2 August 2016

4imprint Group plc
Half year results for the period ended 2 July 2016

4imprint Group plc (the 'Group' or the 'Company'), the leading direct marketer of promotional products, announces its half year results for the period ended 2 July 2016.

Highlights

Financial	Half year 2016 $m	Half year 2015 $m	Change
Revenue	**270.22**	231.03	+17%
Underlying* profit before tax	**14.33**	12.19	+18%
Profit before tax	**11.14**	11.41	-2%
Underlying* basic EPS (cents)	**37.28**	31.25	19%
Basic EPS (cents)	**28.22**	29.01	-3%
Interim dividend per share (cents)	**16.32**	12.09	+35%
Interim dividend per share (pence)	**12.30**	7.75	+59%

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

Operational

- Organic revenue growth continued in both North America and the UK
  - Like-for-like[†] trading activity 15% ahead of 2015
  - 529,000 total orders received
  - Consistent re-order rates from existing customers
- Robust operating cash generation in the period, leading to $20m net cash at period end
- Pension de-risking project substantially completed
  - £10m ($14.5m) one-off contribution
  - $2.5m exceptional charge
- Interim dividend increased by 35% over 2015

[†]Adjusting for the impact of phasing of weeks caused by the 53 week accounting period in 2015

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About 4imprint Group

We are the leading direct marketer of promotional products in the USA, Canada, the UK and Ireland.

Operations are focused around a highly developed direct marketing business model which provides millions of potential customers with access to tens of thousands of customised products.

Organic growth is delivered by using a wide range of data-driven, offline and online direct marketing techniques to capture market share in the large and fragmented promotional product markets that we serve.

Our locations

North America

Most of our revenue is generated in North America, serviced from the principal office in Oshkosh, Wisconsin.

- 2015 revenue: $479.2m (96% of Group revenue)
- 811 employees (June 2016)

UK and Ireland

Customers in the UK and Irish markets are served out of an office in Manchester, UK.

- 2015 revenue: $18.0m (4% of Group revenue)
- 40 employees (June 2016)

Our objectives

Market leadership

We aim to develop our position as the leading direct marketer of promotional products in the markets in which we operate.

Organic revenue growth

Our primary financial objective is to maximise organic revenue growth whilst maintaining a broadly stable operating margin percentage.

Competitive advantage

We aspire to achieve competitive advantage through sustained investment in three key areas:

- Marketing
- People
- Systems technology and data analytics

http://investors.4imprint.com

Chairman’s statement

Trading in the first half of 2016 has been encouraging. Reported revenue was up 17% over prior year and operating profit before exceptional items increased by 18%. These headline numbers reflect a beneficial timing effect resulting from the 53 week fiscal year in 2015; adjusting for this timing effect, like-for-like revenue growth over 2015 was 15%.

The strategic objective of the business remains unchanged: to deliver attractive organic growth through continued investment in marketing, people and technology. This resulted in total orders received up 16% over the first six months of 2015 (14% on a like-for-like basis). Operating margin percentage remained stable, underpinned by reliable gross margins and well managed marketing expenditure. The low capital requirements of the direct marketing business model contributed to robust operating cash generation in the period.

Significant progress has been made in the ongoing de-risking of the Group’s legacy defined benefit pension scheme. The ‘buy-in’ to ‘buy-out’ project in respect of pensions in payment was substantially completed, and a one-off contribution of £10m ($14.5m) was paid, leaving a much smaller scheme with lower volatility and a reduced level of regular contributions.

The reduced future contributions to the pension scheme, along with the ongoing cash generative nature of the Group’s trading operations, leave the Group in a strong financial position. In this context, the Board has decided to enhance the Group’s dividend payments and has declared an interim dividend per share of 16.32c, an increase of 35% over 2015. It is anticipated that a similar rate of increase will apply to the 2016 final dividend, setting a higher base for the Group’s progressive dividend policy. Dividend cover remains healthy.

Outlook

Indications are for the underlying trading patterns experienced in the first six months of the year to continue into the second half.

John Poulter

Chairman

2 August 2016

Operating and financial review

Operating review

Revenue	**Half year 2016 $m**	Half year 2015 $m	Change
North America	**261.29**	222.71	+17%
UK and Ireland	**8.93**	8.32	+7%
Total	**270.22**	231.03	+17%

Underlying* operating profit	**Half year 2016 $m**	Half year 2015 $m	Change
Direct Marketing operations	**16.18**	14.06	+15%
Head office	**(1.85)**	(1.89)	-2%
Total	**14.33**	12.17	+18%

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

The results for the first half of 2016 show further progress resulting from the pursuit of the Group's financial strategy of prioritising organic revenue growth whilst maintaining a broadly stable operating margin percentage.

Group revenue of $270.22m was 17% ahead of the same period in 2015. This growth measure includes a beneficial timing effect from the 53 week accounting period in 2015 which resulted in a quiet trading week at the start of January being replaced by a busy week at mid-year. When the comparatives are adjusted to a like-for-like basis, revenue growth for the period was 15%.

In the first half of 2016, 97% of Group revenue originated from the North American business, headquartered in Oshkosh, Wisconsin. North American revenue improved by 17% over 2015 to $261.29m, an increase in the period of more than $38m. This compares to estimates of percentage growth in the low single digits in the industry as a whole, meaning that we continue to take market share. The smaller UK operation, based in Manchester, showed lower sales growth of 7% in reporting currency, but in Sterling the growth rate was 14%.

Underlying operating profit in Direct Marketing operations (excluding Head Office costs), increased by 15%. Gross margins have remained resilient, and there is a natural, modest element of operational gearing effect from selling and administration costs. On the other hand, marketing costs were 20% higher than the prior year. This was expected, being driven by the same timing factors outlined above which allocated an extra week of busy marketing activity and cost into the first half of the year.

Head Office costs were flat year-on-year, allowing the overall Group operating margin percentage to remain stable against prior year at 5.3% of revenue.

More than 120,000 new customers were acquired during the period, and new customer orders were 11% up over 2015. Orders from existing customers increased by 19% over the prior year. In aggregate, 529,000 individually customised orders were processed in the first half of 2016, 16% higher than 2015 (14% on a like-for-like basis). Management remains focused on developing new ways of reaching customers and refining existing marketing techniques to maintain the growth of the customer file.

The cash generative nature of our direct marketing business model was demonstrated in the first half of 2016, producing $27.43m of pre-tax operating cash flow. This reflects a negative working capital balance at the half year and includes, as anticipated, the reversal of some timing effects which caused working capital to be a little higher than usual at the 2015 year end.

Financial review

	Half year 2016 underlying* $m	Half year 2015 underlying* $m	**Half year 2016 $m**	Half year 2015 $m
Underlying* operating profit	**14.33**	12.17	**14.33**	12.17
Defined benefit pension scheme administration costs			**(0.15)**	(0.23)
Share option charges			**(0.21)**	(0.14)
Net finance income	**-**	0.02	**-**	0.02
Pension finance charge			**(0.37)**	(0.41)
Exceptional items			**(2.46)**	-
Profit before tax	**14.33**	12.19	**11.14**	11.41

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

Operating result

Group revenue in the first half of the year was $270.22m (2015: $231.03m), an increase of 17% over the prior period. Underlying profit before tax in the period was $14.33m (2015: $12.19m), an increase of 18%.

The 53 week accounting period in 2015 has had a knock-on effect on the weekly phasing in the first half of 2016. This has resulted in a favourable timing effect on revenue of around $4.5m, or roughly two percentage points of the reported 17% revenue growth.

The net negative effect on reported full year revenue growth will be around $4.0m, representing a 52 week accounting period compared to 53 weeks in the comparative. The impact on operating profit for the full year is expected to be broadly neutral with one week less of operating costs offsetting the revenue effect.

Foreign exchange

The average Sterling/US dollar rate for the first half of 2016 was $1.43 (H1 2015: $1.52; FY 2015: $1.53). The closing Sterling/US dollar rate as at 2 July 2016 was $1.33 (27 June 2015: $1.57; 2 January 2016: $1.48).

The 23 June 2016 EU referendum vote and subsequent reduction in the value of Sterling relative to the US dollar impacts the Group as follows:

- Translational risk in the income statement is low, given that over 96% of the Group's trading activities originate in the reporting currency, US dollars.
- The balance sheet remains stable, with most components being primarily US dollar-based. An exception to this is the net pension liability, which is Sterling-based and accordingly experienced an exchange gain in reporting currency.
- The Group is highly cash-generative, mostly in US dollars. Those US dollars are now worth significantly more than previously when converted to Sterling, producing an advantage for the Group since its primary applications of cash, Shareholder dividends and pension contributions, are paid in Sterling.

Share option charges

A total of $0.21m (2015: $0.14m), was charged in the period in respect of IFRS2, "Share-based payments". This charge was made up of various different elements: 2013 Performance Share Plan awards up to date of exercise in April 2016; awards under the 2015 Incentive Plan; and charges in respect of the 2016 UK Sharesave and 2016 US Employee Stock Purchase Plan.

Current options outstanding are: 152,648 share options under the Sharesave and Stock Purchase Plan; and 26,128 share options, awarded in respect of the 2015 financial period, under the 2015 Incentive Plan.

Exceptional items

Exceptional items charged in the first half of 2016 amounted to $2.46m (2015: $nil). All of the charge related to the pension risk reduction project, and included $1.53m of past service charge resulting from the GMP equalisation process for pensioners required as part of the move from ‘buy-in’ to ‘buy-out’ status.

Net finance income

Net finance income in the period was $nil (2015: $0.02m). Modest external interest income on cash balances was offset by non-utilisation fees on the US line of credit.

Taxation

The tax charge for the half year was $3.23m (2015: $3.31m). The composite tax rate of 29% (2015: 29%), reflects the expected tax rate for the Group for the full year in 2016. The charge relates principally to taxation payable on profits earned in the USA, net of the expected tax implications of pension scheme activity.

Earnings per share

Underlying basic earnings per share was 37.28c (2015: 31.25c), an increase of 19%. This is composed of an increase of 20% in underlying profit after tax, reduced by a slightly increased undiluted weighted average number of shares in issue.

Basic earnings per share was 28.22c (2015: 29.01c), a decrease of 3%. The principal influence causing basic earnings per share to be lower in 2016 than the comparative period in 2015 is the exceptional costs charge of $2.46m ($nil in 2015).

Dividends

Dividends are determined in US dollars and paid in Sterling at the exchange rate on the date that the dividend is determined.

The Board has declared an interim dividend per share of 16.32c (2015: 12.09c), an increase of 35%. In Sterling, the interim dividend per share will be 12.30p (2015: 7.75p), an increase of 59% over prior period. The dividend will be paid on 15 September 2016.

Defined benefit pension scheme

The Group sponsors a legacy UK defined benefit scheme which has been closed to new members and future accruals for several years. The scheme has 1,087 pensioners, of whom 906 have insured benefits, and 483 deferred members.

At 2 July 2016, the deficit of the Scheme on an IAS 19 basis was $16.38m, compared to $23.11m at 2 January 2016.

The change in deficit is analysed as follows:

	$m
IAS 19 deficit at 2 January 2016	**23.11**
Pension administration costs paid by the Scheme	**0.15**
Exceptional item – past service charge and buy-out costs paid by Scheme	**2.32**
Pension finance charge	**0.37**
Contributions by employer	**(15.43)**
Re-measurement losses due to changes in assumptions	**7.78**
Exchange gain	**(1.92)**
IAS 19 deficit at 2 July 2016	**16.38**

Gross scheme liabilities under IAS19 were $143.42m and assets were $127.04m. Pensioner liabilities of $109.58m have been insured through previous ‘buy-in’ exercises, resulting in uninsured liabilities of $33.84m and uninsured scheme assets of $17.46m. Over 76% of total scheme liabilities are insured.

Significant progress has been made in the Group's ongoing pension risk reduction exercise. As anticipated, the 'buy-in' to 'buy-out' project in respect of pensions in payment was substantially completed during the first half of 2016, and arrangements have been agreed with the Trustee to transfer the remaining population of primarily deferred members to a new plan. This will allow the existing scheme to be wound up subsequent to the issue by the insurers of individual annuities to the insured pensioners, prompting the removal from the Group balance sheet of the gross liabilities and assets relating to these pensioners. As previously agreed with the Trustee, a one-off deficit adjustment contribution of £10m ($14.5m) was paid into the scheme to enable the Trustee to finalise these initiatives and to provide an adequate initial level of funding for the new, much smaller plan. A new schedule of regular contributions will be agreed with the Trustee going forward.

The net deficit at 2 July 2016 was higher than anticipated, driven principally by adverse movements in key actuarial assumptions, particularly the discount rate. Longer term bond yields were negatively impacted by the result of the EU referendum. Conversely, the US dollar/Sterling exchange rate movement produced an exchange gain to offset part of the negative actuarial movement. Whilst unwelcome, this volatility is much less material than it would have been without the pension de-risking actions taken over the last several years.

Cash flow

Net cash was $20.00m at 2 July 2016 (27 June 2015: $28.13m; 2 January 2016: $18.38m).

Cash flow in the period is summarised as follows:

	Half year 2016 $m	Half year 2015 $m
Underlying operating profit	**14.33**	12.17
Depreciation and amortisation	**1.17**	0.89
Change in working capital	**13.33**	7.41
Capital expenditure	**(1.40)**	(3.22)
Operating cash flow	**27.43**	17.25
Tax and interest	**(2.00)**	(1.20)
Defined benefit pension contributions	**(15.43)**	-
Other	**(0.80)**	0.05
Free cash flow	**9.20**	16.10
Dividends to Shareholders	**(7.58)**	(6.27)
Net cash inflow in the period	**1.62**	9.83

The first half of 2016 again demonstrated the cash generative nature of the Direct Marketing business model, with $9.2m of free cash flow in the period, after the one off pension contribution of $14.5m. Timing differences caused by the 53 week year resulted in a higher than usual net working capital balance at the 2015 year end. As expected, this reversed in the first half of 2016, contributing to the very strong operating cash generation in the period.

Balance sheet and Shareholders' funds

Net assets at 2 July 2016 were $21.19m, compared to $28.45m at 2 January 2016. The balance sheet is summarised as follows:

	2 July 2016 $m	2 January 2016 $m
Non current assets	**22.59**	23.75
Working capital	**(3.53)**	9.71
Net cash	**20.00**	18.38
Pension deficit	**(16.38)**	(23.11)
Other liabilities	**(1.49)**	(0.28)
Net assets	**21.19**	28.45

Shareholders' funds decreased by $7.26m, with net profit in the period of $7.91m, $0.35m of share option related movements and $0.72m exchange, reduced by $8.66m of net pension re-measurement losses and dividends paid of $7.58m.

The Group had a net negative working capital balance of $3.53m at 2 July 2016, reflecting the timing of supplier payments around the half year.

Treasury Policy

The financial requirements of the Group are managed through a centralised treasury policy. The Group operates cash pooling arrangements for its North American operations. Forward contracts are taken out to buy or sell currency relating to specific receivables and payables as well as remittances from overseas subsidiaries. The Group holds the majority of its cash on deposit with its principal UK banker and working capital requirements of the North American business are funded by a facility with its principal US banker.

The Group has $20.50m of working capital facilities with its principal US bank, JPMorgan Chase. The interest rate is US$ LIBOR plus 1.5%, and the facilities expire on 31 May, 2018. There was no drawdown on the facility at the period end.

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 only critical accounting policy is in respect of pensions.

Risks

The Group may be affected by a number of risks. These risks have been reviewed at the half year and have not changed since the year end. The risks are detailed on pages 17 to 19 of the Group's Annual Report 2015, a copy of which is available on the Group's website: http://investors.4imprint.com. The risks include economic and market risks, technological risks and operational risks.

During the interim review of the Group's risk matrix particular attention was paid to the potential implications of the EU referendum. On the evidence available to date, it is not considered that Brexit causes any material change to the risks, uncertainties, assumptions and scenarios underlying the review of risk analysis and viability statement as set out in the 2015 Annual Report.

Kevin Lyons-Tarr
Chief Executive Officer

David Seekings
Chief Financial Officer

2 August 2016

Condensed consolidated income statement (unaudited)

	Note	**Half year 2016 $'000**	Half year 2015 $'000	Full year 2015 $'000
Revenue	6	**270,222**	231,028	497,219
Operating expenses		**(258,713)**	(219,231)	(465,256)
Operating profit before exceptional items		**13,970**	11,797	32,821
Exceptional items	7	**(2,461)**	-	(858)
Operating profit	6	**11,509**	11,797	31,963
Finance income		**21**	23	37
Finance costs		**(20)**	(5)	(7)
Pension finance charge	11	**(372)**	(407)	(836)
Net finance cost		**(371)**	(389)	(806)
Profit before tax		**11,138**	11,408	31,157
Taxation	8	**(3,230)**	(3,309)	(8,462)
Profit for the period		**7,908**	8,099	22,695

		Cents	Cents	Cents
Earnings per share				
Basic	9	**28.22**	29.01	81.26
Diluted	9	**28.13**	28.81	80.76
Underlying	9	**37.28**	31.25	88.04

Condensed consolidated statement of comprehensive income (unaudited)

	Note	**Half year 2016 $'000**	Half year 2015 $'000	Full year 2015 $'000
Profit for the period		**7,908**	8,099	22,695
Other comprehensive (expense)/income				
Items that may be reclassified subsequently to the income statement:				
Currency translation differences		**722**	46	417
Items that will not be reclassified subsequently to the income statement:				
Re-measurement (losses)/gains on post employment obligations	11	**(20,124)**	2,711	5,597
Return on pension scheme assets (excluding interest income)	11	**12,348**	(2,025)	(4,832)
Tax relating to components of other comprehensive (expense)/income		**(835)**	(139)	(156)
Effect of change in UK tax rate		**(47)**	-	(235)
Total other comprehensive (expense)/income net of tax		**(7,936)**	593	791
Total comprehensive (expense)/income for the period		**(28)**	8,692	23,486

Condensed consolidated balance sheet (unaudited)

	Note	**At 2 July 2016 $'000**	At 27 June 2015 $'000	At 2 Jan 2016 $'000
Non current assets				
Property, plant and equipment		**18,318**	11,580	18,154
Intangible assets		**1,154**	1,247	1,211
Deferred tax assets		**3,118**	4,837	4,388
		22,590	17,664	23,753
Current assets				
Inventories		**3,646**	4,127	4,460
Trade and other receivables		**41,429**	39,629	42,506
Current tax		**-**	-	688
Cash and cash equivalents	12	**20,001**	28,125	18,381
		65,076	71,881	66,035
Current liabilities				
Trade and other payables		**(48,601)**	(45,122)	(37,254)
Current tax		**(196)**	(2,237)	-
Provisions for other liabilities and charges		**-**	(127)	-
		(48,797)	(47,486)	(37,254)
Net current assets		**16,279**	24,395	28,781
Non current liabilities				
Retirement benefit obligations	11	**(16,376)**	(24,232)	(23,114)
Deferred tax liability		**(1,160)**	(301)	(808)
Provisions for other liabilities and charges		**(143)**	-	(160)
		(17,679)	(24,533)	(24,082)
Net assets		**21,190**	17,526	28,452
Shareholders' equity				
Share capital	14	**18,842**	18,777	18,777
Share premium reserve		**68,451**	68,451	68,451
Other reserves		**6,150**	5,057	5,428
Retained earnings		**(72,253)**	(74,759)	(64,204)
Total Shareholders' equity		**21,190**	17,526	28,452

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

	Share capital $'000	Share premium reserve $'000	Other reserves $'000	Retained earnings Own shares $'000	Retained earnings Profit and loss $'000	Total equity $'000
At 27 December 2014	18,777	68,451	5,011	(1,392)	(76,777)	14,070
Profit for the period					8,099	8,099
Other comprehensive expense			46		547	593
Total comprehensive income for the period			46		8,646	8,692
Share-based payment charge					140	140
Proceeds from share options exercised					892	892
Own shares utilised				1,367	(1,367)	-
Dividends					(6,268)	(6,268)
At 27 June 2015	18,777	68,451	5,057	(25)	(74,734)	17,526
Profit for the period					14,596	14,596
Other comprehensive income/(expense)			371		(173)	198
Total comprehensive income/(expense) for the period			371		14,423	14,794
Share-based payment charge					82	82
Tax relating to share options					128	128
Proceeds from share options exercised					8	8
Own shares purchased				(750)		(750)
Own shares utilised				63	(63)	-
Dividends					(3,336)	(3,336)
At 2 January 2016	18,777	68,451	5,428	(712)	(63,492)	28,452
Profit for the period					**7,908**	**7,908**
Other comprehensive (expense)/income			**722**		**(8,658)**	**(7,936)**
Total comprehensive (expense)/income for the period			**722**		**(750)**	**(28)**
Share-based payment charge					**208**	**208**
Proceeds from share options exercised					**142**	**142**
Shares issued	**65**					**65**
Own shares purchased				**(65)**		**(65)**
Own shares utilised				**724**	**(724)**	**-**
Dividends					**(7,584)**	**(7,584)**
At 2 July 2016	**18,842**	**68,451**	**6,150**	**(53)**	**(72,200)**	**21,190**

Condensed consolidated cash flow statement (unaudited)

	Note	**Half year 2016 $'000**	Half year 2015 $'000	Full year 2015 $'000
Cash flows from operating activities				
Cash generated from operations	13	**13,249**	20,294	29,797
Net tax paid		**(1,998)**	(1,213)	(8,730)
Finance income		**22**	23	37
Finance costs		**(20)**	(5)	(7)
Net cash generated from operating activities		**11,253**	19,099	21,097
Cash flows from investing activities				
Purchases of property, plant and equipment		**(1,203)**	(3,119)	(10,585)
Purchases of intangible assets		**(201)**	(215)	(438)
Net proceeds from sale of property, plant and equipment		**-**	111	111
Net cash utilised in investing activities		**(1,404)**	(3,223)	(10,912)
Cash flows from financing activities				
Proceeds from issue of ordinary shares	14	**65**	-	-
Dividends paid to Shareholders	10	**(7,584)**	(6,268)	(9,604)
Net cash used in financing activities		**(7,519)**	(6,268)	(9,604)
Net movement in cash and cash equivalents		**2,330**	9,608	581
Cash and cash equivalents at beginning of the period		**18,381**	18,301	18,301
Exchange (losses)/gains on cash and cash equivalents		**(710)**	216	(501)
Cash and cash equivalents at end of the period		**20,001**	28,125	18,381
Analysis of cash and cash equivalents				
Cash at bank and in hand	12	**20,001**	22,604	5,463
Short term deposits	12	**-**	5,521	12,918
		20,001	28,125	18,381

Notes to the interim financial statements

1 General information

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

The condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 2 August 2016.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the period ended 2 January 2016 were approved by the Board of Directors on 9 March 2016 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The financial information contained in this report has neither been audited nor reviewed, pursuant to Auditing Practices Board guidance on Review of Interim Financial Information, by the auditors.

2 Basis of preparation

These condensed consolidated interim financial statements for the half year ended 2 July 2016 have been prepared, in US dollars, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 'Interim Financial Reporting', as adopted by the European Union, and should be read in conjunction with the Group's financial statements for the period ended 2 January 2016, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue to operate for a period of at least twelve months from the date these interim financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the Interim Report and financial statements.

3 Accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those of the annual financial statements for the period ended 2 January 2016, as described in those annual financial statements. New accounting standards applicable for the first time in this reporting period have no impact on the Group's results.

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

4 Estimates

The preparation of the interim 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. There have been no changes in the key areas involving management judgements since the year end.

5 Financial risk management

The Group's activities expose it to a variety of financial risks: currency risk; credit risk; liquidity risk; and capital risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 2 January 2016. There have been no changes in any risk management policies since this date.

Notes to the interim financial statements

6 Segmental analysis

The chief operating decision maker has been identified as the Board.

The operations of the Group are reported in one primary operating segment.

Revenue

4imprint Direct Marketing	Half year 2016 $'000	Half year 2015 $'000	Full year 2015 $'000
North America	**261,286**	222,711	479,235
UK and Ireland	**8,936**	8,317	17,984
Total revenue from promotional products	**270,222**	231,028	497,219

Profit

	Underlying			Total		
	Half year 2016 $'000	Half year 2015 $'000	Full year 2015 $'000	**Half year 2016 $'000**	Half year 2015 $'000	Full year 2015 $000
4imprint Direct Marketing	**16,182**	14,061	37,044	**16,182**	14,061	37,044
Head Office	**(1,851)**	(1,888)	(3,525)	**(1,851)**	(1,888)	(3,525)
Underlying operating profit	**14,331**	12,173	33,519	**14,331**	12,173	33,519
Exceptional items (note 7)				**(2,461)**	-	(858)
Share option related charges				**(211)**	(140)	(304)
Defined benefit pension scheme administration costs				**(150)**	(236)	(394)
Operating profit	**14,331**	12,173	33,519	**11,509**	11,797	31,963
Net finance income	**1**	18	30	**1**	18	30
Pension finance charge				**(372)**	(407)	(836)
Profit before tax	**14,332**	12,191	33,549	**11,138**	11,408	31,157
Taxation	**(3,886)**	(3,466)	(8,962)	**(3,230)**	(3,309)	(8,462)
Profit after tax	**10,446**	8,725	24,587	**7,908**	8,099	22,695

7 Exceptional items

	Half year 2016 $'000	Half year 2015 $'000	Full year 2015 $'000
Pension risk reduction exercises	**2,461**	-	858

The pension costs related to the costs of the defined benefit scheme buy-out exercise and include: a past service charge in respect of GMP equalisation for the pensioners of $1,535k (2015: $nil); costs incurred by the Scheme of $786k (2015 HY: $nil, 2015 FY: $514k); and costs incurred by the Company of $140k (2015 HY: $nil, 2015 FY: $68k). 2015 also includes costs in respect of the flexible retirement option implementation of $276k.

Notes to the interim financial statements

8 Taxation

The taxation charge for the period to 2 July 2016 was 29%, the estimated rate for the full year (H1 2015: 29%; FY 2015: 27%). Tax paid in the period was $2.00m (H1 2015: $1.21m; FY 2015: $8.73m).

9 Earnings per share

Basic, underlying and diluted

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

	Half year 2016 $'000	Half year 2015 $'000	Full year 2015 $'000
Profit after tax	**7,908**	8,099	22,695

	Half year 2016 Number 000's	Half year 2015 Number 000's	Full year 2015 Number 000's
Basic weighted average number of shares	**28,018**	27,917	27,928
Adjustment for employee share options	**96**	193	173
Diluted weighted average number of shares	**28,114**	28,110	28,101
Basic earnings per share	**28.22c**	29.01c	81.26c
Diluted earnings per share	**28.13c**	28.81c	80.76c

	Half year 2016 $'000	Half year 2015 $'000	Full year 2015 $'000
Profit before tax	**11,138**	11,408	31,157
Add back:			
Defined benefit pension scheme administration costs	**150**	236	394
Share option charges	**208**	140	222
Social security charges on share options	**3**	-	82
Pension finance charge	**372**	407	836
Exceptional items	**2,461**	-	858
Underlying profit before tax	**14,332**	12,191	33,549
Taxation	**(3,230)**	(3,309)	(8,462)
Tax relating to above adjustments	**(656)**	(157)	(500)
Underlying profit after tax	**10,446**	8,725	24,587
Underlying basic earnings per share	**37.28c**	31.25c	88.04c

The basic weighted average number of shares excludes shares held in the employee share trust. The effect of this is to reduce the average by 5,429 (H1 2015: 48,389; FY 2015: 37,998).

Notes to the interim financial statements

10 Dividends

		Half year 2016	Half year 2015	Full year 2015
		$'000	$'000	$'000
Dividends paid in the period		**7,584**	6,268	9,604

		Cents	Cents	Cents
Dividends per share declared	- Interim	**16.32**	12.09	12.09
	- Final			26.80

The interim dividend for 2016 of 16.32c per ordinary share (interim 2015: 12.09c; final 2015: 26.80c) will be paid on 15 September 2016 to Shareholders on the register at the close of business on 19 August 2016.

11 Employee pension schemes

The Group operates defined contribution pension plans for the majority of its UK and US employees. The regular contributions are charged to the income statement as they are incurred.

The Group also sponsors a legacy UK defined benefit pension scheme which is closed to new members and future accruals. The funds of the Scheme are administered by a trustee company and are independent of the Group's finances.

The last full actuarial valuation was carried out by a qualified independent actuary as at 5 April 2013 and this has been updated on an approximate basis to 2 July 2016 on an IAS 19 basis. There have been no changes in the valuation methodology adopted for this period's disclosures compared to previous periods' disclosure.

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

		Half year 2016	Half year 2015	Full year 2015
		$'000	$'000	$'000
Defined benefit pension administration costs		**150**	236	394
Pension finance charge		**372**	407	836
Exceptional items	- Past service cost re pensioner GMP equalisation	**1,535**	-	-
	- Pension risk reduction exercise costs paid by the Scheme	**786**	-	610
Total recognised in the income statement		**2,843**	643	1,840

The principal assumptions applied by the actuaries at 2 July 2016 were:

		Half year 2016	Half year 2015	Full year 2015
Rate of increase in pensions in payment	- Pensioners	**2.42%**	2.86%	2.66%
	- Deferred pensioners	**2.82%**	2.86%	2.66%
Rate of increase in deferred pensions		**1.72%**	1.86%	1.56%
Discount rate	- Pensioners	**2.28%**	3.67%	3.52%
	- Deferred members	**2.97%**	3.67%	3.52%
Inflation assumption	- RPI pensioners	**2.52%**	2.96%	2.76%
	- RPI deferred members	**2.92%**	2.96%	2.76%
	- CPI deferred members	**1.82%**	1.96%	1.66%

The buy-out of the insured pensioners has been approved by the Trustee of the Scheme in the period. In order to align the accounting disclosures with this process, the directors have taken the decision to use separate inflation and discount rates for pensioners and deferred members, based on the weighted average duration of the two sections of the Scheme of 11 years and 17 years respectively.

Notes to the interim financial statements

11 Employee pension schemes continued

The mortality assumptions adopted at 2 July 2016 imply the following life expectancies at age 65:

	Half year 2016	Half year 2015	Full year 2015
Male currently aged 40	**24.4 yrs**	24.8 yrs	24.4 yrs
Female currently aged 40	**26.5 yrs**	27.3 yrs	26.5 yrs
Male currently aged 65	**22.2 yrs**	22.5 yrs	22.2 yrs
Female currently aged 65	**24.2 yrs**	24.9 yrs	24.2 yrs

Analysis of the movement in the balance sheet liability:

	Half year 2016 $'000	Half year 2015 $'000	Full year 2015 $'000
At start of period	**23,114**	24,015	24,015
Administration costs paid by the Scheme	**150**	236	394
Pension finance charge	**372**	407	836
Exceptional item - Flexible retirement and buy-out costs paid by Scheme	**786**	-	610
Exceptional item - Past service cost re GMP equalisation of pensioners	**1,535**	-	-
Contributions by employer	**(15,429)**	-	(825)
Re-measurement losses/(gains) on post employment obligations	**20,124**	(2,711)	(5,597)
Return on pension scheme assets (excluding interest income)	**(12,348)**	2,025	4,832
Exchange (gain)/loss	**(1,928)**	260	(1,151)
At end of period	**16,376**	24,232	23,114

12 Analysis of net cash

	Half year 2016 $'000	Half year 2015 $'000	Full year 2015 $'000
Cash at bank and in hand	**20,001**	22,604	5,463
Short term deposits	**-**	5,521	12,918
Cash and cash equivalents	**20,001**	28,125	18,381

Notes to the interim financial statements

13 Cash generated from operations

	Half year 2016 $'000	Half year 2015 $'000	Full year 2015 $'000
Operating profit	**11,509**	11,797	31,963
Adjustments for:			
Depreciation charge	**922**	638	1,449
Amortisation of intangibles	**250**	256	510
Profit on sale of property, plant and equipment	**(15)**	(81)	(81)
Exceptional non cash items	**2,321**	-	610
Decrease in exceptional accrual/provisions	**-**	(99)	(63)
Share option non cash charges	**208**	140	222
Defined benefit scheme administration costs – non cash charge	**150**	236	394
Contributions to defined benefit pension scheme	**(15,429)**	-	(825)
Changes in working capital:			
Decrease/(increase) in inventories	**812**	226	(107)
Decrease/(increase) in trade and other receivables	**720**	389	(5,676)
Increase in trade and other payables	**11,801**	6,792	1,401
Cash generated from operations	**13,249**	20,294	29,797

14 Share capital

In April 2016 the Company issued 120,000 shares, with a nominal value of $65,000, to the 4imprint Employee Benefit Trust for a consideration of $65,000 to satisfy exercises of share options under the Performance Share Plan. No shares were issued in 2015.

15 Capital commitments

The Group had capital commitments contracted but not provided for in these financial statements of $0.5m (27 June 2015: $6.6m; 2 January 2016: $nil).

16 Related party transactions

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

Statement of Directors' responsibilities

The Directors confirm that, to the best of their knowledge, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and 4.2.8, namely:

- An indication of the important events that have occurred during the first half year and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- Material related-party transactions in the first half year and any material changes in the related-party transactions described in the last annual report.

The Directors of 4imprint Group plc are as listed in the Group's Annual Report for 2 January 2016. A list of current Directors of 4imprint Group plc is maintained on the Group website: http://investors.4imprint.com.

By order of the Board

John Poulter	**David Seekings**
Chairman	Chief Financial Officer

2 August 2016