7 March 2018

4imprint Group plc
Final results for the period ended 30 December 2017

4imprint Group plc (the "Group"), the leading direct marketer of promotional products, today announces its final results for the 52 weeks ended 30 December 2017.

Highlights

Financial	2017 $m	2016 $m	Change
Revenue	**627.52**	558.22	+12%
Underlying* profit before tax	**42.46**	38.35	+11%
Profit before tax	**40.66**	34.15	+19%
Underlying* basic EPS (cents)	**108.02**	99.01	+9%
Basic EPS (cents)	**103.15**	87.27	+18%
Proposed total dividend per share (cents)	**58.10**	52.50	+11%
Proposed total dividend per share (pence)	**42.58**	41.82	+2%
Proposed supplementary dividend (cents)	**60.00**	-	-
Proposed supplementary dividend (pence)	**43.17**	-	-

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

Operational

- Continued organic revenue growth in 2017
  - 1,185,000 total orders processed in the year (12% up over 2016)
  - 252,000 new customers acquired; retention rates remained stable
- Strong financial position
  - 99% conversion of underlying operating profit to underlying operating cash flow
  - $30.8m cash balance at year end
  - US Tax Reform to benefit EPS and cash from 2018 onwards
  - Supplementary dividend of 60c per share
- Evolution of Group strategy
  - $1bn revenue target by 2022
  - Investment in adding brand awareness component to marketing portfolio from 2018
  - Revised capital allocation and funding guidelines introduced

Paul Moody, Chairman said:

"Our business operations are firmly established in attractive markets. The Group is financially strong, and we have exciting plans for the future. Trading activity in the first few weeks of 2018 has been encouraging."

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Chairman's Statement

The Group delivered another strong operational and financial performance in 2017.

Revenue for the year was $627.5m, an increase of 12% over 2016. All of this revenue growth was organic. Underlying operating profit before tax was $42.5m, up by 11% over prior year.

Profit before tax was $40.7m, compared to $34.2m in 2016. This 19% increase reflects a much lower exceptional charge of $0.5m (2016: $2.9m) showing tangible benefit from the successful completion of our pension de-risking exercise. Basic earnings per share increased by 18% to 103.15c.

The Group ended the year in good financial health with a cash balance of $30.8m (2016: $21.7m), again reflecting the low fixed capital requirements and efficient working capital characteristics of our business model.

We have a distinct cultural identity within 4imprint, based on exacting standards of customer service. The professionalism and talent of our US team members was demonstrated to great effect as they helped our customers and affected suppliers to recover in the aftermath of Hurricanes Harvey and Irma. I would like to thank each member of our dedicated team for their remarkable efforts during the year.

In several respects 2017 can be seen as a year of consolidation and the starting point of a transition for the Group. Our market position was strengthened, and our business model continued to generate profitable organic revenue growth. With our pension commitments much reduced, we have a firm and unencumbered financial base.

Turning to the future development of the Group, the Executive Team and the Board have considered, and subsequently evolved, our strategic framework. We have concluded that now is the right time to accelerate the awareness and strength of the 4imprint brand through a combination of different marketing techniques, including traditional broadcast media and the expansion of our advertising presence in digital media. This brand awareness component will complement our existing marketing engine, with the aim of delivering our new strategic goal of achieving $1bn in Group revenue by 2022.

We expect our business operations to remain highly cash generative. The cash demands from our legacy defined benefit pension obligations are now predictable, and small in the context of the financial strength of the Group. Accordingly, we have developed new balance sheet funding guidelines that will allow us to retain financial and operational flexibility through different economic cycles. A revised capital allocation approach has also been adopted. The first priority for our capital is clear: projects enhancing our ability to generate organic revenue growth. In addition, we have reconfirmed our commitment to both progressive regular dividends and to our remaining pension obligations. Finally, excess cash above these commitments is available for distribution to Shareholders.

In this context, the Board has recommended a non-recurring supplementary dividend of 60.00c per share. This will be paid in May 2018 in addition to, and at the same time as, the final dividend of 40.00c per share.

Our business operations are firmly established in attractive markets. The Group is financially strong, and we have exciting plans for the future. Trading activity in the first few weeks of 2018 has been encouraging.

Paul Moody

Chairman

7 March 2018

Chief Executive's Review

Revenue	2017 $m	2016 $m	
North America	**608.00**	540.60	+12%
UK and Ireland	**19.52**	17.62	+11%
Total	**627.52**	558.22	+12%

Underlying* operating profit	2017 $m	2016 $m	
Direct Marketing operations	**45.64**	42.28	+8%
Head Office	**(3.06)**	(3.90)	-22%
Underlying operating profit	**42.58**	38.38	+11%
Operating profit	**41.28**	34.70	+19%

Underlying profit is included because the Directors consider this gives a measure of the underlying performance of the business.

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

Performance in 2017

The 2017 financial results represent another year of healthy, profitable organic growth.

The North American business, which comprises 97% of Group revenue, continued to strengthen its position in the US and Canadian markets. Revenue growth over prior year was 12%, compared to estimated total industry growth of about 3%. Revenue growth in the second half of the year was 14%, compared to 11% in the first half, in keeping with the phasing of marketing initiatives.

Reported revenue growth for the UK business was up 11% over prior year. In base currency the growth rate was 16%, outpacing that of the UK market and indicative of a strengthening customer file.

In total 1,185,000 orders – each customised and carrying an 'on-time or free' guarantee – were processed in the year. Orders from new customers were up 5% over 2016, with more than 252,000 new customers acquired. Orders from existing customers were up 16%, as retention rates remained strong and consistent.

Our organic growth is driven through disciplined investment in innovative, data-driven marketing. In 2017, online marketing spend continued to grow at a faster rate than the overall marketing budget, although our offline activities grew year-over-year as well. Our customer retention strategy was underpinned by our unique Blue Box™ marketing programme, which continues to evolve to support a growing customer file. Revenue per marketing dollar was $5.67 in 2017 compared to $5.77 in 2016. This was in line with our expectations for the year, and was consistent with our targets for balancing revenue growth and profitability.

Underlying operating profit, excluding Head Office expenses, increased over prior year by 8%. Operating margin percentage at this level was 7.27% versus 7.57% in the prior year due principally to increased investment in marketing, which was 14% higher than 2016. Gross margin percentage was slightly lower than prior year, but remains broadly stable. Selling costs and other overheads in the trading businesses rose at a rate lower than the increase in revenue, providing some gearing effect from the fixed or semi-fixed elements in these expenses.

Head Office costs fell by 22% compared to 2016. The primary cause of this year-on-year change was not events in 2017, rather, it reflects losses on forward currency contracts after the Brexit referendum which were booked in the prior year comparative. There has been no change of any substance in the structure and activities of the central function. Overall, the Group operating margin percentage for 2017 was 6.79%, compared to 6.87% in 2016.

For the tenth year in a row, the North American business was named a top medium sized workplace in the USA. The UK business is accredited by Investors in People. A strong and healthy culture is central to our success. Evidence of the importance of a strong culture was on full display during parts of the third and fourth quarter of 2017, as our US team handled disruption caused by Hurricanes Harvey and Irma with determination and professionalism, caring for customers and working seamlessly with suppliers who were impacted by the storms. We are proud of their efforts every day.

Looking ahead

We have an attractive opportunity to achieve significant, profitable growth by expanding our presence in markets that remain fragmented and largely addressable through our direct marketing model. The continued evolution and diversification of our marketing portfolio should allow us to drive further sustained revenue growth much in the same way that the addition of online activities complemented our catalogue marketing activities many years ago.

The second half of 2017 saw our first investment into testing elements of a new component to our marketing strategy, designed to increase the overall awareness of the 4imprint brand amongst our target audience. This relatively small initial investment was aimed at providing important insights to help inform the direction of a broader evolution of our strategy that we will begin to implement in 2018.

We expect the careful cultivation and development of this brand awareness component of our marketing portfolio to be a complementary driver of future growth in 2018 and beyond. We will employ a combination of different marketing techniques, including traditional broadcast media and the expansion of our advertising presence in digital media. A budget of around $7m has been allocated to this project in 2018. This new initiative will represent incremental investment; it will not be funded through re-allocation of resources away from our existing, proven marketing engine which continues to be an effective growth generator. Therefore we anticipate an investment phase during 2018 as we apply our familiar and proven ‘test, read, adjust’ approach to rolling out this new component of our strategy. As a result we expect that 2018 operating profit is likely to be flat against 2017, reflecting the longer investment period that this type of marketing typically requires.

This is an evolution of our previous financial strategy of organic revenue growth subject to maintaining broadly constant operating margin percentage; it does not represent a wholesale change in direction or philosophy. Rather, it is a measured investment back into the business to diversify our marketing programme in a way that fundamentally strengthens the business for the future. We fully expect profitability to remain healthy and the business to remain highly cash generative as the benefits are felt over the next several years.

As a measure of our confidence in the Group’s growth strategy we have set a new target of reaching $1bn of revenue by 2022. 2018 will be an exciting year for the Group as we evolve our established and effective marketing platform in pursuit of our strategic objective of market leadership driving organic growth.

Financial Review

	2017 Underlying* $m	2016 Underlying* $m	**2017 Total $m**	2016 Total $m
Underlying operating profit	**42.58**	38.38	**42.58**	38.38
Share option related charges (incl. social security)			**(0.55)**	(0.43)
Exceptional items			**(0.46)**	(2.94)
Defined benefit pension charges			**(0.79)**	(0.83)
Net finance expense	**(0.12)**	(0.03)	**(0.12)**	(0.03)
Profit before tax	**42.46**	38.35	**40.66**	34.15

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

Operating result

Group revenue in 2017 was $627.52m, (2016: $558.22m), a year-over-year increase of 12%. Underlying operating profit before tax was $42.46m, (2016: $38.35m), 11% higher than prior year.

Foreign exchange

The primary US dollar exchange rates relevant to the Group’s 2017 results were as follows:

	2017		2016	
	Period end	**Average**	Period end	Average
Sterling	**1.35**	**1.29**	1.23	1.35
Canadian dollars	**0.80**	**0.77**	0.74	0.76

The Group reports in US dollars, its primary trading currency. It also transacts business in Canadian dollars, Sterling and Euros. The net impact on the 2017 income statement from trading currency movements was not material to the Group's results.

Dividends, pension contributions and some Head Office costs are payable in Sterling, however the Group generates most of its free cash flow in US dollars. As such, the Group's cash position is sensitive to foreign exchange movements between these two currencies. Sterling strengthened towards the end of 2017, closing at $1.35/£1.00, (2016: $1.23/£1.00). For illustrative purposes, every US$1m converted to Sterling was worth around £73,000 less at the 2017 closing rate compared to the 2016 closing rate.

Share option charges

The Group charged $0.55m (2016: $0.43m) in respect of IFRS2, "Share-based payments". This charge contains an element from the 2015 Incentive Plan, approved at the 2015 AGM, and amounts relating to the 2016 UK SAYE and US ESPP plans.

Current options and awards outstanding are 134,477 shares under the 2016 UK SAYE and US ESPP plans and 38,934 shares under the 2015 Incentive Plan. Awards under the 2015 Incentive Plan in respect of 2017 are anticipated to be made in late March 2018.

Exceptional items

A total of $0.46m (2016: $2.94m) was charged to exceptional items in the year, all relating to pension risk reduction activity. Since this exercise is now complete, it is not anticipated that there will be an exceptional charge in 2018.

Net finance expense

Net finance expense for the year was $0.12m (2016: expense of $0.03m), reflecting non-utilisation fees on the US line of credit, plus interest on tax paid relating to prior years, offset partially by modest interest received on the investment of cash balances in short-term deposits.

Taxation

The tax charge for the year was $11.73m (2016: $9.67m), producing an effective tax rate of 29% (2016: 28%). The charge comprised current tax of $12.31m, representing tax payable in the USA, and a deferred tax credit of $0.58m. The increase in overall rate between years was due principally to: (i) increased taxable profits arising in the USA, which during 2017 remained a substantially higher tax jurisdiction; offset by (ii) a net credit of $0.48m arising on the revaluation of deferred tax balances at revised future US corporate tax rates.

The tax charge relating to underlying profit before tax was $12.17m (2016: $10.58m), an effective tax rate of 29% (2016: 28%).

Recent US Tax Reform legislation should have a beneficial effect on the Group's future tax burden. The reduction in the US federal tax rate from 35% to 21% is expected to result in the Group's effective tax rate percentage decreasing from its current level and settling in the low twenties from 2018 onwards.

Earnings per share

Underlying basic earnings per share was 108.02c (2016: 99.01c), an increase of 9%. This increase is lower than the 11% increase in underlying profit before tax, reflecting a higher effective tax rate. The weighted average number of shares in issue was substantially the same year-on-year.

Basic earnings per share was 103.15c (2016: 87.27c), an increase of 18%. The primary factor causing the increase in basic earnings per share to be higher than the increase in underlying earnings per share was lower pension-related exceptional charges of $0.46m (2016: $2.94m).

Dividends

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

The Board has proposed a final dividend of 40.00c (2016: 36.18c) which, together with the interim dividend of 18.10c, gives a total paid and proposed regular dividend relating to 2017 of 58.10c, an increase of 11% compared to prior year.

The final dividend has been converted to Sterling at an exchange rate of £1.00/$1.39 (2016: £1.00/$1.23). This results in a final dividend payable to Shareholders of 28.78p (2016: 29.52p), which, combined with the interim dividend paid of 13.80p, gives a total dividend for the year of 42.58p, an increase of 2% compared to prior year.

In addition to the interim and final dividends, the Board has also proposed a supplementary dividend of 60.00c (2016: $nil), which will be paid at the same time as the final dividend in May 2018. This supplementary dividend payment is non-recurring in nature, and is in accordance with the Group's newly adopted balance sheet funding and capital allocation policies which are described in more detail below.

The final and supplementary dividends, together amounting to 100.00c per share, will be paid on 11 May 2018 to Shareholders on the register at the close of business on 3 April 2018.

Defined benefit pension plan

The Group sponsors a legacy defined benefit pension plan which is closed to new members and future accruals. This plan is the successor arrangement to the previous, much larger defined benefit scheme which was successfully de-risked and wound-up in December 2017. The new plan has equivalent benefits to the previous scheme, and currently has 323 pensioners and 85 deferred members.

At 30 December 2017, the deficit of the plan on an IAS 19 basis was $18.11m, compared to $19.29m at 31 December 2016. At the same date gross scheme liabilities under IAS 19 were $36.74m, and assets were $18.63m.

The change in deficit is analysed as follows:

	$m
IAS 19 deficit at 1 January 2017	**(19.29)**
Company contributions to the scheme	**3.67**
Pension administration costs	**(0.29)**
Pension costs – exceptional	**(0.38)**
Pension finance charge	**(0.50)**
Re-measurement gains due to changes in assumptions	**0.43**
Exchange loss	**(1.75)**
IAS 19 deficit at 30 December 2017	**(18.11)**

An exchange loss of $1.75m was a significant component of the movement in net liability in the year. In Sterling, the net deficit decreased by £2.28m in the period to £13.40m.

A full actuarial valuation was performed in respect of the plan in September 2016. Following this valuation a new deficit recovery contribution schedule was agreed with the Trustee. Under this agreement, contributions of £2.25m per annum are payable by the Company. These contributions commenced 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.

Additionally, the Company is committed to funding agreed transfer values out of the plan, at a funding rate of 50% of the transfer value.

Cash flow

The Group had net cash of $30.77m at 30 December 2017, an increase of $9.09m over the 31 December 2016 balance of $21.68m.

Cash flow in the period is summarised as follows:

	2017 $m	2016 $m
Underlying operating profit	**42.58**	38.38
Depreciation and amortisation	**2.51**	2.39
Change in working capital	**(0.46)**	6.29
Capital expenditure	**(2.36)**	(3.29)
Underlying operating cash flow	**42.27**	43.77
Tax and interest	**(12.87)**	(9.45)
Defined benefit pension contributions	**(3.67)**	(17.35)
Own share transactions	**(1.36)**	(0.27)
Exceptional items	**(0.05)**	(0.17)
National Insurance on share options exercised	**-**	(0.07)
Exchange difference	**0.62**	(1.02)
Free cash flow	**24.94**	15.44
Dividends to Shareholders	**(15.85)**	(12.14)
Net cash inflow in the period	**9.09**	3.30

The Group delivered a characteristically strong cash flow performance in 2017. The business model has low fixed capital requirements and an efficient working capital profile. This was demonstrated in the underlying operating profit to cash conversion rate for the year of 99%.

$24.94m of free cash flow was generated in the period.

Balance sheet and Shareholders' funds

Net assets at 30 December 2017 were $42.09m, compared to $29.33m at 31 December 2016. The balance sheet is summarised as follows:

	30 December 2017 $m	31 December 2016 $m
Non-current assets	**25.88**	25.05
Working capital	**3.99**	3.58
Net cash	**30.77**	21.68
Pension deficit	**(18.11)**	(19.29)
Other assets/(liabilities) - net	**(0.44)**	(1.69)
Net assets	**42.09**	29.33

Shareholders' funds increased by $12.76m, comprising: net profit in the period of $28.93m; $(0.56)m of exchange losses; net pension re-measurement gains of $0.94m; $(0.70)m of net share option related movements; and $(15.85)m equity dividends paid to Shareholders.

Balance sheet funding

The Board is committed to aligning the Group's funding with its strategic priorities. This requires a stable, secure and flexible balance sheet through the cycle. The Group will therefore typically remain ungeared and hold a net cash position.

These funding guidelines aim to provide operational and financial flexibility:

- To facilitate continued investment in marketing, people and technology through different economic cycles, recognising that an economic downturn typically represents a market share opportunity for the business;
- To protect the ability of the business to act swiftly as growth opportunities arise in accordance with the Group's capital allocation guidelines;
- To underpin a commitment to Shareholders through the maintenance of regular interim and final dividend payments; and
- To meet our pension contribution commitments as they fall due.

The quantum of the net cash position target at each year-end will be influenced broadly by reference to the investment requirements of the business, and the subsequent year's anticipated full year ordinary dividend and pension payment obligations.

The Board will keep these guidelines under review and is prepared to be flexible if circumstances warrant.

Capital allocation

The Board's capital allocation framework is designed to deliver increasing Shareholder value, driven by the execution of the Group's growth strategy. The Group's capital allocation priorities are:

- **Organic growth investments**
  - Either capital projects or those expensed in the income statement
  - Market share opportunities in existing markets
- **Interim and final dividend payments**
  - Increasing broadly in line with earnings per share through the cycle
  - Aim to at least maintain dividend per share in a downturn
- **Residual legacy pension funding**
  - In line with agreed deficit recovery funding schedule
  - Further de-risking initiatives, if viable
- **Mergers & acquisitions**
  - Not a near term priority
  - Opportunities that would support organic growth
- **Other Shareholder distributions**
  - Quantified by reference to cash over and above balance sheet funding requirement
  - Supplementary dividends most likely method; other methods may be considered

In keeping with these capital allocation priorities, and taking into account both the cash generative nature of business operations and the Group's investment plans for 2018 and beyond, the Board has recommended a return to Shareholders of around $16.8m by way of a supplementary dividend of 60c per share, payable in May 2018.

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 currencies 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 2019 ($20.0m US facility) and 31 August 2018 ($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 only critical accounting policy is in respect of pensions.

Kevin Lyons-Tarr
Chief Executive Officer

David Seekings
Chief Financial Officer

7 March 2018

Group Income Statement for the 52 weeks ended 30 December 2017

	Note	**2017 $'000**	2016 $'000
Revenue	1	**627,518**	558,223
Operating expenses		**(586,234)**	(523,527)
Operating profit before exceptional items		**41,738**	37,636
Exceptional items	2	**(454)**	(2,940)
Operating profit	1	**41,284**	34,696
Finance income		**3**	22
Finance costs		**(125)**	(46)
Pension finance charge		**(503)**	(521)
Net finance cost		**(625)**	(545)
Profit before tax		**40,659**	34,151
Taxation	3	**(11,734)**	(9,672)
Profit for the period		**28,925**	24,479

		Cents	Cents
Earnings per share			
Basic	4	**103.15**	87.27
Diluted	4	**102.84**	87.02
Underlying basic	4	**108.02**	99.01

Group Statement of Comprehensive Income for the 52 weeks ended 30 December 2017

	Note	**2017 $'000**	2016 $'000
Profit for the period		**28,925**	24,479
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to the income statement:			
Currency translation differences		**(559)**	992
Items that will not be reclassified subsequently to the income statement:			
Re-measurement gains/(losses) on post-employment obligations	6	**88**	(16,261)
Return on pension scheme assets (excluding interest income)	6	**343**	3,323
Tax relating to components of other comprehensive income		**495**	869
Effect of change in UK tax rate		**17**	(235)
Total other comprehensive income/(expense) net of tax		**384**	(11,312)
Total comprehensive income for the period		**29,309**	13,167

Group Balance Sheet at 30 December 2017

	Note	**2017 $'000**	2016 $'000
Non-current assets			
Property, plant and equipment		**18,829**	18,938
Intangible assets		**1,138**	1,082
Deferred tax assets		**5,912**	5,030
		25,879	25,050
Current assets			
Inventories		**5,356**	4,179
Trade and other receivables		**46,309**	39,766
Current tax debtor		**472**	34
Cash and cash equivalents		**30,767**	21,683
		82,904	65,662
Current liabilities			
Trade and other payables		**(47,675)**	(40,363)
Provisions for other liabilities		**(146)**	-
		(47,821)	(40,363)
Net current assets		**35,083**	25,299
Non-current liabilities			
Retirement benefit obligations	6	**(18,106)**	(19,290)
Deferred tax liability		**(763)**	(1,601)
Provisions for other liabilities		**-**	(133)
		(18,869)	(21,024)
Net assets		**42,093**	29,325
Shareholders' equity			
Share capital		**18,842**	18,842
Share premium reserve		**68,451**	68,451
Other reserves		**5,861**	6,420
Retained earnings		**(51,061)**	(64,388)
Total Shareholders' equity		**42,093**	29,325

Group Statement of Changes in Shareholders' Equity for the 52 weeks ended 30 December 2017

	Share capital $'000	Share premium reserve $'000	Other reserves $'000	Retained earnings: Own shares $'000	Retained earnings: Profit and loss $'000	Total equity $'000
Balance at 3 January 2016	18,777	68,451	5,428	(712)	(63,492)	28,452
Profit for the period					24,479	24,479
Other comprehensive income/(expense)						
Currency translation differences			992			992
Re-measurement losses on post-employment obligations					(12,938)	(12,938)
Tax relating to components of other comprehensive income					869	869
Effect of change in UK tax rate					(235)	(235)
Total comprehensive income			992		12,175	13,167
Proceeds from options exercised					142	142
Shares issued	65					65
Own shares utilised				767	(767)	-
Own shares purchased				(477)		(477)
Share-based payment charge					425	425
Deferred tax relating to share options and losses					(308)	(308)
Dividends					(12,141)	(12,141)
Balance at 31 December 2016	18,842	68,451	6,420	(422)	(63,966)	29,325
Profit for the period					**28,925**	**28,925**
Other comprehensive income/(expense)						
Currency translation differences			**(559)**			**(559)**
Re-measurement losses on post-employment obligations					**431**	**431**
Deferred tax relating to post-employment obligations					**(83)**	**(83)**
Deferred tax relating to losses					**578**	**578**
Effect of change in tax rates					**17**	**17**
Total comprehensive income			**(559)**		**29,868**	**29,309**
Proceeds from options exercised					**19**	**19**
Own shares utilised				**101**	**(101)**	**-**
Own shares purchased				**(1,378)**		**(1,378)**
Share-based payment charge					**545**	**545**
Deferred tax relating to share options					**33**	**33**
Deferred tax relating to losses					**110**	**110**
Effect of change in tax rates					**(25)**	**(25)**
Dividends					**(15,845)**	**(15,845)**
Balance at 30 December 2017	**18,842**	**68,451**	**5,861**	**(1,699)**	**(49,362)**	**42,093**

Group Cash Flow Statement for the 52 weeks ended 30 December 2017

	Note	**2017 $'000**	2016 $'000
Cash flows from operating activities			
Cash generated from operations	7	**40,901**	29,450
Net tax paid		**(12,751)**	(9,423)
Finance income		**3**	23
Finance costs		**(125)**	(46)
Net cash generated from operating activities		**28,028**	20,004
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,844)**	(2,903)
Purchases of intangible assets		**(518)**	(383)
Net proceeds from sale of property, plant and equipment		**3**	19
Net cash used in investing activities		**(2,359)**	(3,267)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**-**	65
Proceeds from share options exercised		**19**	142
Purchase of own shares		**(1,378)**	(477)
Dividends paid to Shareholders	5	**(15,845)**	(12,141)
Net cash used in financing activities		**(17,204)**	(12,411)
Net movement in cash and cash equivalents		**8,465**	4,326
Cash and cash equivalents at beginning of the period		**21,683**	18,381
Exchange gains/(losses) on cash and cash equivalents		**619**	(1,024)
Cash and cash equivalents at end of the period		**30,767**	21,683

Analysis of cash and cash equivalents		
Cash at bank and in hand	**28,709**	19,196
Short-term deposits	**2,058**	2,487
	30,767	21,683

General information

4imprint Group plc, registered number 177991, is a public limited company incorporated and domiciled in the UK and listed on the London Stock Exchange. Its registered office is 7/8 Market Place, London W1W 8AG. These financial statements are presented in US dollars.

Accounting policies

In preparing this financial information, the principal accounting policies that will be detailed in the Group's Annual Report and Accounts for 2017 have been used and these are unchanged from the prior period. Accounting standards effective for the first time in the period have had no impact on the Group's financial statements.

Basis of preparation

This announcement was approved by the Board of Directors on 7 March 2018. The financial information in this announcement does not constitute the Group's statutory accounts for the periods ended 30 December 2017 or 31 December 2016 but it is derived from those accounts. Statutory accounts for 31 December 2016 have been delivered to the Registrar of Companies, and those for 30 December 2017 will be delivered after the Annual General Meeting. The auditors have reported on those accounts. Their reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The audited consolidated financial statements from which these results are extracted have been prepared under the historical cost convention in accordance with IFRS (International Financial Reporting Standards) as adopted by the EU, IFRS IC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The standards used are those published by the International Accounting Standards Board (IASB) and endorsed by the EU and effective at the time of preparing these financial statements (March 2018).

After a review, the Directors have reasonable expectations that the Group has adequate resources to continue to operate for a period of at least twelve months from the date this report was approved. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

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. Management consider the following to be the only critical accounting policy:

Pensions

As disclosed in note 6, the Group sponsors a defined benefit pension scheme closed to new members and future accruals. Period end recognition of the liabilities under this scheme and the return on assets held to fund these liabilities require a number of significant actuarial assumptions to be made including inflation rate, discount rate and mortality rates. Small changes in assumptions can have a significant impact on the expense recorded in the income statement and on the pension liability in the balance sheet.

1 Segmental reporting

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

At 30 December 2017, the results of the Group are reported as one primary operating segment and the costs of the Head Office:

Revenue

4imprint Direct Marketing	**2017 $'000**	2016 $'000
North America	**607,997**	540,599
UK and Ireland	**19,521**	17,624
Total revenue from sale of promotional products	**627,518**	558,223

Profit

	Underlying		Total	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
4imprint Direct Marketing	**45,639**	42,282	**45,639**	42,282
Head Office	**(3,059)**	(3,905)	**(3,059)**	(3,905)
Underlying operating profit	**42,580**	38,377	**42,580**	38,377
Exceptional items (note 2)			**(454)**	(2,940)
Share option related charges			**(551)**	(430)
Defined benefit pension scheme administration costs (note 6)			**(291)**	(311)
Operating profit	**42,580**	38,377	**41,284**	34,696
Net finance expense	**(122)**	(24)	**(122)**	(24)
Pension finance charge (note 6)			**(503)**	(521)
Profit before tax	**42,458**	38,353	**40,659**	34,151
Taxation	**(12,167)**	(10,580)	**(11,734)**	(9,672)
Profit after tax	**30,291**	27,773	**28,925**	24,479

2 Exceptional items

	2017 $'000	2016 $'000
Past service costs re defined benefit pension scheme pensioner GMP equalisation	**-**	1,452
Pension buy-out costs	**454**	1,488
	454	2,940

Exceptional items include $378,000 (2016: $1,320,000) incurred and paid by the defined benefit pension scheme, in respect of the buy-out.

3 Taxation

	2017 $'000	2016 $'000
Current tax		
UK tax – current	**-**	-
Overseas tax – current	**12,326**	10,037
Overseas tax – prior periods	**(12)**	40
Total current tax	**12,314**	10,077
Deferred tax		
Origination and reversal of temporary differences	**(664)**	(401)
Adjustment in respect of prior periods	**84**	(4)
Total deferred tax	**(580)**	(405)
Taxation	**11,734**	9,672

The tax for the period is different to the standard rate of corporation tax in the respective countries of operation. The differences are explained below:

	2017 $'000	2016 $'000
Profit before tax	**40,659**	34,151
Profit before tax for each country of operation multiplied by rate of corporation tax applicable in the respective countries	**13,775**	12,157
Effects of:		
Adjustments in respect of prior periods	**72**	36
Expenses not deductible for tax purposes and non-taxable income	**87**	(2,048)
Other differences	**(105)**	(33)
Effect of tax rate changes on deferred tax balances	**(482)**	(6)
Utilisation of tax losses not previously recognised	**(1,613)**	(434)
Taxation	**11,734**	9,672

The main rate of UK corporation tax was reduced to 19% from 1 April 2017. A further reduction to 17% from 1 April 2020 has been enacted. The net deferred tax asset at 30 December 2017 has been calculated at a tax rate of 19% in respect of UK deferred tax items which are expected to reverse before 2020 and 17% in respect of UK deferred tax items expected to reverse thereafter.

The US federal tax rate was reduced to 21% from 1 January 2018. US deferred tax items have been recalculated at the 21% rate.

The amount of current tax recognised directly in Shareholders' equity in 2017 was $nil (2016: $nil).

No current tax was recognised in other comprehensive income (2016: $nil).

4 Earnings per share

Basic, diluted and underlying

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

	2017 $'000	2016 $'000
Profit after tax	**28,925**	24,479

	2017 Number '000	2016 Number '000
Basic weighted average number of shares	**28,042**	28,050
Adjustment for employee share options	**84**	81
Diluted weighted average number of shares	**28,126**	28,131

	2017 cents	2016 cents
Basic earnings per share	**103.15**	87.27
Diluted earnings per share	**102.84**	87.02

	2017 $'000	2016 $'000
Profit before tax	**40,659**	34,151
Adjustments:		
Share option charges	**545**	425
Social security costs in respect of share options	**6**	5
Exceptional items (note 2)	**454**	2,940
Defined benefit pension scheme administration costs (note 6)	**291**	311
Pension finance charge	**503**	521
Underlying profit before tax	**42,458**	38,353
Taxation (note 3)	**(11,734)**	(9,672)
Tax relating to above adjustments	**(433)**	(908)
Underlying profit after tax	**30,291**	27,773

	2017 cents	2016 cents
Underlying basic earnings per share	**108.02**	99.01
Underlying diluted basic earnings per share	**107.70**	98.73

The basic weighted average number of shares excludes shares held in the 4imprint Group plc employee share trusts. The effect of this is to reduce the average by 43,104 (2016: 4,900).

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

For diluted earnings per share, the basic weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares. The potential dilutive ordinary shares relate to those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares and are likely to vest at the balance sheet date.

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

5 Dividends

Equity dividends – ordinary shares		2017 $'000	2016 $'000
Interim paid:	18.10c (2016: 16.32c)	**5,166**	4,558
Final paid:	36.18c (2016: 26.80c)	**10,679**	7,583
		15,845	12,141

In addition, the Directors are proposing a final dividend in respect of the period ended 30 December 2017 of 40.00c (28.78p) per share and a supplementary dividend of 60.00c (43.17p) per share, which together will absorb an estimated $28.0m of Shareholders' funds. Subject to Shareholder approval at the AGM, these dividends are payable on 11 May 2018 to Shareholders who are on the register of members at close of business on 3 April 2018. These financial statements do not reflect these proposed dividends.

6 Employee pension schemes

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

	2017 $'000	2016 $'000
Defined contribution plans – employers' contributions	**1,161**	1,078

The Group also sponsors a UK defined benefit pension scheme which is closed to new members and future accrual.

The amounts recognised in the income statement are as follows:

	2017 $'000	2016 $'000
Administration costs paid by the scheme	**291**	311
Pension finance charge	**503**	521
Exceptional items – buy-out costs paid by the scheme	**378**	1,320
Total defined benefit pension charge	**1,172**	2,152

The amounts recognised in the balance sheet comprise:

	2017 $'000	2016 $'000
Present value of funded obligations	**(36,739)**	(34,357)
Fair value of scheme assets	**18,633**	15,067
Net liability recognised in the balance sheet	**(18,106)**	(19,290)

A full actuarial valuation was undertaken as at 30 September 2016 in accordance with the scheme funding requirements of the Pensions Act 2004. This actuarial valuation showed a deficit of £14.9m. A recovery plan has been signed under which the Company agreed a schedule of contributions with the Trustee. The recovery plan period is 5 years 7 months and under the plan contributions of £2.25m per annum are payable by the Company, commencing 1 July 2017. This amount rises annually by 3%. In addition an annual allowance of £0.25m is payable towards costs of administration of the scheme.

For the purposes of IAS 19, numbers from the actuarial valuation as at 30 September 2016, which was carried out by a qualified independent actuary, have been updated on an approximate basis to 30 December 2017. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures.

The principal assumptions applied by the actuaries, as determined by the Directors, at each period end were:

	2017	2016
Rate of increase in pensions in payment	**3.05%**	3.20%
Rate of increase in deferred pensions	**2.05%**	2.10%
Discount rate	**2.50%**	2.68%
Inflation assumption – RPI	**3.15%**	3.30%
– CPI	**2.05%**	2.20%

The mortality assumptions adopted at 30 December 2017 reflect the most recent version of the tables used in the last triennial valuation. The assumptions imply the following life expectancies at age 65:

	2017	2016
Male currently age 40	**23.3 yrs**	23.6 yrs
Female currently age 40	**25.3 yrs**	25.8 yrs
Male currently age 65	**21.9 yrs**	21.9 yrs
Female currently age 65	**23.7 yrs**	23.9 yrs

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

	Present value of obligations $'000	Fair value of scheme assets $'000	Net obligation $'000
Balance at 3 January 2016	(139,248)	116,134	(23,114)
Administration costs paid by the scheme	(311)	-	(311)
Exceptional items – buy-out costs paid by the scheme	(1,320)	-	(1,320)
– past service costs	(1,452)	-	(1,452)
Interest (expense)/income	(4,154)	3,633	(521)
Return on scheme assets (excluding interest income)	-	3,323	3,323
Re-measurement gains due to changes in demographic assumptions	1,746	-	1,746
Re-measurement losses due to changes in financial assumptions	(18,007)	-	(18,007)
Contributions by employer	-	17,353	17,353
Benefits paid	8,571	(8,571)	-
Liabilities/(assets) removed on settlements	96,770	(96,770)	**-**
Exchange gain/(loss)	23,048	(20,035)	3,013
Balance at 31 December 2016	(34,357)	15,067	(19,290)
Administration costs paid by the scheme	**(291)**	**-**	**(291)**
Exceptional items – buy-out costs paid by the scheme	**(378)**	**-**	**(378)**
Interest (expense)/income	**(941)**	**438**	**(503)**
Return on scheme assets (excluding interest income)	**-**	**343**	**343**
Re-measurement gains due to changes in demographic assumptions	**611**	**-**	**611**
Re-measurement losses due to changes in financial assumptions	**(523)**	**-**	**(523)**
Contributions by employer	**-**	**3,675**	**3,675**
Benefits paid	**2,465**	**(2,465)**	**-**
Exchange (loss)/gain	**(3,325)**	**1,575**	**(1,750)**
Balance at 30 December 2017	**(36,739)**	**18,633**	**(18,106)**

7 Cash generated from operations

	2017 $'000	2016 $'000
Operating profit	**41,284**	34,696
Adjustments for:		
Depreciation charge	**2,048**	1,890
Amortisation of intangibles	**464**	499
Profit on disposal of fixed assets	**4**	-
Exceptional non-cash items	**378**	2,772
Increase/(decrease) in exceptional accrual/provisions	**19**	(4)
Share option charges	**545**	425
Defined benefit pension administration charge	**291**	311
Contributions to defined benefit pension scheme	**(3,675)**	(17,354)
Changes in working capital:		
(Increase)/decrease in inventories	**(1,176)**	280
(Increase)/decrease in trade and other receivables	**(6,324)**	2,268
Increase in trade and other payables	**7,043**	3,667
Cash generated from operations	**40,901**	29,450

8 Related party transactions

The Group did not participate in any related party transactions.

9 Principal risks and uncertainties

The principal risks and uncertainties which the business faces are: macroeconomic conditions; competition; currency exchange; failure or interruption of IT systems and infrastructure; failure to adopt technological innovations; security of customer data; business facility disruption; disruption to delivery services or product supply chain; disturbance in established marketing techniques; and reliance on key personnel. A full description of these risks and the mitigating actions taken by the Group is available on the Company's corporate website http://investors.4imprint.com .

Statement of Directors' responsibilities

Each of the Directors confirms that, to the best of their knowledge:

- the financial statements within the full Annual Report and Accounts from which the financial information within this Final Results Announcement has been extracted, have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- the Chief Executive's Review and Financial Review, and Principal risks and uncertainties (note 9) includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

Forward-looking statements

Certain statements in this announcement are or may be construed as forward-looking statements. Any statement in this document that is not a statement of historical fact including, without limitation, those regarding the Group's future expectations, operations, financial performance, financial condition and business is a forward-looking statement. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this announcement. As a result you are cautioned not to place reliance on such forward-looking statements. Nothing in this document should be construed as a profit forecast. Other than as required by applicable law, the Group accepts no obligation to revise or update these forward-looking statements or adjust them to future events or developments.