 10,515 |
| Assets held for sale | | – | 2,140 |
| | | 88,558 | 91,542 |
| Total assets | | 232,328 | 263,098 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 69,255 | 79,920 |
| Income tax payable | | 3,283 | – |
| Deferred consideration payable | | 1,677 | – |
| Deferred income | | 376 | 934 |
| Provisions | | 1,626 | 3,752 |
| | | 76,217 | 84,606 |
| Non-current liabilities | | | |
| Loans | | – | 13,193 |
| Retirement benefits obligations | 7 | 12,295 | 32,887 |
| Deferred consideration payable | | 2,621 | – |
| Deferred income | | – | 593 |
| Provisions | | 687 | 666 |
| Deferred tax liabilities | | 3,927 | 1,267 |
| | | 19,530 | 48,606 |
| Total liabilities | | 95,747 | 133,212 |
| Net assets | | 136,581 | 129,886 |
| Equity | | | |
| Capital and reserves | | | |
| Share capital | | 10,585 | 10,358 |
| Other reserves | | 48,982 | 46,134 |
| Retained earnings | | 76,352 | 73,394 |
| Attributable to shareholders of the parent company | | 135,918 | 129,886 |
| Non-controlling interests | | 662 | – |
| Total equity | | 136,581 | 129,886 |

Consolidated Cash Flow Statement

| | Note | 52 weeks to 29 July 2011 £'000 | 52 weeks to 30 July 2010 £'000 |
|---|------|---|---|
| Operating activities | | | |
| Cash generated from operations | 10 | 22,282 | 37,222 |
| Interest paid | | (1,079) | (1,160) |
| Income taxes (paid)/received | | (1,323) | 744 |
| Net cash generated from operating activities | | 19,880 | 36,806 |
| Investing activities | | | |
| Purchase of property, plant and equipment | | (6,814) | (11,245) |
| Purchase of other intangibles | | (2,070) | (804) |
| Proceeds on disposal of property, plant and equipment | | 9,263 | 4,584 |
| Disposal proceeds of subsidiary, net of cash disposed | 8 | 14,772 | – |
| Acquisition of subsidiary, net of cash acquired | 9 | (12,170) | (10,517) |
| Net cash generated from/(used in) investing activities | | 2,981 | (17,982) |
| Financing activities | | | |
| Dividends paid | | (3,616) | (2,318) |
| Decrease in bank loans | | (13,494) | (20,000) |
| Net cash used in financing activities | | (17,110) | (22,318) |
| Net increase/(decrease) in cash and cash equivalents | 10 | 5,751 | (3,494) |
| Cash and cash equivalents at beginning of period | | 10,515 | 14,016 |
| Effect of foreign exchange rate changes | | (4) | (7) |
| Cash and cash equivalents at end of period | 10 | 16,262 | 10,515 |

Notes to the Preliminary Results

1. Basis of preparation

The preliminary results have been prepared on the basis of the accounting policies as set out in the Group's Annual Report and Accounts 2011. Certain balance sheet items have been reclassified in the prior year comparatives to reflect changes in presentation.

The financial information set out in the preliminary results does not comprise statutory accounts for the purpose of section 434 of the Companies Act 2006 in respect of the year ended 29 July 2011 and 30 July 2010.

The financial information for the year ended 29 July 2011 has been extracted from the Group's 2011 statutory accounts for that period which have been prepared on a going concern basis and in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by European Union ('IFRS') and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The 2011 statutory accounts will be delivered to the Registrar of Companies following the Company's 2011 Annual General Meeting.

The financial information for the year ended 30 July 2010 has been extracted from the Group's statutory accounts for that period which have been delivered to the Registrar of Companies. The Auditor's report on both the Group's 2011 and 2010 statutory accounts were unqualified and did not contain statements under sections 498(2) or 498(3) of the Companies Act 2006 in respect of the 2010 and 2011 statutory accounts.

2. Segment reporting

The Group manages its business on a market segment basis. Following a change in the way resources are allocated by the board, the Group's chief operating decision maker, and in light of the increased proportion of investment in non-print businesses, the reporting segments were redefined in the period as Print and Marketing Services. The Print segment comprises the Group's Books business previously reported within the Media Products segment and all the business that were reported within the Commercial Products segment except Occam, the database marketing services business. Occam is now reported within the Marketing Services segment together with Tactical Solutions, the field marketing services business acquired in the period. The results of the Group's Magazine printing business previously reported under the Media Products segment are reported within discontinued operations. The nature of the market segments is described in the Business Review.

The changes noted above did not result in any misstatement of the prior period reported balance sheet. Inter-segment sales are charged at arm's length prices. Corporate costs before non-underlying items are allocated to revenue-generating segments as this better reflects their profitability.

Business segments

| | 52 weeks to 29 July 2011 | | |
|---|-----------------------------------|-------------------------------------|----------------|
| | Print £'000 | Marketing Services £'000 | Total £'000 |
| Revenue | | | |
| Underlying revenue | 282,736 | 14,054 | 296,790 |
| Non-underlying revenue | 454 | – | 454 |
| Total revenue | 283,190 | 14,054 | 297,244 |
| Result | | | |
| Result before non-underlying items | 20,870 | 450 | 21,320 |
| Non-underlying items | (2,483) | (1,526) | (4,009) |
| Profit from operations | 18,387 | (1,076) | 17,311 |
| Investment income | | | 13,973 |
| Finance costs | | | (14,388) |
| Profit before tax | | | 16,896 |
| Income tax charge | | | (3,072) |
| Profit for the period from continuing operations | | | 13,824 |
| | Continuing operations £'000 | Discontinued operations £'000 | Total £'000 |
| Revenue | | | |
| Underlying revenue | 296,790 | 51,248 | 348,038 |
| Non-underlying revenue | 454 | – | 454 |
| Total revenue | 297,244 | 51,248 | 348,492 |
| Result | | | |
| Result before non-underlying items | 21,320 | (506) | 20,814 |
| Non-underlying items | (4,009) | (16,905) | (20,914) |
| Profit from operations | 17,311 | (17,411) | (100) |

2. Segment reporting *continued*

52 weeks to 30 July 2010 (restated)

| | Print £'000 | Marketing Services £'000 | Total £'000 |
|------------------------|----------------|--------------------------------|----------------|
| Revenue | | | |
| Underlying revenue | 290,542 | 888 | 291,430 |
| Non-underlying revenue | 39 | – | 39 |
| Total revenue | 290,581 | 888 | 291,469 |

Result

| | | | |
|---|---------|-------|---------------|
| Segmental result before non-underlying items | 18,968 | (216) | 18,752 |
| Non-underlying items | (4,097) | (525) | (4,622) |
| Profit from operations | 14,871 | (741) | 14,130 |
| Investment income | | | 13,267 |
| Finance costs | | | (14,222) |
| Profit before tax | | | 13,175 |
| Income tax charge | | | (1,974) |
| Profit for the period from continuing operations | | | 11,201 |

| | Continuing operations £'000 | Discontinued operations £'000 | Total £'000 |
|------------------------|-----------------------------------|-------------------------------------|----------------|
| Revenue | | | |
| Underlying revenue | 291,430 | 70,489 | 361,919 |
| Non-underlying revenue | 39 | 298 | 337 |
| Total revenue | 291,469 | 70,787 | 362,256 |

Result

| | | | |
|------------------------------------|---------------|----------------|--------------|
| Result before non-underlying items | 18,752 | (2,739) | 16,013 |
| Non-underlying items | (4,622) | (1,687) | (6,309) |
| Profit from operations | 14,130 | (4,426) | 9,704 |

3. Non-underlying items

Non-underlying items disclosed on the face of the consolidated income statement included in respect of continuing operations are as follows:

| | 2011 £'000 | 2010 £'000 |
|---|----------------|---------------|
| Expense/(income) | | |
| <i>Restructuring items</i> | | |
| Redundancies, impairments and other charges | 6,788 | 5,518 |
| Provision releases | (316) | (192) |
| Profit on disposal of property, plant and equipment | (4,299) | (1,614) |
| | 2,173 | 3,712 |
| <i>Other</i> | | |
| Operating losses from non-continuing operations | 16 | 182 |
| Amortisation of acquired intangibles | 1,149 | 105 |
| Costs associated with the acquisition of subsidiaries | 608 | 418 |
| Remaining other non-underlying expenses | 63 | 205 |
| | 4,009 | 4,622 |
| Income tax credit | (2,692) | (3,633) |
| | 1,317 | 989 |

Restructuring items

Included within redundancies, impairment and other charges are impairments of £3,508,000 in respect of plant, equipment and software located at the Blackburn, Bradford and Leeds sites. The activities of the sites are recorded within the Print segment. Also included are redundancy and other charges associated with restructuring activities principally in the Direct and Service Graphics operating businesses. Provision releases include the release of £316,000 in respect of costs associated with the Edenbridge site closure. Profit on disposal of fixed assets includes a gain from the disposal of the Lavington Street building, as well as gains on the disposal of buildings at Edenbridge site, offset by losses on disposal of plant and machinery following the relocation of certain operations of Service Graphics to a new site. All of the restructuring items are recorded within the Print segment.

Other

Operating losses from non-continuing operations classified as non-underlying items relate to operating results arising after the decision to close a site. In the period, these arose in the Edenbridge site. Amortisation of acquired intangibles relates to customer relationships acquired with Tactical Solutions in the period as well as to customer relationships and in-house developed software acquired with Occam in the prior year. Costs associated with the acquisition of subsidiaries of £608,000 relate to the Tactical Solutions acquisition, principally professional advisers' fees.

Tax

In the current year, the tax credit relates to the items discussed above, and to the revaluation of deferred tax liabilities following the substantial enactment of the reduction of the UK statutory corporate income tax rate from 27% to 25%.

4. Income tax charge/(credit)

Income tax on profit/(loss) as shown in the income statement is as follows:

| | Continuing operations | | Discontinued operations | | Total | |
|--|-----------------------|---------------|-------------------------|---------------|----------------|---------------|
| | 2011 £'000 | 2010 £'000 | 2011 £'000 | 2010 £'000 | 2011 £'000 | 2010 £'000 |
| United Kingdom corporation tax charge/(credit) at 27.33% (2010 - 28%): | | | | | | |
| Current year | 4,891 | 3,585 | 456 | (1,748) | 5,347 | 1,837 |
| Adjustments in respect of prior years | (838) | (489) | 148 | (389) | (690) | (878) |
| | 4,053 | 3,096 | 604 | (2,137) | 4,657 | 959 |
| Overseas: | | | | | | |
| Adjustments in respect of prior years | - | (545) | - | - | - | (545) |
| Total current tax charge/(credit) | 4,053 | 2,551 | 604 | (2,137) | 4,657 | 414 |
| Deferred tax on origination and reversal of temporary differences: | | | | | | |
| United Kingdom deferred tax (credit)/charge | (1,123) | 691 | 64 | (23) | (1,059) | 668 |
| Adjustments in respect of prior years | 142 | (1,268) | 139 | 552 | 281 | (716) |
| Total deferred tax (credit)/charge | (981) | (577) | 203 | 529 | (778) | (48) |
| Total income tax charge/(credit) | 3,072 | 1,974 | 807 | (1,608) | 3,879 | 366 |

The income tax charge/(credit) on the profit/(loss) before and after non-underlying items is as follows:

| | Continuing operations | | Discontinued operations | | Total | |
|--|-----------------------|---------------|-------------------------|---------------|----------------|---------------|
| | 2011 £'000 | 2010 £'000 | 2011 £'000 | 2010 £'000 | 2011 £'000 | 2010 £'000 |
| Tax charge on profit before non-underlying items | 5,764 | 5,607 | 439 | (1,135) | 6,203 | 4,472 |
| Tax (credit)/charge on non-underlying items | (2,692) | (3,633) | 368 | (473) | (2,324) | (4,106) |
| | 3,072 | 1,974 | 807 | (1,608) | 3,879 | 366 |

4. Income tax charge/(credit) continued

The charge can be reconciled to the profit before tax per the income statement as follows:

| | Continuing operations | | Discontinued operations | | Total | |
|---|-----------------------|---------------|-------------------------|---------------|---------------|---------------|
| | 2011 £'000 | 2010 £'000 | 2011 £'000 | 2010 £'000 | 2011 £'000 | 2010 £'000 |
| Profit/(loss) before tax | 16,896 | 13,173 | (17,778) | (5,069) | (882) | 8,104 |
| Tax calculated at a rate of 27.33% (2010 - 28%) | 4,617 | 3,688 | (4,858) | (1,419) | (241) | 2,269 |
| Non-deductible charges on impairment of assets | | – | 4,641 | – | 4,641 | – |
| Expenses not deductible for tax purposes | 561 | 828 | 734 | – | 1,295 | 828 |
| Non-taxable income | (583) | – | – | (280) | (583) | (280) |
| Effect of alternative use tax basis on sale of buildings | (595) | – | – | – | (595) | – |
| Effect of change in UK corporate tax rate | (232) | (240) | 4 | (72) | (228) | (312) |
| Adjustments in respect of prior years | (696) | (2,302) | 286 | 163 | (410) | (2,139) |
| Total income tax charge/(credit) | 3,072 | 1,974 | 807 | (1,608) | 3,879 | 366 |

5. Dividends

| | per share | 2011 £'000 | 2010 £'000 |
|--|-----------|---------------|---------------|
| Final dividend paid for the 52 weeks ended 31 July 2009 | 0.5 p | – | 515 |
| Interim dividend paid for the 26 weeks to 30 January 2010 | 1.75 p | – | 1,803 |
| Final dividend paid for the 52 weeks ended 30 July 2010 | 1.75 p | 1,806 | – |
| Interim dividend paid for the 26 weeks to 29 January 2011 | 1.75 p | 1,811 | – |
| Dividends paid during the period | | 3,616 | 2,318 |
| Proposed final dividend at the period end of 3.50p per share (2010 - 1.75p per share) | | 3,749 | 1,803 |

The proposed final dividend is subject to the approval by shareholders at the 2011 Annual General Meeting and has not been included as a liability in these financial statements.

6. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

Number of shares

| | 2011 '000 | 2010 '000 |
|---|----------------|--------------|
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 104,206 | 103,056 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | 104,879 | 103,056 |

Basic and diluted earnings per share

| | 2011 | | 2010 | |
|---|-------------------|--------------------------------|-------------------|--------------------------------|
| | Earnings £'000 | Earnings per share pence | Earnings £'000 | Earnings per share pence |
| Earnings and basic earnings per share from continuing activities | | | | |
| Underlying earnings and underlying earnings per share | 15,060 | 14.45 | 12,190 | 11.83 |
| Non-underlying items | (1,278) | (1.23) | (989) | (0.96) |
| Earnings and basic earnings per share | 13,782 | 13.22 | 11,201 | 10.87 |

Earnings and diluted earnings per share from continuing activities

| | | | | |
|---|----------------|---------------|--------|--------|
| Underlying earnings and underlying earnings per share | 15,060 | 14.36 | 12,190 | 11.83 |
| Non-underlying items | (1,278) | (1.22) | (989) | (0.96) |
| Earnings and diluted earnings per share | 13,782 | 13.14 | 11,201 | 10.87 |

| | 2011 | | 2010 | |
|---|-------------------|--------------------------------|-------------------|--------------------------------|
| | Earnings £'000 | Earnings per share pence | Earnings £'000 | Earnings per share pence |
| Loss and basic loss per share from discontinued activities | (18,585) | (17.83) | (3,463) | (3.36) |
| Loss and diluted loss per share from discontinued activities | (18,585) | (17.72) | (3,463) | (3.36) |

| | 2011 | | 2010 | |
|---|-------------------|--------------------------------|-------------------|--------------------------------|
| | Earnings £'000 | Earnings per share pence | Earnings £'000 | Earnings per share pence |
| Basic (loss)/ earnings per share from continuing and discontinued activities | (4,803) | (4.61) | 7,738 | 7.51 |
| Diluted (loss)/ earnings per share from continuing and discontinued activities | (4,803) | (4.58) | 7,738 | 7.51 |

7. Retirement benefits

The net liability in respect of retirement benefits obligations of £12,295,000 at the balance sheet date has decreased compared to July 2010 (£32,887,000) due mainly to investment returns on scheme assets.

8. Acquisition

On 9 February 2011, the Group acquired 90% of the single class of ordinary shares in Tactical Solutions (UK) Limited ('Tactical Solutions'), a provider of field marketing services. Goodwill arising on the acquisition relates to the value of future growth from new customers and of the assembled workforce. The fair values of the net assets acquired were as follows:

Purchase price allocation

| | Historical net assets £'000 | Fair value adjustments £'000 | Fair value of net assets £'000 |
|---------------------------------|-----------------------------------|------------------------------------|--------------------------------------|
| Customer relationships | – | 6,840 | 6,840 |
| Property, plant and equipment | 219 | – | 219 |
| Trade and other receivables | 3,069 | 280 | 3,349 |
| Bank balances and cash | 169 | – | 169 |
| Trade and other payables | (2,266) | (269) | (2,535) |
| Deferred tax liabilities | 1 | (1,847) | (1,846) |
| Net assets acquired | 1,192 | 5,004 | 6,196 |
| Goodwill arising on acquisition | | | 13,060 |
| Non-controlling interest | | | (619) |
| Total consideration | | | 18,637 |

The fair value of the total consideration payable is as follows:

| | £'000 |
|--|---------------|
| Paid in cash prior to 29 July 2011 | 12,339 |
| St Ives plc ordinary shares issued on 3 March 2011 | 2,000 |
| Consideration payable in loan notes after 29 July 2011 | 4,298 |
| Total consideration | 18,637 |

The loan notes payable at 29 July 2011 are analysed as follows:

| | £'000 |
|--|--------------|
| Loan notes payable within one year | 1,677 |
| Loan notes payable in more than one year | 2,621 |
| Total consideration payable at 29 July 2011 | 4,298 |

The acquisition had the following impact on investing cash outflows in the period:

| | £'000 |
|---------------------------------------|---------------|
| Cash paid in the period | 12,339 |
| Cash acquired | (169) |
| Net cash outflow in the period | 12,170 |

8. Acquisition *continued*

The deferred consideration is payable in two tranches which are dependent upon the level of EBITDA achieved by Tactical Solutions in calendar year 2011 and calendar year 2012, the amounts of which are capped at £4 million and £5 million respectively. The Group received an option to purchase the remaining 10% of the single class of ordinary shares from August 2013 at a price dependent on the level of EBITDA achieved by Tactical Solutions in the financial year preceding the date of the exercise of the option. A nominal value of £1 has been attributed to this option at the balance sheet date.

Had Tactical Solutions been acquired at the beginning of the financial year, it would have had the following incremental impact on the Group's operating results:

| | £'000 |
|------------------|-------|
| Revenue | 5,785 |
| Operating profit | 747 |

9. Discontinued operations

On 6 April 2011, the Group completed the disposal of the four operating subsidiaries that made up the Group's Magazine printing business, namely St Ives Peterborough Limited, St Ives Plymouth Limited, St Ives Roche Limited and St Ives Web Limited ("the Magazine printing business"). Consideration receivable is comprised of £15,000,000 in cash and £5,000,000 in loan notes secured on certain items of plant and machinery within the Magazine printing business. At the date of disposal the loan notes were scheduled to be repaid in 24 equal monthly instalments. All but the initial payment were subsequently rescheduled with repayment recommencing in December 2011. From that date, monthly repayments will resume at a higher level such that the full value of the loan notes are still scheduled to be repaid with 24 months of the date of disposal. The loan notes do not bear interest and the nominal amounts payable were discounted to their present value as at the date of disposal. The Magazine printing business is classified as a discontinued operation and prior period figures have been restated accordingly.

The net assets of the Magazine printing business at the date of disposal, 6 April 2011 were as follows:

| | 31 July 2010 to 6 April 2011 £'000 |
|---|---|
| Intangible assets | 55 |
| Property, plant and equipment | 20,653 |
| Inventories | 4,308 |
| Trade and other receivables | 23,678 |
| Bank overdraft | (386) |
| Trade and other payables | (26,627) |
| Tax liabilities | (1,898) |
| Other liabilities | (982) |
| Net assets | 18,801 |
| Profit on disposal before tax | - |
| Total consideration receivable, net of selling costs | 18,801 |

9. Discontinued operations *continued*

The fair value of the consideration receivable for the Magazine printing business, net of selling costs is comprised as follows:

| | £'000 |
|---|---------------|
| Consideration net of selling costs, received in cash on completion | 14,178 |
| Loan note receivable and received in the period | 208 |
| Fair value of loan notes receivable after 29 July 2011 | 4,415 |
| Fair value of consideration receivable, net of selling costs | 18,801 |

The loan notes receivable at 29 July 2011 are analysed as follows:

| | £'000 |
|---|--------------|
| Loan notes receivable within one year | 1,986 |
| Loan notes receivable in more than one year | 2,429 |
| Total consideration receivable at 29 July 2011 | 4,415 |

The disposal of the Magazine printing business had the following impact on investing cash inflows in the period:

| | £'000 |
|--|---------------|
| Total consideration net of selling costs, received in cash in the period | 14,386 |
| Overdraft included in net assets disposed of in the period | 386 |
| Proceeds in the period from disposal, net of cash disposed | 14,772 |

10. Notes to the consolidated cash flow statement

Reconciliation of cash generated from operations

| | 2011 £'000 | 2010 £'000 |
|--|-----------------|---------------|
| Profit from continuing operations | 17,311 | 14,130 |
| Loss from discontinued operations | (17,411) | (4,427) |
| | (100) | 9,703 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 12,609 | 18,303 |
| Impairment losses | 20,488 | 1,171 |
| Amortisation of intangible assets | 1,894 | 756 |
| Profit on disposal of property, plant and equipment | (4,652) | (2,374) |
| Deferred income credit | (393) | (307) |
| Share-based payment charge | 284 | 60 |
| Decrease in retirement benefit obligations | (3,345) | (2,000) |
| Decrease in provisions | (1,880) | (1,585) |
| Operating cash inflows before movements in working capital | 24,905 | 23,727 |
| (Increase)/decrease in inventories | (1,379) | 757 |
| (Increase)/decrease in receivables | (8,375) | 5,829 |
| Increase in payables | 7,131 | 6,909 |
| Cash generated from operations | 22,282 | 37,222 |

Analysis of net debt

| | 30 July 2010 £'000 | Cash flow £'000 | Exchange movements £'000 | 29 July 2011 £'000 |
|---------------------------|--------------------------|--------------------|--------------------------------|--------------------------|
| Cash and cash equivalents | 10,515 | 5,751 | (4) | 16,262 |
| Bank loans | (13,193) | 13,494 | (301) | – |
| | (2,678) | 19,245 | (305) | 16,262 |

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

The effective interest rates on cash and cash equivalents are based on current market rates.

Cash flows from discontinued operations

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

| | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Net cash (used in)/generated from operating activities | (733) | 4,550 |
| Net cash (used in)/generated from investing activities | (123) | (4,580) |
| Net cash generated from/(used in) financing activities | 182 | (733) |
| Net decrease in cash from discontinued activities | (674) | (763) |

11. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. No material related party transactions have been entered into during the year, which might reasonably affect the decisions made by the users of these financial statements.

On 1 November 2010, 201,163 shares in the Company were purchased from the Group's Employee Benefit Trust on behalf of Patrick Martell, Matt Armitage and Lloyd Wigglesworth pursuant to the Directors' Deferred Bonus Scheme ('DBS'). Details of the DBS are set out in the Directors' Remuneration Report within the Annual Report and Accounts 2011.

No other executive officers of the Company or their associates had material transactions with the Group during the year.

12. Post-balance sheet events

On 14 September 2011, the Group acquired 100% of the single class of ordinary shares in Response One Holdings Limited, a data marketing business, for a consideration of approximately £16.25 million. The exact consideration will be determined based on a multiple of the EBITDA for the year ended 31 October 2011, adjusted for working capital. Approximately 70% of the consideration payable will be in cash with the balance to be satisfied by the issue of up to approximately 7.5 million new St Ives plc ordinary shares. An initial payment of £12.5 million in cash was made on completion. The total consideration is capped at £19.0 million.

On 20 September 2011, the Group acquired 100% of the single class of ordinary shares in Pragma Holdings Limited, a consultancy specialising in retail and consumer markets. The consideration payable will be determined as a multiple of the EBITDA achieved for the year ended 31 March 2012 adjusted for working capital, and is estimated to be approximately £4.2 million. An initial payment of £3.3 million in cash was made on completion with the balance of the consideration payable in cash and shares. The total consideration is capped at £6.0 million.

The foregoing contains forward looking statements made by the directors in good faith based on information available to them up to 4 October 2011. Such statements need to be read with caution due to inherent uncertainties, including economic and business risk factors underlying such statements.