1 August 2017

4imprint Group plc
Half year results for the period ended 1 July 2017

4imprint Group plc (the "Group" or the "Company"), the leading direct marketer of promotional products, announces its half year results for the period ended 1 July 2017.

Highlights

Financial	**Half year 2017 $m**	Half year 2016 $m	Change
Revenue	**298.91**	270.22	+11%
Underlying* profit before tax	**16.49**	14.33	+15%
Profit before tax	**15.70**	11.14	+41%
Underlying* basic EPS (cents)	**41.28**	37.28	+11%
Basic EPS (cents)	**39.16**	28.22	+39%
Interim dividend per share (cents)	**18.10**	16.32	+11%
Interim dividend per share (pence)	**13.80**	12.30	+12%

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

Operational

- Organic revenue growth in both North American and UK markets continues to outpace the growth rates of the industry as a whole
- 587,000 individually customised orders received in the period, up 11% over H1 2016
- 125,000 new customers acquired (+4%); catalogue marketing activities weighted more to H2
- 14% increase over H1 2016 in orders from existing customers, reflecting strong customer retention profile
- Strong operating cash generation, resulting in $33.26m net cash at period end, ($21.68m at 31 December 2016)

For further information, please contact:

4imprint Group plc
Tel. + 44 (0) 20 7299 7201

Kevin Lyons-Tarr - CEO

David Seekings - CFO

MHP Communications
Tel. + 44 (0) 20 3128 8100

Katie Hunt

Nessyah Hart

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 products 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.

- 2016 revenue: $540.6m (97% of Group revenue)
- 859 employees (June 2017)

UK and Ireland

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

- 2016 revenue: $17.6m (3% of Group revenue)
- 38 employees (June 2017)

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

Website

http://investors.4imprint.com

Chairman's Statement

The results for the first half of 2017 were encouraging and consistent with our strategic objective to deliver profitable organic revenue growth.

Revenue of $298.9m was up 11% over the same period in 2016, and operating profit before exceptional items at $16.1m was 15% higher against the same comparative. At the demand level, total orders received were up 11% over the first six months of 2016, representing continued growth at a rate well above that of the industry as a whole.

Our business continues to benefit from stable gross margins and tight control of the marketing budget and other overheads. Coupled with low fixed capital and working capital requirements, this translated into strong cash generation in the first half of the year and a closing cash balance of $33.3m, ($21.7m at 31 December 2016).

As a result of active management in recent years, the Group's legacy defined contribution pension liability has now been significantly de-risked. A new contribution schedule has been agreed with the Trustee, resulting in an annual cash commitment of just above $3m over the next five and a half years with the intention of eliminating the funding deficit over this period.

The Group is in a secure financial position, with a much reduced and less volatile call on cash from its ongoing pension obligations. In this context, the Board has declared an interim dividend per share of 18.10c, an increase of 11% over 2016.

4imprint is a marketing-led organisation. In addition to refining our existing data-driven marketing platform, the team is constantly looking for, and testing, different or complementary marketing techniques to assist with new customer acquisition and the retention of existing customers. This culture of innovation in the ways that we reach our customers remains a key focus moving forward.

Outlook

Trading in the first half of the year was in line with our expectations, reflecting a planned re-phasing of some of our marketing activities towards the second half of 2017. A firm foundation is in place for further organic revenue growth in the second half.

Paul Moody

Chairman

1 August 2017

Operating and Financial Review

Operating Review

Revenue	**Half year 2017 $m**	Half year 2016 $m	Change
North America	**290.17**	261.29	+11%
UK and Ireland	**8.74**	8.93	-2%
Total	**298.91**	270.22	+11%

Underlying* operating profit	**Half year 2017 $m**	Half year 2016 $m	Change
Direct Marketing operations	**18.20**	16.18	+12%
Head office	**(1.67)**	(1.85)	-10%
Total	**16.53**	14.33	+15%

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

The first six months of 2017 produced encouraging trading results which were in line with our expectations. Group revenue for the period improved by 11% and underlying operating profit was 15% higher, both measured against the 2016 half year comparative.

The North American business accounted for 97% of Group revenue, producing $290.2m (2016: $261.3m) in the first half. This growth rate of 11% compares favourably with the latest estimates from industry sources which indicate that the overall promotional products markets in the US and Canada are likely to be growing at a rate of around 3%. This confirms that we continue to take share in markets that remain fragmented yet substantial.

The UK and Ireland business had a good first half, also continuing to take market share with revenue up 11% in underlying currency. This strong trading performance was negatively impacted by year-on-year currency movements, ending with half year US dollar reported revenue 2% lower than 2016.

Overall, more than 125,000 new customers were acquired during the period, with new customer orders up by 4% over prior year. This customer acquisition rate was consistent with a deliberate re-phasing of our catalogue marketing activities in the first half of the year, with planned year-on-year increases weighted more towards the second half. Orders from existing customers increased by 14% over 2016. In total, 587,000 individually customised orders were processed in the period, an increase of 11% over the comparative period.

We remain confident in the platform provided by our direct marketing business model, which is constantly evolving through sustained investment in marketing, people, systems technology and data analytics. Our team is focused on identifying and testing new ways to: (i) deliver our message to potential customers; (ii) improve retention of our existing customers; and (iii) enhance the remarkable customer service delivered across all customer interactions.

Underlying operating profit in Direct Marketing operations, excluding Head Office costs, increased by 12% over the same period in the prior year. This result was driven by a familiar combination of stable gross margin percentage together with a fixed element of selling and administration overheads allowing increased allocation of funds to invest in marketing activities.

Head Office costs were 10% lower than prior year, largely due to exchange rate movements.

Overall Group operating margin percentage improved to 5.5% (2016: 5.3%).

Our business operations remain highly cash generative. Satisfactory trading and efficient balance sheet management resulted in $27.7m of pre-tax operating cash flow being generated in the first half of 2017.

Financial Review

	Half year 2017 underlying* $m	Half year 2016 underlying* $m	**Half year 2017 $m**	Half year 2016 $m
Underlying* operating profit	**16.53**	14.33	**16.53**	14.33
Defined benefit pension scheme administration costs			**(0.15)**	(0.15)
Share option charges			**(0.29)**	(0.21)
Net finance expense	**(0.04)**	-	**(0.04)**	-
Pension finance charge			**(0.25)**	(0.37)
Exceptional items			**(0.10)**	(2.46)
Profit before tax	**16.49**	14.33	**15.70**	11.14

* 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 $298.91m (2016: $270.22m), an increase of 11% over the prior year. Underlying profit before tax in the period was $16.53m (2016: $14.33m), an increase of 15%.

Foreign exchange

The average Sterling/US dollar rate for the first half of 2017 was $1.26 (H1 2016: $1.43; FY 2016: $1.35). The closing Sterling/US dollar rate as at 1 July 2017 was $1.30 (2 July 2016: $1.33; 31 December 2016: $1.23).

The Sterling/US dollar exchange rate has been quite volatile since the EU referendum in June 2016. The implications for the Group are as follows:

- Translational risk in the income statement is low; 97% of the Group's trading activities originate in US dollars, the reporting currency. At constant currency the Group's revenue in the first half of 2017 would have been $1.2m higher.
- The balance sheet is stable, as most constituent elements are primarily US dollar-based. The main exception to this is the Sterling-based defined benefit pension liability. Currency movements produced an exchange loss on the pension liability of $1.05m for the first half of 2017.
- The Group is highly cash-generative, mostly in US dollars, but its primary applications of post-tax cash are Shareholder dividends and pension contributions, both of which are paid in Sterling. To the extent that Sterling weakens against the US dollar, more funds are available in payment currency for these purposes.

Share option charges

A total of $0.29m (2016: $0.21m) was charged in the period in respect of IFRS2, "Share-based payments". This charge was made up of two elements: (i) executive awards under the 2015 Incentive Plan, and (ii) charges in respect of the 2016 UK SAYE Scheme and 2016 US Employee Stock Purchase Plan.

Current options outstanding are: 138,892 share options under the SAYE Scheme and Stock Purchase Plan; and 42,278 share options, awarded in respect of the 2015 and 2016 financial periods, under the 2015 Incentive Plan.

Exceptional items

Exceptional items charged in the first half of 2017 amounted to $0.10m (2016: $2.46m). All of the charge related to the pension risk reduction project.

Net finance expense

Net finance expense in the period was $0.04m (2016: $nil). This represents non-utilisation fees on the US line of credit, offset by a modest amount of external interest received on deposits.

Taxation

The tax charge for the half year was $4.71m (2016: $3.23m). The composite tax rate of 30% (2016: 29%) reflects the expected tax rate for the Group for the full year in 2017. The charge relates principally to taxation payable on profits earned in the USA. The increase in the overall rate between years is due mainly to higher taxable profits arising in the USA, which is a higher tax rate jurisdiction.

Earnings per share

Underlying basic earnings per share was 41.28c (2016: 37.28c), an increase of 11%, reflecting the increase of 11% in underlying profit after tax.

Basic earnings per share was 39.16c (2016: 28.22c), an increase of 39% over prior year. The primary factor driving this sharp increase was a significantly lower exceptional charge ($0.10m in the first half of 2017 against $2.46m in the same period in 2016).

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 18.10c (2016: 16.32c), an increase of 11%. In Sterling, the interim dividend per share will be 13.80p (2016:12.30p), an increase of 12% over prior period. The dividend will be paid on 14 September 2017 to Shareholders on the register at the close of business on 18 August 2017.

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 74 pensioners and 342 deferred members.

At 1 July 2017, the deficit of the scheme on an IAS 19 basis was $19.50m, compared to $19.29m at 31 December 2016. Gross scheme liabilities under IAS19 were $35.96m and assets were $16.46m.

The change in deficit is analysed as follows:

	$m
IAS 19 deficit at 31 December 2016	**19.29**
Pension administration costs paid by the scheme	**0.15**
Exceptional item – buy-out costs paid by scheme	**0.10**
Pension finance charge	**0.25**
Contributions by employer	**(1.66)**
Re-measurement losses due to changes in assumptions	**0.32**
Exchange loss	**1.05**
IAS 19 deficit at 1 July 2017	**19.50**

The main reason driving the small net increase in the liability was an exchange loss on translation into reporting currency, offsetting the employer contributions in the period. In Sterling, the net deficit decreased by £0.67m to £15.01m in the period.

Further to the completion of the buy-out exercise in 2016, the old scheme is in the process of being wound up in order to extinguish fully any residual liability. It is anticipated that this process will be completed during the second half of the year.

The remaining population of mainly deferred pensioners was transferred across into a new plan with equivalent benefits. A full actuarial valuation has taken place in respect of the new plan, subsequent to which a new deficit contribution schedule has been agreed with the Trustee. Under this agreement, contributions of £2.25m per annum are payable by the Company commencing on 1 July 2017. This amount rises by 3% per annum, with the first increase applicable in July 2018. The agreement is for a period of 5 years 7 months until 31 January 2023, at which point the funding shortfall is expected to be eliminated. In addition, and consistent with previous practice, an annual allowance of £0.25m will be paid, to the plan, towards the costs of its administration and management.

At current exchange rates, the overall cash contribution for the second half of 2017 is likely to be around $1.6m. This is before any contributions to agreed transfer values out of the plan, which the Company is committed to funding at a rate of 50% of the transfer value.

Cash flow

Net cash was $33.26m at 1 July 2017 (2 July 2016: $20.00m; 31 December 2016: $21.68m).

Cash flow in the period is summarised as follows:

	Half year 2017 $m	Half year 2016 $m
Underlying operating profit	**16.53**	14.33
Depreciation and amortisation	**1.25**	1.17
Change in working capital	**10.73**	13.33
Capital expenditure	**(0.86)**	(1.40)
Operating cash flow	**27.65**	27.43
Tax and interest	**(3.34)**	(2.00)
Defined benefit pension contributions	**(1.66)**	(15.43)
Other	**(0.39)**	(0.80)
Free cash flow	**22.26**	9.20
Dividends to Shareholders	**(10.68)**	(7.58)
Net cash inflow in the period	**11.58**	1.62

The Group delivered another strong cash flow performance in the first half of 2017, with $22.26m of free cash flow generated in the period. This was driven primarily by the advantageous working capital characteristics of the direct marketing business model.

Balance sheet and Shareholders' funds

Net assets at 1 July 2017 were $28.53m, compared to $29.33m at 31 December 2016. The balance sheet is summarised as follows:

	1 July 2017 $m	31 December 2016 $m
Non-current assets	**24.83**	25.05
Working capital	**(7.17)**	3.58
Net cash	**33.26**	21.68
Pension deficit	**(19.50)**	(19.29)
Other liabilities	**(2.89)**	(1.69)
Net assets	**28.53**	29.33

Shareholders' funds decreased by $0.80m since the 2016 year end, with net profit in the period of $10.99m and $0.29m of share option related movements offset by $0.40m exchange, $0.26m of net pension movements, own share transactions of $0.74m and dividends paid of $10.68m.

The Group had a net negative working capital balance of $7.17m at 1 July 2017, ($(3.53)m at 2 July 2016), reflecting a stable and typical half year trading position.

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 with its principal US and UK bankers. A facility with the principal US bank, JPMorgan Chase, N.A., is available to fund the short term working capital requirements of the North American business.

The Group has $20.5m of working capital facilities with its principal US bank. The interest rate is US$ LIBOR plus 1.5%, and the facilities expire on 31 May 2018 ($20.0m US facility) and 31 August 2017 ($0.5m Canadian facility).

In addition, an overdraft facility of £1.0m, with an interest rate of bank base rate plus 2.0%, is available from the Group's principal UK bank, Lloyds Bank plc.

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 16 to 18 of the Group's Annual Report 2016, a copy of which is available on the Group's website: http://investors.4imprint.com. These risks comprise: macroeconomic conditions; competition; currency exchange; business facility disruption; disruption to delivery service or the product supply chain; disturbance in established marketing techniques; reliance on key personnel; failure or interruption of information technology systems and infrastructure; failure to adapt to new technological innovations; and security of customer data.

Kevin Lyons-Tarr

Chief Executive Officer

David Seekings

Chief Financial Officer

1 August 2017

Condensed Consolidated Income Statement (unaudited)

	Note	**Half year 2017 $'000**	Half year 2016 $'000	Full year 2016 $'000
Revenue	6	**298,911**	270,222	558,223
Operating expenses		**(282,923)**	(258,713)	(523,527)
Operating profit before exceptional items		**16,090**	13,970	37,636
Exceptional items	7	**(102)**	(2,461)	(2,940)
Operating profit	6	**15,988**	11,509	34,696
Finance income		**1**	21	22
Finance costs		**(38)**	(20)	(46)
Pension finance charge	11	**(254)**	(372)	(521)
Net finance cost		**(291)**	(371)	(545)
Profit before tax		**15,697**	11,138	34,151
Taxation	8	**(4,709)**	(3,230)	(9,672)
Profit for the period		**10,988**	7,908	24,479

		Cents	Cents	Cents
Earnings per share				
Basic	9	**39.16**	28.22	87.27
Diluted	9	**39.06**	28.13	87.02
Underlying	9	**41.28**	37.28	99.01

Condensed Consolidated Statement of Comprehensive Income (unaudited)

	Note	**Half year 2017 $'000**	Half year 2016 $'000	Full year 2016 $'000
Profit for the period		**10,988**	7,908	24,479
Other comprehensive (expense)/income				
Items that may be reclassified subsequently to the income statement:				
Currency translation differences		**(400)**	722	992
Items that will not be reclassified subsequently to the income statement:				
Re-measurement gains/(losses) on post employment obligations	11	**10**	(20,124)	(16,261)
Return on pension scheme assets (excluding interest income)	11	**(334)**	12,348	3,323
Tax relating to components of other comprehensive (expense)/income		**62**	(835)	869
Effect of change in UK tax rate		**-**	(47)	(235)
Total other comprehensive expense net of tax		**(662)**	(7,936)	(11,312)
Total comprehensive income/(expense) for the period		**10,326**	(28)	13,167

Condensed Consolidated Balance Sheet (unaudited)

	Note	**At 1 July 2017 $'000**	At 2 July 2016 $'000	At 31 Dec 2016 $'000
Non-current assets				
Property, plant and equipment		**18,663**	18,318	18,938
Intangible assets		**1,024**	1,154	1,082
Deferred tax assets		**5,143**	3,118	5,030
		24,830	22,590	25,050
Current assets				
Inventories		**4,432**	3,646	4,179
Trade and other receivables		**44,619**	41,429	39,766
Current tax		**-**	-	34
Cash and cash equivalents	12	**33,263**	20,001	21,683
		82,314	65,076	65,662
Current liabilities				
Trade and other payables		**(56,226)**	(48,601)	(40,363)
Current tax		**(1,107)**	(196)	-
		(57,333)	(48,797)	(40,363)
Net current assets		**24,981**	16,279	25,299
Non-current liabilities				
Retirement benefit obligations	11	**(19,505)**	(16,376)	(19,290)
Deferred tax liability		**(1,640)**	(1,160)	(1,601)
Provisions for other liabilities and charges		**(140)**	(143)	(133)
		(21,285)	(17,679)	(21,024)
Net assets		**28,526**	21,190	29,325
Shareholders' equity				
Share capital	14	**18,842**	18,842	18,842
Share premium reserve		**68,451**	68,451	68,451
Other reserves		**6,020**	6,150	6,420
Retained earnings		**(64,787)**	(72,253)	(64,388)
Total Shareholders' equity		**28,526**	21,190	29,325

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 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			722		(750)	(28)
Share-based payment charge					208	208
Proceeds from 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
Profit for the period					16,571	16,571
Other comprehensive income/(expense)			270		(3,646)	(3,376)
Total comprehensive income			270		12,925	13,195
Share-based payment charge					217	217
Own shares purchased				(412)		(412)
Own shares utilised				43	(43)	-
Deferred tax relating to share options and losses					(308)	(308)
Dividends					(4,557)	(4,557)
Balance at 31 December 2016	18,842	68,451	6,420	(422)	(63,966)	29,325
Profit for the period					**10,988**	**10,988**
Other comprehensive expense net of tax			**(400)**		**(262)**	**(662)**
Total comprehensive income			**(400)**		**10,726**	**10,326**
Share-based payment charge					**288**	**288**
Proceeds from options exercised					**8**	**8**
Own shares purchased				**(742)**		**(742)**
Own shares utilised				**11**	**(11)**	**-**
Dividends					**(10,679)**	**(10,679)**
Balance at 1 July 2017	**18,842**	**68,451**	**6,020**	**(1,153)**	**(63,634)**	**28,526**

Condensed Consolidated Cash Flow Statement (unaudited)

	Note	**Half year 2017 $'000**	Half year 2016 $'000	Full year 2016 $'000
Cash flows from operating activities				
Cash generated from operations	13	**26,850**	13,314	29,495
Net tax paid		**(3,305)**	(1,998)	(9,423)
Finance income		**1**	22	23
Finance costs		**(36)**	(20)	(46)
Net cash generated from operating activities		**23,510**	11,318	20,049
Cash flows from investing activities				
Purchases of property, plant and equipment		**(689)**	(1,203)	(2,903)
Purchases of intangible assets		**(175)**	(201)	(383)
Net proceeds from sale of property, plant and equipment		**-**	-	19
Net cash utilised in investing activities		**(864)**	(1,404)	(3,267)
Cash flows from financing activities				
Proceeds from issue of ordinary shares	14	**-**	65	65
Purchase of own shares by ESOT		**(734)**	(65)	(335)
Dividends paid to Shareholders	10	**(10,679)**	(7,584)	(12,141)
Net cash used in financing activities		**(11,413)**	(7,584)	(12,411)
Net movement in cash and cash equivalents		**11,233**	2,330	4,371
Cash and cash equivalents at beginning of the period		**21,683**	18,381	18,381
Exchange gains/(losses) on cash and cash equivalents		**347**	(710)	(1,069)
Cash and cash equivalents at end of the period		**33,263**	20,001	21,683
Analysis of cash and cash equivalents				
Cash at bank and in hand	12	**33,263**	20,001	19,196
Short-term deposits	12	**-**	-	2,487
		33,263	20,001	21,683

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 1 August 2017.

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 31 December 2016 were approved by the Board of Directors on 8 March 2017 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 1 July 2017 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 31 December 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 31 December 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 Use of assumptions and 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 31 December 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 2017 $'000**	Half year 2016 $'000	Full year 2016 $'000
North America	**290,169**	261,286	540,599
UK and Ireland	**8,742**	8,936	17,624
Total revenue from the sale of promotional products	**298,911**	270,222	558,223

Profit

	Underlying			Total		
	Half year 2017 $'000	Half year 2016 $'000	Full year 2016 $'000	**Half year 2017 $'000**	Half year 2016 $'000	Full year 2016 $000
4imprint Direct Marketing	**18,195**	16,182	42,282	**18,195**	16,182	42,282
Head Office	**(1,668)**	(1,851)	(3,905)	**(1,668)**	(1,851)	(3,905)
Underlying operating profit	**16,527**	14,331	38,377	**16,527**	14,331	38,377
Exceptional items (note 7)				**(102)**	(2,461)	(2,940)
Share option related charges				**(292)**	(211)	(430)
Defined benefit pension scheme administration costs				**(145)**	(150)	(311)
Operating profit	**16,527**	14,331	38,377	**15,988**	11,509	34,696
Net finance (expense)/income	**(37)**	1	(24)	**(37)**	1	(24)
Pension finance charge				**(254)**	(372)	(521)
Profit before tax	**16,490**	14,332	38,353	**15,697**	11,138	34,151
Taxation	**(4,909)**	(3,886)	(10,580)	**(4,709)**	(3,230)	(9,672)
Profit after tax	**11,581**	10,446	27,773	**10,988**	7,908	24,479

7 Exceptional items

	Half year 2017 $'000	Half year 2016 $'000	Full year 2016 $'000
Pension buy-out costs	**102**	926	1,488
Past service costs regarding defined benefit pension scheme pensioner GMP equalisation	**-**	1,535	1,452
	102	2,461	2,940

The pension buy-out costs include: costs incurred by the scheme of $102k (2016 HY: $786, 2016 FY: $1,320k); and costs incurred by the Company of $nil (2016 HY: $140k, 2016 FY: $168k).

Notes to the Interim Financial Statements

8 Taxation

The taxation charge for the period to 1 July 2017 was 30%, the estimated rate for the full year (H1 2016: 29%; FY 2016: 28%). Tax paid in the period was $3.31m (H1 2016: $2.00m; FY 2016: $9.42m).

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 2017 $'000	Half year 2016 $'000	Full year 2016 $'000
Profit after tax	**10,988**	7,908	24,479

	Half year 2017 Number 000's	Half year 2016 Number 000's	Full year 2016 Number 000's
Basic weighted average number of shares	**28,056**	28,018	28,050
Adjustment for employee share options	**77**	96	81
Diluted weighted average number of shares	**28,133**	28,114	28,131
Basic earnings per share	**39.16c**	28.22c	87.27c
Diluted earnings per share	**39.06c**	28.13c	87.02c

	Half year 2017 $'000	Half year 2016 $'000	Full year 2016 $'000
Profit before tax	**15,697**	11,138	34,151
Adjustments:			
Defined benefit pension scheme administration costs	**145**	150	311
Share option charges	**288**	208	425
Social security charges on share options	**4**	3	5
Exceptional items	**102**	2,461	2,940
Pension finance charge	**254**	372	521
Underlying profit before tax	**16,490**	14,332	38,353
Taxation	**(4,709)**	(3,230)	(9,672)
Tax relating to above adjustments	**(200)**	(656)	(908)
Underlying profit after tax	**11,581**	10,446	27,773
Underlying basic earnings per share	**41.28c**	37.28c	99.01c

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 29,575 (H1 2016: 5,429; FY 2016: 4,900).

Notes to the Interim Financial Statements

10 Dividends

		Half year 2017	Half year 2016	Full year 2016
		$'000	$'000	$'000
Dividends paid in the period		**10,679**	7,584	12,141

		Cents	Cents	Cents
Dividends per share declared	- Interim	**18.10**	16.32	16.32
	- Final			26.80

The interim dividend for 2017 of 18.10c per ordinary share (interim 2016: 16.32c; final 2016: 26.80c) will be paid on 14 September 2017 to Shareholders on the register at the close of business on 18 August 2017.

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 30 September 2016 and this has been updated on an approximate basis to 1 July 2017 in accordance with IAS19. 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 2017	Half year 2016	Full year 2016
		$'000	$'000	$'000
Defined benefit pension scheme administration costs		**145**	150	311
Pension finance charge		**254**	372	521
Exceptional items	- Past service cost re pensioner GMP equalisation	**-**	1,535	1,452
	- Pension buy-out costs paid by the scheme	**102**	786	1,320
Total recognised in the income statement		**501**	2,843	3,604

The principal assumptions applied by the actuaries at 1 July 2017 were:

		Half year 2017	Half year 2016	Full year 2016
Rate of increase in pensions in payment	- Pensioners	**3.20%**	2.42%	3.20%
	- Deferred pensioners	**3.20%**	2.82%	3.20%
Rate of increase in deferred pensions		**2.10%**	2.10%	2.10%
Discount rate	- Pensioners	**2.63%**	2.28%	2.68%
	- Deferred members	**2.63%**	2.97%	2.68%
Inflation assumption	- RPI pensioners	**3.30%**	2.52%	3.30%
	- RPI deferred members	**3.30%**	2.92%	3.30%
	- CPI deferred members	**2.20%**	1.82%	2.20%

Notes to the Interim Financial Statements

11 Employee pension schemes continued

The mortality assumptions adopted at 1 July 2017 imply the following life expectancies at age 65:

	Half year 2017	Half year 2016	Full year 2016
Male currently aged 40	**23.3 yrs**	24.4 yrs	23.6 yrs
Female currently aged 40	**25.3 yrs**	26.5 yrs	25.8 yrs
Male currently aged 65	**21.9 yrs**	22.2 yrs	21.9 yrs
Female currently aged 65	**23.7 yrs**	24.2 yrs	23.9 yrs

Analysis of the movement in the balance sheet liability:

	Half year 2017 $'000	Half year 2016 $'000	Full year 2016 $'000
At start of period	**19,290**	23,114	23,114
Administration costs paid by the scheme	**145**	150	311
Interest expense	**254**	372	521
Exceptional item - Buy-out costs paid by scheme	**102**	786	1,320
Exceptional item - Past service cost re GMP equalisation of pensioners	**-**	1,535	1,452
Contributions by employer	**(1,663)**	(15,429)	(17,353)
Re-measurement (gains)/losses on post employment obligations	**(10)**	20,124	16,261
Return on pension scheme assets (excluding interest income)	**334**	(12,348)	(3,323)
Exchange loss/(gain)	**1,053**	(1,928)	(3,013)
At end of period	**19,505**	16,376	19,290

12 Analysis of net cash

	Half year 2017 $'000	Half year 2016 $'000	Full year 2016 $'000
Cash at bank and in hand	**33,263**	20,001	19,196
Short-term deposits	**-**	-	2,487
Cash and cash equivalents	**33,263**	20,001	21,683

Notes to the Interim Financial Statements

13 Cash generated from operations

	Half year 2017	Half year 2016	Full year 2016
	$'000	$'000	$'000
Operating profit	**15,988**	11,509	34,696
Adjustments for:			
Depreciation charge	**1,020**	922	1,890
Amortisation of intangibles	**236**	250	499
Profit on sale of property, plant and equipment	**-**	(15)	-
Exceptional non-cash items	**102**	2,321	2,772
Decrease in exceptional accrual/provisions	**-**	-	(4)
Share option non-cash charges	**288**	208	425
Defined benefit scheme administration costs – non-cash charge	**145**	150	311
Contributions to defined benefit pension scheme	**(1,663)**	(15,429)	(17,354)
Changes in working capital:			
(Increase)/decrease in inventories	**(252)**	812	280
(Increase)/decrease in trade and other receivables	**(4,033)**	785	2,313
Increase in trade and other payables	**15,019**	11,801	3,667
Cash generated from operations	**26,850**	13,314	29,495

14 Share capital

No shares were issued in the period. 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.

15 Capital commitments

The Group had capital commitments contracted but not provided for in these financial statements of $0.4m .

(2 July 2016: $0.5m; 31 December 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 31 December 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

Paul Moody	**David Seekings**
Chairman	Chief Financial Officer

1 August 2017