31 July 2018

4imprint Group plc
Half year results for the period ended 30 June 2018

4imprint Group plc (the "Group" or the "Company"), the leading direct marketer of promotional products, announces its half year results for the period ended 30 June 2018.

Highlights

Financial	**Half year 2018 $m**	Half year 2017 (restated) † $m	Change
Revenue	**348.33**	298.91	+17%
Underlying* profit before tax	**16.30**	16.20	+1%
Profit before tax	**15.93**	15.70	+1%
Underlying* basic EPS (cents)	**46.03**	40.60	+13%
Basic EPS (cents)	**44.96**	39.16	+15%
Interim dividend per share (cents)	**20.80**	18.10	+15%
Interim dividend per share (pence)	**15.85**	13.80	+15%

* Underlying is before defined benefit pension charges and exceptional items.

† Underlying has been restated to include share option charges.

Operational

- Organic revenue growth of 17% over H1 2017; market share continues to increase
- Brand awareness marketing investment launched; early results have exceeded expectations
- 683,000 total orders processed in H1, an increase of 17% over 2017
- 138,000 new customers acquired in H1; new customer orders up 13% over 2017
- Customer retention remains strong; existing customer orders increased by 18% over 2017
- IFRS15 implementation moves $4.0m revenue and $1.4m operating profit from H1 into H2
- Strong financial position; cash balance of $26.5m at half year

Paul Moody, Chairman said:

"During the first half of 2018 we have made excellent progress towards our goal of achieving $1bn in Group revenue by 2022. The initial results from our brand marketing investment have exceeded our expectations. The Board expects that the second half of the year will show continued strong revenue growth with underlying operating profit moving ahead of prior year."

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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 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.

- 2017 full year revenue: $608.00m (97% of Group revenue)
- 977 employees (June 2018)

UK and Ireland

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

- 2017 full year revenue: $19.52m (3% of Group revenue)
- 41 employees (June 2018)

Our strategic objectives

Market leadership driving organic revenue growth

- To be the leading direct marketer of promotional products in the markets in which we operate
- To expand share in fragmented markets through investment in organic growth
- To establish 4imprint as the recognised brand for promotional products within our target audience
- To achieve $1bn in Group revenue by 2022

Key enablers

- Competitive advantage through continuous development of and sustained investment in:
    - Marketing
    - People
    - Technology
- Differentiation through operational excellence:
    - Customer service
    - Merchandising and supply
    - Efficient processing of individually customised, time-sensitive orders at scale

Website

http://investors.4imprint.com

Chairman's Statement

During the first half of 2018 we have made excellent progress towards our goal of achieving $1bn in Group revenue by 2022. Revenue for the half year of $348.3m showed an increase of 17% over the same period in 2017. All of this growth was organic, consistent with our strategic plan.

When we announced our 2017 Final results, we stated our intention to evolve our marketing programmes during 2018 through increased investment in building the strength and awareness of the 4imprint brand. Initially, this investment has been concentrated on traditional broadcast media, primarily television and radio. Early results have exceeded our expectations, generally as regards brand awareness in our main US market, and specifically in respect of significant gains in new customer acquisition.

We were clear that the brand initiative would involve an investment phase as the programme is established and refined. Consequently, and in line with our expectations, underlying operating profit for the period at $16.3m was essentially flat with prior year. Underlying earnings per share was, however, up 13% over 2017, driven principally by the beneficial effects of US tax reform.

The Group is in a strong financial position, with a cash balance of $26.5m, (2017: $33.3m). This is after the payment in May 2018 of final and supplementary dividends, together representing a payout to Shareholders of $1.00 per share and amounting to $27.1m. Our business model remains efficient in its working capital requirements and consistently cash generative. In this context, the Board has declared an interim dividend of 20.80c per share, an increase of 15% over prior year.

Outlook

The Group's performance in the first half of 2018 has exceeded our expectations and shows excellent progress towards our strategic objectives. The encouraging initial results from our brand marketing investment and its positive effect on new customer acquisition are clearly very positive signals for the business. The Board expects that the second half of the year will show continued strong revenue growth with underlying operating profit moving ahead of prior year.

Paul Moody

Chairman

31 July 2018

Operating and Financial Review

Operating Review

Revenue	**Half year 2018 $m**	Half year 2017 $m	Change
North America	**337.37**	290.17	+16%
UK and Ireland	**10.96**	8.74	+25%
Total	**348.33**	298.91	+17%

Underlying* operating profit	**Half year 2018 $m**	Half year 2017 (restated) † $m	Change
Direct Marketing operations	**18.21**	18.20	=%
Head office	**(1.63)**	(1.67)	-2%
Share option related charges	**(0.32)**	(0.29)	+10%
Total	**16.26**	16.24	=%

* Underlying is before defined benefit pension charges and exceptional items.

† Underlying has been restated to include share option charges.

Update on strategic initiative

The first half of 2018 was an important period in the strategic development of the Group.

In early March 2018, when we announced our 2017 Final results, we also announced an evolution of our operational strategy to include a substantial investment in the development of a new brand awareness component to our marketing portfolio. In addition, we set out a goal to achieve $1bn in revenue by the end of 2022.

This strategic direction is based on our belief that an attractive opportunity exists in our existing markets, which remain highly fragmented and in which our market share is still relatively small. We consider that these markets are largely addressable through our direct marketing model, and that substantial further organic growth is available via the continued evolution and diversification of our marketing techniques.

The results from the first four months of our branding project have significantly exceeded initial expectations. Traditional media campaigns, principally television and radio, have produced substantial increases in both direct website traffic and in online searches/interest in “4imprint”, leading to new customer orders and overall order count running well ahead of our forecasts.

While we are still very early in the process of establishing this new element of our marketing programme, we are encouraged by the results and are optimistic that further progress will be made in the rest of 2018 and beyond.

Operational and financial performance

The first six months of 2018 produced encouraging trading results that largely exceeded our expectations. Group revenue for the period was up 17% over 2017 at $348.33m, benefiting from strong new customer acquisition and reliable retention patterns. Revenue in the North American business increased by 16%, or $47.20m, whilst the UK operation improved revenue by 25%, (15% in underlying currency).

Overall, more than 138,000 new customers were acquired during the period, (2017: 125,000). New customer orders increased by 13% over the same period prior year, compared to a 4% increase in the first half of 2017. Orders from existing customers increased by 18% over 2017, giving us confidence that we continue to attract customers with good retention characteristics. In total, more than 683,000 individually customised orders were processed in the period, representing an increase in total orders of 17% over the comparative period.

Underlying operating profit was essentially flat with prior year at $16.26m, in accordance with previous guidance. The new marketing initiative was identified as incremental spend; in other words it was not funded through re-allocation of funds away from our existing, proven marketing activities. Therefore 2018 represents an investment year as the brand marketing programme is established, tested and refined.

The aggregate gross margin percentage in the first half of 2018 was around 0.7% lower than the same period in the prior year. An element of this was directly attributable to order activity volumes increasing very quickly to levels significantly higher than anticipated, placing some strain on our operational capacity and supplier production/delivery arrangements. As a result, we experienced elevated levels of expedited freight costs and other credits/adjustments to ensure that our customers received the excellent service that we promise to deliver. As our understanding of the impact of our new initiatives has improved, we have made operational adjustments to internal customer service resource and have worked with our suppliers to better forecast and manage the increased volume. We are confident that our systems and supply infrastructure remain scalable. Consequently, we expect that our gross margin percentage will stabilise in the second half of the year.

Selling and other overhead costs in the business continue to rise at a rate lower than revenue, generating some element of operational gearing. Head Office costs of $1.63m were slightly lower than prior year.

Our business model results in an efficient balance sheet with minimal build in working capital even as we grow rapidly. As a result, the Group's operations remain highly cash generative.

Financial Review

	Half year 2018 underlying*	Half year 2017 underlying* (restated) †	**Half year 2018**	Half year 2017 (restated) †
	$m	$m	**$m**	$m
Underlying* operating profit	**16.26**	16.24	**16.26**	16.24
Defined benefit pension scheme administration costs			**(0.15)**	(0.15)
Net finance income/(expense)	**0.04**	(0.04)	**0.04**	(0.04)
Pension finance charge			**(0.22)**	(0.25)
Exceptional items			**-**	(0.10)
Profit before tax	**16.30**	16.20	**15.93**	15.70

* Underlying is before defined benefit pension charges and exceptional items.

† Underlying has been restated to include share option charges.

Operating result

Group revenue in the first half of the year was $348.33m (2017: $298.91m), representing an increase of 17% over the same period in 2017. Underlying profit before tax in the period was $16.30m, essentially flat against the prior year comparative of $16.20m.

IFRS15, 'Revenue from Contracts with Customers', was implemented from the start of the accounting period. The resulting adjustments have little impact on the full year financial results of the Group, (2017: $0.7m revenue reduction and $0.2m operating profit reduction), hence we chose an opening adjustment to net equity over the restatement of prior periods. For the first half results, the impact is more material, ($4.0m revenue reduction and $1.4m operating profit reduction), reflecting typically busier trading activity in June compared to December, however this will reverse to the benefit of the Group's results in the second half of the year.

In prior results announcements we did not include share option related charges within the definition of underlying operating profit. On the basis that share-based payments are now relatively stable and relate directly to the continuing operations of the Group, we have decided to change our presentation to include these charges within underlying operating profit. The relevant comparatives are restated in this announcement.

Foreign exchange

The Group reports in its primary trading currency, US dollars. Sterling/US dollar is the exchange rate most relevant to the Group's financial performance.

The average Sterling/US dollar rate for the first half of 2018 was $1.38 (H1 2017: $1.26; FY 2017: $1.29). The closing Sterling/US dollar rate as at 30 June 2018 was $1.32 (1 July 2017: $1.30; 30 December 2017: $1.35).

The primary foreign exchange factors relevant to the Group's operations are as follows:

- Translational risk in the income statement is low since 97% of the Group's revenue is in US dollars, the Group's reporting currency. The net impact from currency movements on the 2018 half year income statement was not material to the Group's results.
- Most of the constituent elements of the Group balance sheet are US dollar-based. The main exception to this is the Sterling-based defined benefit pension liability. Currency movements produced an exchange gain on the pension liability of $0.4m for the first half of 2018.
- The Group is highly cash-generative, mostly in US dollars, but its primary applications of post-tax cash are Shareholder dividends, pension contributions and some Head Office costs, all of which are paid in Sterling. As such, the Group's cash position is sensitive to Sterling/US dollar exchange movements. To the extent that Sterling weakens against the US dollar, more funds are available in payment currency to fund these cash outflows.

Share option charges

A total of $0.32m (2017: $0.29m) 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 2017 UK SAYE Scheme and 2017 US Employee Stock Purchase Plan.

Current options outstanding are: 130,699 share options under the SAYE Scheme and Stock Purchase Plan; and 55,871 share options, awarded in respect of the 2015, 2016 and 2017 financial periods, under the 2015 Incentive Plan.

Exceptional items

There were no exceptional items charged in the first half of 2018, (2017: $0.10m). All of the 2017 charge related to a pension risk reduction project which has now been completed.

Net finance income/(expense)

Net finance income in the period was $0.04m (2017: $(0.04)m charge). This represents external interest received on deposits, offset by non-utilisation fees on the US line of credit.

Taxation

The tax charge for the half year was $3.35m (2017: $4.71m). The composite tax rate of 21% (2017: 30%) reflects the expected tax rate for the Group for the full year in 2018. The charge relates principally to taxation payable on profits earned in the USA. The reduction in the overall rate between years is due mainly to changes in the US tax rate following US tax reform legislation enacted in December 2017.

Earnings per share

Underlying basic earnings per share was 46.03c (2017: 40.60c[†]), an increase of 13%. This reflects the increase of 13% in underlying profit after tax, and a substantially similar weighted average number of shares in issue.

Basic earnings per share was 44.96c (2017: 39.16c), an increase of 15% over prior year.

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 20.80c (2017: 18.10c), an increase of 15%. In Sterling, the interim dividend per share will be 15.85p (2017:13.80p), an increase of 15% over prior period. The dividend will be paid on 18 September 2018 to Shareholders on the register at the close of business on 10 August 2018.

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 88 pensioners and 311 deferred members.

At 30 June 2018, the deficit of the scheme on an IAS 19 basis was $16.76m, compared to $18.11m at 30 December 2017. Gross scheme liabilities under IAS19 were $34.57m and assets were $17.81m.

The change in deficit is analysed as follows:

	$m
IAS 19 deficit at 30 December 2017	**18.11**
Pension administration costs paid by the scheme	**0.15**
Pension finance charge	**0.22**
Contributions by employer	**(1.90)**
Re-measurement gains on post-employment obligations	**(1.14)**
Return on pension scheme assets (excluding interest income)	**1.69**
Exchange gain	**(0.37)**
IAS 19 deficit at 30 June 2018	**16.76**

The net liability reduced by $1.35m in the period, driven primarily by employer's contributions of $1.9m. Return on assets was below expectation, but was largely offset by improvements in financial assumptions and an exchange gain.

We remain committed to funding agreed transfer values out of the plan, at a funding rate of 50% of the transfer value. $0.2m was paid into the plan in the first half of 2018 to cover transfers out.

Cash flow

Net cash was $26.51m at 30 June 2018 (1 July 2017: $33.26m; 30 December 2017: $30.77m).

Cash flow in the period is summarised as follows:

	Half year 2018 $m	Half year 2017 $m
Underlying operating profit	**16.26**	16.24
Share option non-cash charges	**0.31**	0.29
Depreciation and amortisation	**1.29**	1.25
Change in working capital	**12.22**	11.46
Capital expenditure	**(1.17)**	(0.86)
Operating cash flow	**28.91**	28.38
Tax and interest	**(1.89)**	(3.34)
Defined benefit pension contributions	**(1.90)**	(1.66)
Purchase of own shares	**(1.42)**	(0.73)
Other	**(0.82)**	(0.39)
Free cash flow	**22.88**	22.26
Dividends to Shareholders	**(27.14)**	(10.68)
Net cash (outflow)/inflow in the period	**(4.26)**	11.58

The Group generated $22.88m of free cash flow in the period. The 'drop-ship' direct marketing business model continues to be very efficient in its working capital requirements, and capital expenditure requirements are broadly equivalent to the depreciation charge.

As announced with the 2017 Final results, the Group paid a supplementary dividend in the first half of 2018 in the amount of 60c per share, which along with the final dividend produced a total dividend of $1.00 per share. These dividends were paid in May 2018 at a total cost of $27.14m.

$1.42m of cash was paid in the period to the Group's Employee Benefit Trust. These funds were used to purchase 4imprint shares in order to cover the requirements of the US Employee Stock Purchase Plan which matures in July 2018.

Balance sheet and Shareholders' funds

Net assets at 30 June 2018 were $24.37m, compared to $42.09m at 30 December 2017. The balance sheet is summarised as follows:

	30 June 2018 $m	30 December 2017 $m
Non-current assets	**25.42**	25.88
Working capital	**(9.51)**	3.99
Net cash	**26.51**	30.77
Pension deficit	**(16.76)**	(18.11)
Other liabilities	**(1.29)**	(0.44)
Net assets	**24.37**	42.09

Shareholders' funds decreased by $17.72m since the 2017 year end. Dividends paid of $27.14m were the largest component of the movement. Other elements were net profit in the period of $12.58m and $0.32m of share option related movements, net of $0.62m exchange, $0.44m of net pension movements, own share transactions of $1.41m and the IFRS15 equity adjustment of $1.01m.

The Group had a net negative working capital balance of $(9.51)m at 30 June 2018, ($(7.17)m at 1 July 2017). This is a typical half year working capital profile reflecting the low capital requirements of the Group.

Balance sheet funding and capital allocation

Full details of the Board's balance sheet funding guidelines and capital allocation priorities were set out in the Group's 2017 Annual Report & Accounts. The Board's approach has not changed in either of these areas.

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 2020 ($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 2.00%, 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 18 to 23 of the Group's Annual Report 2017, 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

31 July 2018

Condensed Consolidated Income Statement (unaudited)

	Note	**Half year 2018 $'000**	Half year 2017 $'000	Full year 2017 $'000
Revenue	6	**348,331**	298,911	627,518
Operating expenses		**(332,219)**	(282,923)	(586,234)
Operating profit before exceptional items		**16,112**	16,090	41,738
Exceptional items	7	**-**	(102)	(454)
Operating profit	6	**16,112**	15,988	41,284
Finance income		**60**	1	3
Finance costs		**(24)**	(38)	(125)
Pension finance charge	11	**(219)**	(254)	(503)
Net finance cost		**(183)**	(291)	(625)
Profit before tax		**15,929**	15,697	40,659
Taxation	8	**(3,345)**	(4,709)	(11,734)
Profit for the period		**12,584**	10,988	28,925

		Cents	Cents	Cents
Earnings per share				
Basic	9	**44.96**	39.16	103.15
Diluted	9	**44.81**	39.06	102.84
Underlying (restated)†	9	**46.03**	40.60	106.74

† Underlying has been restated to include share option charges

Condensed Consolidated Statement of Comprehensive Income (unaudited)

	Note	**Half year 2018 $'000**	Half year 2017 $'000	Full year 2017 $'000
Profit for the period		**12,584**	10,988	28,925
Other comprehensive (expense)/income				
Items that may be reclassified subsequently to the income statement:				
Currency translation differences		**(618)**	(400)	(559)
Items that will not be reclassified subsequently to the income statement:				
Re-measurement gains on post-employment obligations	11	**1,142**	10	88
Return on pension scheme assets (excluding interest income)	11	**(1,692)**	(334)	343
Tax relating to components of other comprehensive (expense)/income		**105**	62	495
Effect of change in UK tax rate			-	17
Total other comprehensive (expense)/income net of tax		**(1,063)**	(662)	384
Total comprehensive income for the period		**11,521**	10,326	29,309

Condensed Consolidated Balance Sheet (unaudited)

	Note	**At 30 June 2018 $'000**	At 1 July 2017 $'000	At 30 Dec 2017 $'000
Non-current assets				
Property, plant and equipment		**18,718**	18,663	18,829
Intangible assets		**1,102**	1,024	1,138
Deferred tax assets		**5,599**	5,143	5,912
		25,419	24,830	25,879
Current assets				
Inventories		**9,603**	4,432	5,356
Trade and other receivables		**40,518**	44,619	46,309
Current tax		**-**	-	472
Cash and cash equivalents		**26,509**	33,263	30,767
		76,630	82,314	82,904
Current liabilities				
Trade and other payables		**(59,634)**	(56,226)	(47,675)
Current tax		**(375)**	(1,107)	-
Provisions for other liabilities		**(135)**	-	(146)
		(60,144)	(57,333)	(47,821)
Net current assets		**16,486**	24,981	35,083
Non-current liabilities				
Retirement benefit obligations	11	**(16,757)**	(19,505)	(18,106)
Deferred tax liability		**(777)**	(1,640)	(763)
Provisions for other liabilities		**-**	(140)	-
		(17,534)	(21,285)	(18,869)
Net assets		**24,371**	28,526	42,093
Shareholders' equity				
Share capital	13	**18,842**	18,842	18,842
Share premium reserve		**68,451**	68,451	68,451
Other reserves		**5,243**	6,020	5,861
Retained earnings		**(68,165)**	(64,787)	(51,061)
Total Shareholders' equity		**24,371**	28,526	42,093

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 1 January 2017	18,842	68,451	6,420	(422)	(63,966)	29,325
Profit for the period					10,988	10,988
Other comprehensive (expense)/income			(400)		(262)	(662)
Total comprehensive (expense)/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)
At 1 July 2017	18,842	68,451	6,020	(1,153)	(63,634)	28,526
Profit for the period					17,937	17,937
Other comprehensive income/(expense)			(159)		1,205	1,046
Total comprehensive income			(159)		19,142	18,983
Share-based payment charge					257	257
Proceeds from options exercised					11	11
Own shares purchased				(636)		(636)
Own shares utilised				90	(90)	-
Deferred tax relating to share options					33	33
Deferred tax relating to losses					110	110
Effect of change in UK tax rate					(25)	(25)
Dividends					(5,166)	(5,166)
Balance at 30 December 2017	18,842	68,451	5,861	(1,699)	(49,362)	42,093
Adjustments for changes in accounting policy (note 3 and 16)					**(1,011)**	**(1,011)**
	18,842	**68,451**	**5,861**	**(1,699)**	**(50,373)**	**41,082**
Profit for the period					**12,584**	**12,584**
Other comprehensive expense net of tax			**(618)**		**(445)**	**(1,063)**
Total comprehensive income			**(618)**		**12,139**	**11,521**
Share-based payment charge					**314**	**314**
Proceeds from options exercised					**10**	**10**
Own shares purchased				**(1,420)**		**(1,420)**
Own shares utilised				**16**	**(16)**	**-**
Dividends					**(27,136)**	**(27,136)**
Balance at 30 June 2018	**18,842**	**68,451**	**5,243**	**(3,103)**	**(65,062)**	**24,371**

Condensed Consolidated Cash Flow Statement (unaudited)

	Note	**Half year 2018 $'000**	Half year 2017 $'000	Full year 2017 $'000
Cash flows from operating activities				
Cash generated from operations	12	**28,166**	26,850	40,901
Net tax paid		**(1,927)**	(3,305)	(12,751)
Finance income		**60**	1	3
Finance costs		**(24)**	(36)	(125)
Net cash generated from operating activities		**26,275**	23,510	28,028
Cash flows from investing activities				
Purchases of property, plant and equipment		**(1,201)**	(689)	(1,844)
Purchases of intangible assets		**-**	(175)	(518)
Net proceeds from sale of property, plant and equipment		**30**	-	3
Net cash utilised in investing activities		**(1,171)**	(864)	(2,359)
Cash flows from financing activities				
Proceeds from options exercised		**10**	8	19
Purchase of own shares by ESOT		**(1,420)**	(742)	(1,378)
Dividends paid to Shareholders	10	**(27,136)**	(10,679)	(15,845)
Net cash used in financing activities		**(28,546)**	(11,413)	(17,204)
Net movement in cash and cash equivalents		**(3,442)**	11,233	8,465
Cash and cash equivalents at beginning of the period		**30,767**	21,683	21,683
Exchange gains/(losses) on cash and cash equivalents		**(816)**	347	619
Cash and cash equivalents at end of the period		**26,509**	33,263	30,767
Analysis of cash and cash equivalents				
Cash at bank and in hand		**26,509**	33,263	28,709
Short-term deposits		**-**	-	2,058
		26,509	33,263	30,767

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 25 Southampton Buildings, London, WC2A 1AL.

The condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of the Directors on 31 July 2018.

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 30 December 2017 were approved by the Board of Directors on 7 March 2018 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 30 June 2018 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 30 December 2017, 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.

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

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 30 December 2017, as described in those annual financial statements, apart from those affected by the implementation of IFRS 15 'Revenue from Contracts with Customers' and IFRS 9, 'Financial Instruments'. These impact the accounting policies for revenue and trade receivables and the new policies are shown below. For revenue recognition when weighing performance obligations against risks and rewards of ownership, and taking into account implied promises in our business practices, it has been concluded that all revenue should be now recognised at the time of receipt by the customer rather than on shipment. For trade receivables we have moved to an expected loss method of providing for future impairment. The financial impacts of these are shown in note 16. On initial application of IFRS 9 there has been no reclassification or change in measurement of financial assets or financial liabilities. Other new accounting standards applicable for the first time in this reporting period have no impact on the Group's results.

Revenue

Revenue from sales of promotional goods, delivery receipts and other activities is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business net of discounts, returns and sales-related taxes. Revenues are recognised when all performance obligations are satisfied, upon delivery of the goods and services to customers.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established based on the expected credit loss. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, which are grouped based on shared credit risk characteristics and the days past due. The amount of the provision is recognised in the income statement. Trade receivables are discounted when the time value of money is considered material.

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Notes to the Interim Financial Statements

4 Use of assumptions and estimates

The preparation of the interim financial statements requires management to make judgments, 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 judgments 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 judgments 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 30 December 2017. There have been no changes in any risk management policies since this date.

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 2018 $'000**	Half year 2017 $'000	Full year 2017 $'000
North America	**337,367**	290,169	607,997
UK and Ireland	**10,964**	8,742	19,521
Total revenue from the sale of promotional products	**348,331**	298,911	627,518

Profit

	Underlying (restated)*			Total		
	Half year 2018 $'000	Half year 2017 $'000	Full year 2017 $'000	**Half year 2018 $'000**	Half year 2017 $'000	Full year 2017 $000
4imprint Direct Marketing	**18,206**	18,195	45,639	**18,206**	18,195	45,639
Head Office	**(1,626)**	(1,668)	(3,059)	**(1,626)**	(1,668)	(3,059)
Share option related charges	**(317)**	(292)	(551)	**(317)**	(292)	(551)
Underlying operating profit	**16,263**	16,235	42,029	**16,263**	16,235	42,029
Exceptional items (note 7)				**-**	(102)	(454)
Defined benefit pension scheme administration costs				**(151)**	(145)	(291)
Operating profit	**16,263**	16,235	42,029	**16,112**	15,988	41,284
Net finance income/(expense)	**36**	(37)	(122)	**36**	(37)	(122)
Pension finance charge				**(219)**	(254)	(503)
Profit before tax	**16,299**	16,198	41,907	**15,929**	15,697	40,659
Taxation	**(3,415)**	(4,806)	(11,974)	**(3,345)**	(4,709)	(11,734)
Profit after tax	**12,884**	11,392	29,933	**12,584**	10,988	28,925

*Underlying has been restated to include share option charges

Notes to the Interim Financial Statements

7 Exceptional items

	Half year 2018	Half year 2017	Full year 2017
	$'000	$'000	$'000
Pension buy-out costs	**-**	102	454

The pension buy-out costs include: costs incurred by the scheme of $nil (2017 HY: $102k, 2017 FY: $378k); and costs incurred by the Company of $nil (2017 HY: $nil, 2017 FY: $76k).

8 Taxation

The taxation rate was 21%, based on the estimated rate for the full year (H1 2017: 30%; FY 2017: 29%). Tax paid in the period was $1.93m (H1 2017: $3.31m; FY 2017: $12.75m).

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 2018	Half year 2017	Full year 2017
	$'000	$'000	$'000
Profit after tax	**12,584**	10,988	28,925

	Half year 2018	Half year 2017	Full year 2017
	Number 000's	Number 000's	Number 000's
Basic weighted average number of shares	**27,989**	28,056	28,042
Adjustment for employee share options	**96**	77	84
Diluted weighted average number of shares	**28,085**	28,133	28,126
Basic earnings per share	**44.96c**	39.16c	103.15c
Diluted earnings per share	**44.81c**	39.06c	102.84c

Notes to the Interim Financial Statements

9 Earnings per share continued

	Half year 2018 $'000	Half year 2017 (restated) † $'000	Full year 2017 (restated) † $'000
Profit before tax	**15,929**	15,697	40,659
Adjustments:			
Defined benefit pension scheme administration costs	**151**	145	291
Exceptional items	**-**	102	454
Pension finance charge	**219**	254	503
Underlying profit before tax	**16,299**	16,198	41,907
Taxation	**(3,345)**	(4,709)	(11,734)
Tax relating to above adjustments	**(70)**	(97)	(240)
Underlying profit after tax	**12,884**	11,392	29,933
Underlying basic earnings per share	**46.03c**	40.60c	106.74c
Underlying diluted basic earnings per share	**45.88c**	40.49c	106.42c

† Underlying has been restated to include share option charges.

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 96,095 (H1 2017: 29,575; FY 2017: 43,104).

The underlying earnings per share is calculated before the after-tax effect of 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.

10 Dividends

	Half year 2018 $'000	Half year 2017 $'000	Full year 2017 $'000
Dividends paid in the period	**27,136**	10,679	15,845

		Cents	Cents	Cents
Dividends per share declared	- Interim	**20.80**	18.10	18.10
	- Supplementary	**-**	-	60.00
	- Final	**-**	-	40.00

The interim dividend for 2018 of 20.80c per ordinary share (interim 2017: 18.10c; Supplementary 2017: 60.00c; final 2017: 40.00c) will be paid on 18 September 2018 to Shareholders on the register at the close of business on 10 August 2018.

Notes to the Interim Financial Statements

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 30 June 2018 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 2018 $'000	Half year 2017 $'000	Full year 2017 $'000
Defined benefit pension scheme administration costs	**151**	145	291
Pension finance charge	**219**	254	503
Exceptional Items - Pension buy-out costs paid by the scheme	**-**	102	378
Total recognised in the income statement	**370**	501	1,172

The principal assumptions applied by the actuaries at 30 June 2018 were:

	Half year 2018	Half year 2017	Full year 2017
Rate of increase in pensions in payment	**3.00%**	3.20%	3.05%
Rate of increase in deferred pensions	**1.95%**	2.10%	2.05%
Discount rate	**2.65%**	2.63%	2.50%
Inflation assumption - RPI	**3.05%**	3.30%	3.15%
- CPI	**1.95%**	2.20%	2.05%

The mortality assumptions adopted at 30 June 2018 imply the following life expectancies at age 65:

	Half year 2018	Half year 2017	Full year 2017
Male currently aged 40	23.4 yrs	23.3 yrs	23.3 yrs
Female currently aged 40	25.3 yrs	25.3 yrs	25.3 yrs
Male currently aged 65	21.9 yrs	21.9 yrs	21.9 yrs
Female currently aged 65	23.8 yrs	23.7 yrs	23.7 yrs

Notes to the Interim Financial Statements

11 Employee pension schemes continued

Analysis of the movement in the balance sheet liability:

	Half year 2018 $'000	Half year 2017 $'000	Full year 2017 $'000
At start of period	**(18,106)**	(19,290)	(19,290)
Administration costs paid by the scheme	**(151)**	(145)	(291)
Interest expense	**(219)**	(254)	(503)
Exceptional item - Buy-out costs paid by scheme	**-**	(102)	(378)
Contributions by employer	**1,897**	1,663	3,675
Re-measurement gains on post-employment obligations	**1,142**	10	88
Return on pension scheme assets (excluding interest income)	**(1,692)**	(334)	343
Exchange gain/(loss)	**372**	(1,053)	(1,750)
At end of period	**(16,757)**	(19,505)	(18,106)

12 Cash generated from operations

	Half year 2018 $'000	Half year 2017 $'000	Full year 2017 $'000
Operating profit	**16,113**	15,988	41,284
Adjustments for:			
Depreciation charge	**1,065**	1,020	2,048
Amortisation of intangibles	**224**	236	464
Profit on sale of property, plant and equipment	**(7)**	-	4
Exceptional non-cash items	**8**	102	378
Decrease in exceptional accrual/provisions	**(26)**	-	19
Share option non-cash charges	**314**	288	545
Defined benefit scheme administration costs – non-cash charge	**151**	145	291
Contributions to defined benefit pension scheme	**(1,897)**	(1,663)	(3,675)
Changes in working capital:			
(Increase)/decrease in inventories	**(1,989)**	(252)	(1,176)
Decrease/(increase) in trade and other receivables	**5,134**	(4,033)	(6,324)
Increase in trade and other payables	**9,076**	15,019	7,043
Cash generated from operations	**28,166**	26,850	40,901

13 Share capital

No shares were issued in the period.

14 Capital commitments

The Group had capital commitments contracted but not provided for in these financial statements of $nil, (1 July 2017: $0.4m; 30 December 2017: $nil).

15 Related party transactions

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

Notes to the Interim Financial Statements

16 Impact of new accounting standards

The implementation of IFRS 9 has had no material impact on the financial results of the Group. The implementation of IFRS 15's performance obligations requirements has resulted in a revision to the period end cut off procedure for revenue recognition, to only recognise revenue once the goods have been physically received by the customer. This change has little full year on full year impact on the financial results of the Group (2017: $0.2m operating profit reduction) and so the decision was taken to take advantage of the option not to restate prior periods. This results in an opening adjustment to reduce net equity by $1,011,000 as follows:

Balance sheet	30 Dec 2017 As reported	Opening IFRS 15 adjustment	**Opening 31 Dec 2017 Revised**
	$'000	$'000	**$'000**
Non-current assets	25,879	**-**	**25,879**
Current assets			
Inventories	5,356	2,584	**7,940**
Trade and other receivables	46,309	(2,657)	**43,652**
Current tax	472	-	**472**
Cash and cash equivalents	30,767	-	**30,767**
	82,904	(73)	**82,831**
Current liabilities			
Trade and other payables	(47,675)	(1,203)	**(48,878)**
Provisions for other liabilities	(146)	-	**(146)**
	(47,821)	(1,203)	**(49,024)**
Net current assets	35,083	(1,276)	**33,807**
Non-current liabilities			
Retirement benefit obligations	(18,106)	-	**(18,106)**
Deferred tax liability	(763)	265	**(498)**
	(18,869)	265	**(18,604)**
Net assets	42,093	(1,011)	**41,082**

Notes to the Interim Financial Statements

16 Impact of new accounting standards continued

At the half year the impact is more pronounced, but is principally a phasing shift between the first half and second half of the year. The impact on the current half year is as follows:

Balance sheet	30 June 2018	IFRS 15 adjustment	**30 June 2018 As reported**
	$'000	$'000	**$'000**
Non-current assets	25,419	-	**25,419**
Current assets			
Inventories	5,117	4,486	**9,603**
Trade and other receivables	46,522	(6,004)	**40,518**
Cash and cash equivalents	26,509	-	**26,509**
	78,148	(1,518)	**76,630**
Current liabilities			
Trade and other payables	(58,441)	(1,193)	**(59,634)**
Current tax	(943)	568	**(375)**
Provisions for other liabilities	(135)	-	**(135)**
	(59,519)	(625)	**(60,144)**
Net current assets	18,629	(2,143)	**16,486**
Non-current liabilities			
Retirement benefit obligations	(16,757)	-	**(16,757)**
Deferred tax liability	(777)	-	**(777)**
	(17,534)	-	**(17,534)**
Net assets	26,514	(2,143)	**24,371**

Income statement	26 weeks ended 30 June 2018	IFRS 15 adjustment	**26 weeks ended 30 June 2018 As reported**
	$'000	$'000	**$'000**
Revenue	352,294	(3,963)	**348,331**
Operating expenses	(334,747)	2,528	**(332,219)**
Operating profit	17,547	(1,435)	**16,112**
Finance income	60	-	**60**
Finance costs	(24)	-	**(24)**
Pension finance charge	(219)	-	**(219)**
Net finance cost	(183)	-	**(183)**
Profit before tax	17,364	(1,435)	**15,929**
Taxation	(3,648)	303	**(3,345)**
Profit for the period	13,716	(1,132)	**12,584**
Earnings per share			
Basic	49.00		**44.96**
Diluted	48.84		**44.81**

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 30 December 2017. 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
Chairman

David Seekings
Chief Financial Officer

31 July 2018