4imprint Group plc

Market Beating Organic Growth

Annual Report and Accounts
2016

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

Most of our revenue is generated in North America, serviced from the principal office in Oshkosh, Wisconsin. Customers in the UK and Irish markets are served out of an office in Manchester, UK.

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

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

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OVERVIEW

2016 Highlights

Financial

Revenue

$558.22m +12%

2015: $497.22m

Underlying* profit before tax

$38.35m +14%

2015: $33.55m

Profit before tax

$34.15m +10%

2015: $31.16m

Underlying* basic EPS (cents)

99.01c +12%

2015: 88.04c

Basic EPS (cents)

87.27c +7%

2015: 81.26c

Proposed total dividend per share (cents)

52.50c +35%

2015: 38.89c

Proposed total dividend per share (pence)

41.82p +57%

2015: 26.57p

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

Operational

› Organic revenue growth continues
- Orders 12% ahead of 2015
- More than 1,050,000 total orders received
- Consistent re-order rates from existing customers

› Strong financial position maintained
- Efficient cash conversion
- $21.7m cash balance at year end

› Pension buy-out project complete
- £10.0m ($14.5m) one-off contribution
- $2.9m exceptional charge

At a Glance

4imprint is the leading direct marketer of promotional products in the USA, Canada, the UK and Ireland.

Our locations

North America

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

2016 Revenue

$540.6m
97% of Group revenue

Employees

818
December 2016

UK and Ireland

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

2016 Revenue

$17.6m
3% of Group revenue

Employees

39
December 2016

Our objectives

1. Market leadership

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

2. Competitive advantage

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

- Marketing
- People
- Systems technology and data analytics

3. Organic revenue growth

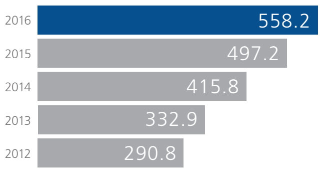
Our primary financial objective is to maximise organic revenue growth whilst maintaining a broadly stable operating margin percentage.

Five year growth

Revenue ($m)

$558.2m

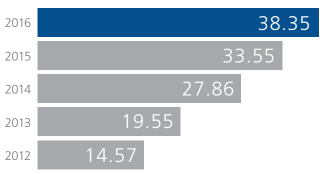
+12%



Underlying profit before tax ($m)

$38.35m

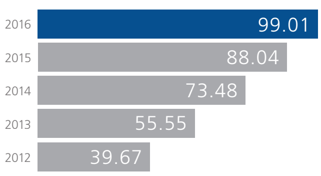
+14%



Underlying earnings per share (c)

99.01c

+12%



Individually customised orders processed in 2016

1.05m

Blue Box™ sample packages mailed in 2016

1.96m

OVERVIEW

Chairman's Statement

Revenue

$558.2m

Underlying profit before tax

$38.4m

Our business model is resilient and our market opportunity remains large and attractive.

I am pleased to report that 2016 was another very good year of progress for 4imprint. Revenue for the year was $558.2m, an increase of 12% over prior year. The revenue increase on a like-for-like basis was 13%, after adjusting for the effects of a 53rd week in the 2015 comparative accounting period and a negative currency impact on the results of our UK-based business. All revenue growth was organic.

Underlying profit before tax rose to $38.4m, up 14% over 2015. Profit before tax was $34.2m, 10% higher than 2015. This result is consistent with our strategy to maximise revenue growth whilst maintaining a broadly stable operating margin percentage. Investment in marketing remains the primary growth driver. A major milestone was reached in 2016: the total number of orders received in the year surpassed one million for the first time.

The Group ended 2016 in a strong financial position. Low fixed capital requirements and good working capital management resulted in efficient cash conversion. The year end cash balance of $21.7m was an increase of $3.3m over 2015, despite a planned one-off pension contribution in the year of $14.5m.

Significant progress was made during 2016 in respect of the Group's legacy defined benefit pension scheme. The buy-out process is complete. Going forward, contributions into the remaining plan, which consists primarily of deferred pensioners, will be at a much lower level over the next several years.

John Poulter retired on 30 November 2016 from his position as Non-Executive Chairman of the Group. John joined the Board in May 2010, and his leadership was instrumental in the success of the Group over recent years. The Board wishes to express its gratitude to John and to wish him well for the future. I was appointed to the Board as a Non-Executive Director in February 2016 and subsequently as Non-Executive Chairman on 1 December 2016.

At the half year the Board declared an interim dividend per share of 16.32c, an increase of 35% over 2015. This increase was set in the context of expected reduced future contributions to the pension scheme, along with the ongoing cash generative nature of the Group's trading operations. As anticipated, the Board confirms that it is recommending a final dividend of 36.18c, also an increase of 35% over prior year.

A relentless focus on customer care is at the heart of our business, and I would like to thank every one of our talented and dedicated team members for maintaining remarkable service levels as the business continues to grow.

Our business model is resilient and our market opportunity remains large and attractive. After a period of volatility in the fourth quarter of 2016 caused by uncertainty around the US presidential election, customer order activity normalised in December. The first few weeks of 2017 have shown a satisfactory start to the year.

Paul Moody
Chairman
8 March 2017

CASE STUDY

Giving Back

onebyone®

Onebyone® is our charitable giving programme in North America. Each business day we aim to award at least three $500 grants to non-profit organisations, allowing them to use the power of promotional products to help spread the word, recruit volunteers or thank donors.

How dogs help kids read and succeed in the classroom
Stuffed dogs were 'adopted' by second graders who completed the program, becoming strong, confident readers, while learning compassion for animals.

Marlboro County Economic Development Partnership
Calculators were given to attendees at the opening of a training hub for current workers and those looking to enter a career in manufacturing.

Helping Hands for Manitobans with Breast Cancer Inc.
Branded flashlights lit up the room at an event to raise funds to support Manitobans undergoing breast cancer treatment.

STRATEGIC REPORT

Chief Executive's Review

New customers acquired

240,000

Total orders received

1,054,000

Revenue	2016 $m	2015 $m	
North America	**540.60**	479.24	+13%
UK and Ireland	**17.62**	17.98	-2%
Total	**558.22**	497.22	+12%

Underlying* operating profit	2016 $m	2015 $m	
Direct Marketing operations	**42.28**	37.04	+14%
Head Office	**(3.90)**	(3.52)	+11%
Underlying operating profit	**38.38**	33.52	+14%
Operating profit	**34.70**	31.96	+9%

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.

The 2016 financial results are consistent with the Group's established financial strategy of prioritising organic revenue growth whilst maintaining a broadly stable operating margin percentage.

Total Group revenue was $558.22m, which was 12% ahead of prior year. This growth measure was negatively influenced by the fact that the 2015 comparative contained an 'extra' week of sales due to a 53 week accounting period, in addition to which the reported revenue of our UK business was adversely affected by currency swings following the EU referendum in June. Adjusting for these two factors, the like-for-like revenue increase over 2015 was 13%. On a similarly adjusted basis, revenue at the half year was up 15%, meaning that the growth rate in the second half of the year was slightly lower than that experienced in the first half.

The North American business, which comprises 97% of Group revenue, continued to grow well ahead of the promotional products industry as a whole, which was estimated by US industry sources to have grown by approximately 3.1%. Fourth quarter trading patterns were disrupted, with order intake in October and November, particularly in respect of new customers, running markedly lower than the year to date run rate. This correlated directly with a six to eight week period of uncertainty leading up to, and immediately following, the US election. Leading indicators and order activity recovered towards the end of the year, with December performance returning to anticipated levels.

Reported revenue for the UK operation was 2% lower than prior year. This result should, however, be set firmly in the context of the material currency movements following the EU referendum in late June. In underlying currency the year on year growth rate was 11%, also well above the estimated UK industry growth rate of 6.1%.

Effective and innovative marketing is the key driver of our continued growth. During 2016 we continued to invest a significant proportion of our overall marketing funds into customer acquisition activities.

More than 240,000 new customers were acquired in 2016. On a like-for-like basis orders from new customers were up 6% over prior year, and orders from existing customers increased by 15% compared to 2015. In total, 1,054,000 individually customised orders were processed by our dedicated and talented customer service teams – the first time that more than a million orders have been received in one year.

Effective and innovative marketing is the key driver of our continued growth. During 2016 we continued to invest a significant proportion of our overall marketing funds into customer acquisition activities. In addition to our well-established offline prospecting initiatives, a critical part of the 2016 marketing mix involved understanding and developing strategies around changes in the dynamics of the search engine platforms which take up a large part of our online marketing budget. Customer retention was driven in large part by our ever-popular and constantly evolving Blue Box™ sample mailings, complemented by our relentless focus on delivering remarkable customer service. Revenue per marketing dollar is the KPI used to assess whether our increasing investment in marketing remains consistent with our strategy. In 2016 this was $5.77, compared to $5.92 in 2015. This was in line with our expectations and with our financial strategy, delivering both organic revenue growth and a stable operating margin percentage.

Underlying operating profit, excluding Head Office expenses, increased by 14%, compared to a 12% increase in reported revenue. The resulting increase in operating margin percentage in the trading businesses had three major components: (i) a slightly improved gross margin percentage; (ii) improved revenue per payroll dollar, effectively offsetting the movement in revenue per marketing dollar; and (iii) some gearing effect from the fixed or semi-fixed elements in selling costs and other overheads.

Head office costs increased by 11% compared to prior period. There was no significant change in the structure and activities of the central function. The variance arose primarily due to losses on the maturity of forward currency contracts taken out before the EU referendum to hedge cash flows from the US, partly offset by a favourable currency effect from the translation into reporting currency of costs incurred in Sterling.

Overall, the Group's underlying operating margin percentage for 2016 was 6.87%, compared to 6.74% in 2015. This is within the bandwidth to be consistent with our strategic intention to deliver a broadly stable operating margin percentage.

For the ninth year in a row, the North American business was named on the list of the Top 25 Best Medium Sized Workplaces in the USA. The UK business maintains its Investors in People accreditation. We are proud of our workplace and our culture, and as such we remain confident in our ability to innovate, adapt and continue to generate attractive levels of profitable organic growth.

Strategy

4imprint's strategy is to develop its position as the leading direct marketer of promotional products in the fragmented markets in which it operates.

Operationally, the objective is to deliver competitive advantage through sustained investment in **marketing, people, systems technology and data analytics.**

Financially, the objectives are to maximise organic revenue growth whilst maintaining a broadly stable operating margin percentage and to retain an efficient cash conversion ratio, assisted by the low capital intensity of the business.

4imprint has a rolling three year strategic planning process, providing a framework for the delivery of the revenue growth required to underpin both sustainable growth in earnings per share and a policy of progressive dividend increases.

Strategic differentiator	What have we been doing in 2016?
Marketing	• Continuous refinement of established marketing techniques: – Catalogue versions and circulation plans – Blue Box™ programme efficiency – Understanding and developing strategies around changes in search engine platforms • Evaluation of new and emerging digital marketing opportunities • Continued expansion of breadth and depth of product range and development of exclusive and proprietary products
People	• Named for the ninth consecutive year as a Top 25 Best Medium Sized Workplace in the USA • Initiatives in benefits and workplace environment helping to maintain single digit employee turnover • Expansion of internal and external training resources and number and type of courses offered
Technology	• Continuous development and enhancement of website functionality and performance • Software development to allow for more efficient order handling at our distribution centre • Software development to support improved organisation and cataloguing of customer art files for use with re-orders • Blue Box™ automation development

Market Overview

Where we do business

We operate in two primary geographical markets.

- North America: The US and Canadian promotional products markets together are estimated to total around $25 billion.
- UK and Ireland: The UK and Irish promotional products market size is estimated at around £970 million, or $1.2 billion.

The promotional products marketplace is fragmented. The largest market, the USA, is served by around 23,000 distributors, of whom more than 20,500 have annual sales of less than $2.5 million. The profile is similar in the Canadian and UK/Irish markets.

4imprint is the largest direct marketer of promotional products in each market and has consistently increased market share, through organic growth, at a rate significantly ahead of the overall growth rate in the industry.

What we sell

We sell an extensive range of promotional products – merchandise custom printed with the logo or name of an organisation with the intention of promoting a brand, service, product or event.

Our product range comprises tens of thousands of individual products ranging from basic giveaways such as pens, bags and drinkware to higher value items such as embroidered apparel, business gifts and full size trade show displays. Merchandising specialists work closely with suppliers, continually updating the product range and developing new products or lines, many of which are exclusive to 4imprint.

Our customers

Promotional products are purchased by a wide range of individuals within all types and sizes of businesses and organisations. The products have many uses: as an integral part of sales and marketing activities; for recruitment or recognition initiatives; to promote health and safety programmes; and for any other method of making a connection between the customer's organisation and the recipient of the item.

We define our customer as the individual placing the order, rather than the business or organisation for which the individual works or with which he/she is associated. As such, our customers can be found across the different areas of geography, industry categories, size of business/organisation and charitable, religious or governmental institutions.

No single customer comprises a material part of 4imprint's overall revenue.

The top 10 current product categories are:

1. Apparel

2. Bags

3. Drinkware

4. Writing

5. Technology

6. Stationery

7. Outdoor & leisure

8. Tradeshows & signage

9. Auto, home & tools

10. Wellness & safety

Business Model

Our commercial operations are built around a direct marketing business model capable of introducing millions of potential customers to tens of thousands of customised promotional products.

Our model has favourable cash characteristics: minimal inventory requirements; a high proportion of orders paid for by credit card; and ongoing capital investment broadly in line with depreciation charge. Increasing investment in marketing activity and technology is funded out of operating cash flow, sustaining competitive advantage and further growth in market share.

Customer proposition

- Fast, easy and convenient
- Expansive and relevant product range
- Industry-leading customer guarantee

- Online or via telephone
- Free samples and artwork
- Remarkable customer service

- On-time shipment or your order is free
- Lowest prices or double the difference
- Total satisfaction or your money back

"Drop ship" from suppliers

- Unrestricted access to tens of thousands of products
- Efficient deliveries to short lead times
- Minimal investment in inventory

- Supplier holds the stock
- Supplier prints the product
- Order shipped direct to customer

- Merchandisers work closely with suppliers
- Product range continually updated

Application of technology

- Customer-facing, websites & mobile
- Proprietary order processing platform
- Sophisticated database analytics

- Mature, scalable systems
- Efficient order processing
- Supplier integration

- Data-driven marketing
- Innovative web technology

Innovative marketing

- Data-driven heritage and discipline
- Online and offline techniques
- Catalogue, search engine, email, social

- New customer acquisition
- Growing customer file

- Existing customer retention
- Blue Box™

Key Performance Indicators

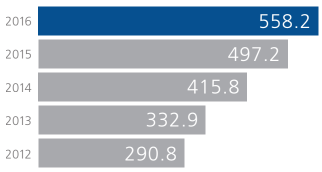
The Board monitors the performance of the business against its strategy using the KPIs set out below. These KPIs have been selected as they are considered appropriate for measuring the progress of the business towards achieving its strategic objectives.

Financial KPIs

Revenue ($m)

$558.2m

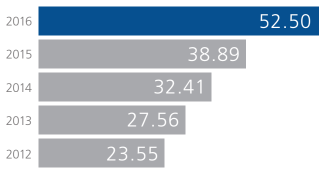
+12%



Dividend per share (c)

52.50c

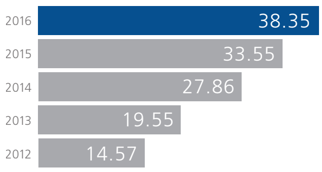
+35%



Underlying profit before tax ($m)

$38.35m

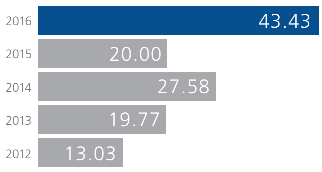
+14%



Underlying operating cash flow ($m)

$43.43m

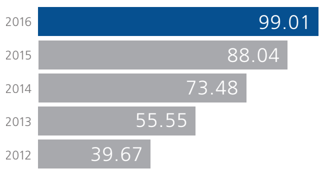
+117%



Underlying earnings per share (c)

99.01c

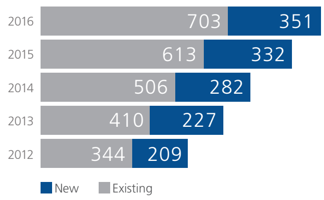
+12%



Non-Financial KPIs

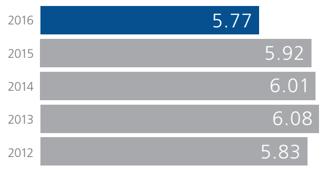
No. of orders received (000s)

1,054



Revenue per marketing dollar ($)

5.77



Financial Review

Underlying* EPS

99.01c

Dividend paid and proposed

52.50c

	2016 Underlying* $m	2015 Underlying* $m	2016 Total $m	2015 Total $m
Underlying operating profit	**38.38**	33.52	**38.38**	33.52
Share option related charges (incl. social security)			**(0.43)**	(0.30)
Exceptional items			**(2.94)**	(0.86)
Net finance (expense)/income	**(0.03)**	0.03	**(0.03)**	0.03
Defined benefit pension charges			**(0.83)**	(1.23)
Profit before tax	**38.35**	33.55	**34.15**	31.16

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

Operating result

Group revenue in 2016 was $558.22m, (2015: $497.22m), an increase of 12% over prior year. Underlying operating profit before tax was $38.35m (2015: $33.55m), up 14% over the 2015 comparative. Operating profit was $34.15m (2015: $31.16m).

2015 was a 53 week accounting period for the Group, reverting back in 2016 to the normal 52 week timeframe. This means that the comparative contains around $4.0m of additional revenue from the "extra" week. Another factor to note in year on year revenue comparisons is an adverse currency effect of around $2.2m arising from the translation of the results of the UK business into reporting currency. Adjusting the comparative for these two items, Group revenue growth over prior year was 13%.

In terms of underlying operating profit, the additional week in the comparative had a negligible effect due to a full week of payroll and overheads offsetting the additional gross margin arising from a quiet week of revenue during the holiday season.

Foreign exchange

The US dollar exchange rates material to the Group's 2016 results were as follows:

	2016		2015	
	Period end	**Average**	Period end	Average
Sterling	**1.23**	**1.35**	1.48	1.53
Canadian dollars	**0.74**	**0.76**	0.72	0.78

Share option charges

The Group charged $0.43m (2015: $0.30m) in respect of IFRS2, "Share-based payments". This was made up of various elements: the Performance Share Plan ("PSP") approved by Shareholders on 27 April 2011, which matured in April 2016; charges under the 2015 Incentive Plan, approved at the 2015 AGM, in respect of 2015 actual and 2016 accrued awards; and a charge in respect of the 2016 UK SAYE and US ESPP plans.

Current options and awards outstanding are 144,826 shares under the 2016 UK SAYE and US ESPP plans and 26,128 shares under the 2015 Incentive Plan.

Exceptional items

A total of $2.94m (2015: $0.86m) was charged to exceptional items in the year, which all related to pension risk reduction activity. There were three components of the charge: (i) $1.32m of buy-out related costs incurred and paid by the pension scheme; (ii) $1.45m representing a past service charge in respect of Guaranteed Minimum Pension equalisation; and (iii) $0.17m paid by the Group in respect of fees incurred on the buy-out project.

Net finance income

Net finance expense for the year was $0.03m (2015: income of $0.03m), reflecting non-utilisation fees on the US line of credit, offset partially by modest interest received on the investment of cash balances in short-term deposits.

Taxation

The tax charge for the year was $9.67m (2015: $8.46m), producing an effective tax rate of 28% (2015: 27%). The charge comprised current tax of $10.08m, representing tax payable in the USA, and a deferred tax credit of $0.41m. The increase in overall rate between years was due principally to increased taxable profits arising in the USA, which is a higher tax jurisdiction.

The tax charge relating to underlying profit before tax was $10.58m (2015: $8.96m), an effective tax rate of 28% (2015: 27%).

Earnings per share

Underlying basic earnings per share was 99.01c (2015: 88.04c), an increase of 12%. This increase is lower than the 14% increase in underlying profit before tax, reflecting a higher effective tax rate and a slightly higher weighted average number of shares in issue.

Basic earnings per share was 87.27c (2015: 81.26c), an increase of 7%. The primary factors causing the increase in basic earnings per share to be lower than the increase in underlying earnings per share were higher exceptional charges, share option charges and effective tax rate, offset by lower pension-related administration and finance charges, all compared to prior period.

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 proposed a final dividend of 36.18c (2015: 26.80c) which, together with the interim dividend of 16.32c, gives a total paid and proposed dividend relating to 2016 of 52.50c, an increase of 35% compared to prior year.

In Sterling, the final dividend paid to Shareholders will be 29.52p (2015: 18.82p), which, combined with the interim dividend paid of 12.30p, gives a total dividend for the year of 41.82p, an increase of 57% compared to prior year.

Defined benefit pension scheme

The Group sponsors a legacy defined benefit pension scheme which has been closed to new members and future accruals for several years.

At 31 December 2016, the deficit of the scheme on an IAS 19 basis was $19.29m, compared to $23.11m at 2 January 2016.

The change in deficit is analysed as follows:

	$m
IAS 19 deficit at 2 January 2016	(23.11)
Company contributions to the scheme	17.35
Pension administration costs	(0.31)
Pension costs - exceptional	(2.77)
Pension finance charge	(0.52)
Re-measurement gains due to changes in assumptions	(12.94)
Exchange gains	3.01
IAS 19 deficit at 31 December 2016	**(19.29)**

During the year, the previously bought-in benefits of the majority of pensioner members were successfully converted to buy-out status. This resulted in a remaining pension obligation that is considerably smaller, moving from around 1,600 members (1,100 pensioners and 500 deferred pensioners) in December 2015, to around 420 mainly deferred members at the 2016 year end. Individual annuities were issued to the departing pensioner members under the terms of the contracts with the insurers.

In financial terms, this meant that gross liabilities of $94.79m, and the corresponding insured asset of the same amount, were removed from the Group's balance sheet. In order to extinguish these liabilities fully, the old scheme is in the process of being wound up. A new scheme with equivalent benefits has been set up, and members not included in the buy-out have been transferred to this scheme, except for those with small pension entitlements who opted to depart the scheme by taking winding up lump sum payments, resulting in liabilities of $1.98m and assets of an equivalent amount being removed.

In order to facilitate the buy-out process and the establishment and funding of the new scheme, a one-off contribution of £10.0m ($14.5m) was paid in the first half of 2016, as previously agreed with the Trustee. The remainder of the $17.35m total contributions during the year were in respect of an interim deficit recovery arrangement agreed with the Trustee and the funding of some transfer values out of the scheme.

At 31 December 2016, gross scheme liabilities under IAS 19 were $34.36m, and assets were $15.07m, resulting in a net liability of $19.29m. This residual net liability is higher than expected. Two primary factors influenced this: (i) adverse movements in actuarial assumptions, particularly the discount rate which moved from 3.52% in 2015 to 2.68% at the end of 2016; and (ii) a gap between the actuarial estimates of the split of liabilities between insured and non-insured members (based initially on the last full valuation in 2013 and rolled forward since then), and the actual liabilities transferred to insurers.

A new deficit recovery contribution schedule will be agreed with the Trustee during 2017. In the meantime, the current interim contribution of around £2.3m per year will continue to be paid into the scheme.

Financial Review continued

Cash flow

The Group had net cash of $21.68m at 31 December 2016, an increase of $3.30m over the 2 January 2016 balance of $18.38m.

Cash flow in the period is summarised as follows:

	2016 $m	2015 $m
Underlying operating profit	**38.38**	33.52
Depreciation and amortisation	**2.39**	1.96
Change in working capital	**5.95**	(4.46)
Capital expenditure	**(3.29)**	(11.02)
Underlying operating cash flow	**43.43**	20.00
Tax and interest	**(9.45)**	(8.70)
Defined benefit pension contributions	**(17.35)**	(0.83)
Own share transactions	**0.07**	–
Exceptional items	**(0.17)**	(0.31)
National Insurance on share options exercised	**(0.07)**	–
Exchange	**(1.02)**	(0.48)
Free cash flow	**15.44**	9.68
Dividends to Shareholders	**(12.14)**	(9.60)
Net cash inflow in the period	**3.30**	0.08

The cash generative nature of the direct marketing business model was demonstrated in the 2016 results.

The underlying operating profit to cash conversion rate was 113% (2015: 87%, after adjusting for $9m of unusually high capital expenditure). This attractive cash conversion ratio was driven in large part by a favourable swing in the working capital position. Working capital at the end of 2015 was unusually high, driven by timing effects due to a 53 week accounting period. The 2016 balance reflects a more normalised position.

Free cash flow was $15.44m, after the one-off pension contribution of $14.5m.

Balance sheet and Shareholders' funds

Net assets at 31 December 2016 were $29.33m, compared to $28.45m at 2 January 2016. The balance sheet is summarised as follows:

	31 December 2016 $m	2 January 2016 $m
Non-current assets	**25.05**	23.75
Working capital	**3.58**	9.71
Net cash	**21.68**	18.38
Pension deficit	**(19.29)**	(23.11)
Other assets/(liabilities) - net	**(1.69)**	(0.28)
Net assets	**29.33**	28.45

Shareholders' funds increased by $0.88m, comprising: net profit in the period of $24.48m; $0.99m of exchange gains; net pension re-measurement losses of $(12.30)m; $(0.15)m of net share option related movements; and $(12.14)m equity dividends paid to Shareholders.

Balance sheet movements in respect of cash, working capital and pension deficit are discussed in earlier sections of the Financial Review.

Treasury policy

The financial requirements of the Group are managed through a centralised treasury policy. The Group operates cash pooling arrangements for its North American operations. Forward contracts are taken out to buy or sell currency relating to specific receivables and payables as well as remittances from overseas subsidiaries. The Group holds the majority of its cash with its principal US and UK bankers. A facility with the principal US bank, JPMorgan Chase, N.A., is available to fund the short-term working capital requirements of the North American business.

The Group has $20.5m of working capital facilities with its principal US bank. The interest rate is US$ LIBOR plus 1.5%, and the facilities expire on 31 May 2018 ($20.0m US facility) and 31 August 2017 ($0.5m Canadian facility). In addition, an overdraft facility of £1.0m, with an interest rate of bank base rate plus 2.0%, is available from the Group's principal UK bank, Lloyds Bank plc.

Critical accounting policies

Critical accounting policies are those that require significant judgements or estimates and potentially result in materially different results under different assumptions or conditions. It is considered that the only critical accounting policy is in respect of pensions.

Going concern

The Board reviews several factors when considering whether the financial statements should be prepared on a going concern basis:

- The Group's business activities, together with management's current view of circumstances likely to affect its future development, performance and financial position (summarised in the Strategic Report on pages 6 to 21).
- The Group's principal risks and uncertainties, as set out on pages 16 to 18 .
- The financial position of the Group, its cash flows and principal risks and uncertainties, net cash position, borrowing facilities and policies for managing financial risk, which are described in the Financial Review and Principal Risks & Uncertainties on pages 12 to 18.

As a result of this review, the Board has a reasonable expectation 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.

Long-term prospects and viability

In accordance with Provision C.2.2 of the 2014 UK Corporate Governance Code, the Board has assessed the prospects and viability of the Group.

Assessment of prospects

The Group's strategy, market position and business model, as set out on pages 8 to 10 of the Strategic Report, are central to an understanding of its prospects. These factors provide a framework for the rolling three year plan which is developed as part of the annual budget process and reviewed by the Board to assess the Group's prospects. Established and reliable demand forecasting models are driven by customer acquisition and retention assumptions, which are flexed to account for known initiatives and anticipated market developments over the three year forecast period.

The three year timeframe for assessing both prospects and viability is considered to be appropriate due to the following factors:

- It is consistent with the Group's rolling three year strategic planning process.
- It reflects reasonable expectations in terms of the reliability and accuracy of operational forecasting models.
- It acknowledges that the Group's business model does not rely heavily on fixed capital, long-term contracts or fixed external financing arrangements.
- It recognises that projections looking out further than three years become significantly less meaningful in the context of the fast-moving nature of the business and its markets.

Confirmation of viability

The Board's assessment of the Group's prospects, as described above, has been made with reference to current market conditions and known risk factors. The principal risks and uncertainties facing the Group are outlined on pages 16 to 18. In the light of the Group's financial performance over recent years, the Board considers that the key factor which would prejudice the delivery of the Group's stated financial objectives is a significant decline in demand, leading to lower or negative revenue growth and a lower return on marketing spend. Using the current three year rolling forecasts as a base case, alternative forecasts have been produced to model the effects on the Group's liquidity and solvency of very severe but plausible combinations of the principal risks and uncertainties on demand levels in the business.

The basis for the key assumptions used in the viability model was an overall effect similar to, but more severe than, that experienced during the 2008/9 financial crisis. New customer acquisition and existing customer retention metrics were significantly degraded in the model, but expenditure in the areas of marketing, payroll and technology were held steady. Revenue and profitability are clearly affected in this scenario, but the business retains a robust financial position with the Group able to maintain its external dividend payments at current rates.

The assumptions used in the viability model and the resultant sensitised financial forecasts have been reviewed and approved by the Board. The conclusion of this review is that the Group has significant financial flexibility, starting with a net cash position, but remaining cash positive even under severe economic stress and able to continue investing in marketing, people and technology, which are the key differentiators in its strategy.

Based on this review of the Group's prospects and viability, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and to meet its liabilities, as they fall due, for the next three years.

Principal Risks & Uncertainties

4imprint seeks to take a balanced approach to the risks and uncertainties which it faces.

There is an appetite for risk-taking that contributes to both the operational agility and innovative culture which 4imprint believes is necessary to meet its strategic objectives. That appetite is, however, tempered by risk identification, evaluation and management.

The Board has ultimate responsibility for the risk management process, although responsibility for reviewing specific risk controls may be delegated to the Audit Committee. The Executive Directors and operational management teams are responsible for the identification and evaluation of risks and the subsequent implementation of specific risk mitigation activities. It is important to note that business operations are conducted from centralised facilities in each territory, with short reporting lines. Consequently, the Executive Directors are close to day-to-day matters, facilitating early identification of, and response to, evolving risks.

Risk appetite, the risk management process, and associated mitigating activities are all essential elements of the Group's strategic and operational planning processes.

4imprint's business model means that it may be affected by a number of risks, not all of which are within its control. Outlined on the following pages are the current principal potential risks to the successful delivery of the Group's strategic goals. The list is not exhaustive and other, as yet unidentified, factors may have an adverse effect.

Risk	Potential impact	Mitigating activities
Economic and market risks		
Macroeconomic conditions The business conducts most of its operations in North America and would be affected by a downturn in general economic conditions in this region. The promotional products market would likely soften in line with the general economy.	• Customer acquisition and retention metrics could fall. • The growth and profitability levels called for in the Group strategic plan may not be achieved. • Cash generation could be reduced broadly corresponding to a reduction in profitability.	• Management monitors economic and market conditions to ensure that appropriate and timely adjustments are made to marketing and other budgets. • The customer proposition in terms of promotions, price, value and quality of product can be adjusted to resonate with the prevailing economic climate.
Competition The promotional products markets in which the business operates are intensely competitive and the rapid development of internet commerce, digital marketing and technological innovation may allow competitors to reach a broader audience. In addition, new or disruptive business models may be developed by existing competitors or new entrants.	• Aggressive competitive activity could result in pressure on prices, margin erosion and loss of market share. All of these factors could impair the growth of the business and therefore impact the financial results. • The Group's strategy based on achieving organic growth in fragmented markets may need to be reassessed.	• An open-minded culture and an appetite for technology are encouraged, with the aim of positioning the business at the forefront of innovation in the industry. • Management proactively monitors competitive activity in the marketplace. • Price, satisfaction and service level guarantees are an integral part of the customer proposition. Customer surveys and market research are used to gauge customer satisfaction and perception, and the causes of any negative indications are investigated and addressed rapidly.
Currency exchange There is some exposure to currency exchange risk. Although the business trades predominantly in US dollars, it also transacts business in Canadian dollars, Sterling and Euros, leading to some currency risk on trading. In addition, head office costs, pension scheme commitments and dividend payments are payable in Sterling, consequently the business may be adversely impacted by movements in the Sterling/US dollar exchange rate when it repatriates cash to the UK.	• The financial results of operations, and therefore overall profitability, may be negatively affected. • The financial condition and cash position of the Group may differ materially from expectations. In particular, the Group's strategic objective of delivering progressive dividend increases could be disrupted.	• The Group reports its results in US dollars, minimising currency impact on reported revenue, operating profit and net assets since trading operations are concentrated largely in North America. • The Group uses forward contracts to hedge anticipated cash receipts from its overseas operations over a rolling 12 month timeframe, giving some certainty of amounts receivable in Sterling.

Risk	Potential impact	Mitigating activities
Operational risks		
Business facility disruption The business model means that operations are concentrated in centralised office and distribution facilities. The performance of the business could be adversely affected if activities at one of these facilities were to be disrupted, for example, by fire, flood, loss of power or telecommunication failure.	• The inability to service customer orders over any extended period would result in significant revenue loss, deterioration of customer acquisition and retention metrics and diminished return on marketing investment.	• Data is backed up immediately to off-site servers. • Back-up and business continuity procedures are in place to ensure that customer service disruption is minimised. • Relationships are maintained with third party embroidery contractors to provide back-up in the event of facility unavailability.
Disruption to delivery service or the product supply chain As a consequence of the Group's drop-ship distribution model, trading operations could be interrupted if (i) the activities of a key supplier were disrupted and it was not possible to source an alternative supplier in the short term; or (ii) the primary parcel delivery partner used by the business suffered significantly degraded service levels.	• Inability to fulfil customer orders would lead to lost revenue and a negative impact on customer acquisition and retention statistics.	• A rigorous selection process is in place for key suppliers, with evaluation and monitoring of quality, production capability and capacity, ethical standards and financial stability. • Wherever possible, relationships are maintained with suitable alternative suppliers for each product category. • Secondary relationships are maintained with alternative parcel carriers.
Disturbance in established marketing techniques The success of the business relies on its ability to attract new and retain existing customers through a variety of marketing techniques. These methods may become less effective as follows: Offline: The flow of print catalogues and sample packages would be disrupted by the incapacity of the US Postal Service to make deliveries, for example due to natural disasters or labour activism. Online: Search engines are an important source for channelling customer activity to 4imprint's websites. The efficiency of search engine marketing would be adversely affected if the search engines were to modify their algorithms or otherwise make substantial changes to their practices or pricing.	• If sustained over anything more than a short time period, an externally-driven decrease in the effectiveness of key marketing techniques would cause damage to the customer file as acquisition and retention metrics fall. This would affect order flow and revenue in the short term and the productivity of the customer file over a longer period, impacting growth prospects.	• Offline: Developments in the US Postal Service are closely monitored through industry associations and lobbying groups. Alternative parcel carriers are continuously evaluated. • Online: Management stays very close to new developments and emerging technologies in the online space. Efforts are focused on anticipating changes and ensuring compliance with both the requirements of providers and applicable laws. The marketing team constantly tests and evaluates new marketing techniques and opportunities.
Reliance on key personnel Performance depends on the business's ability to continue to attract, motivate and retain key staff. These individuals possess sales and marketing, merchandising, supply chain, IT and financial skills that are key to the continued successful operation of the business.	• The loss of key employees or inability to attract appropriate talent could adversely affect the Group's ability to meet its strategic objectives, with a consequent negative impact on future results.	• The business is proactive in aiming to deliver a first-class working environment. In addition, attractive employment terms and incentive plans are designed with a view to attracting and retaining key personnel.

Principal Risks & Uncertainties continued

Risk	Potential impact	Mitigating activities
Technological risks		
Failure or interruption of information technology systems and infrastructure The business is highly dependent on the efficient functioning of its IT infrastructure. An interruption or degradation of services at a central office facility would affect critical order processing systems and thereby compromise the ability of the business to deliver on its customer service proposition.	• In the short-term, orders would be lost and delivery deadlines missed for orders in-house, decreasing the efficiency of marketing investment and impacting customer acquisition and retention. Depending on the severity of the incident, longer-term reputational damage could result. • Revenue and profitability are directly related to order flow and would be adversely affected as a consequence of a major IT failure.	• There is significant ongoing investment in both the IT team supporting the business and the hardware and software system requirements for a stable and secure operating platform. • Back-up and recovery processes are in place to minimise the impact of information technology interruption, including real-time replication of data at an alternative site.
Failure to adapt to new technological innovations The operating platforms of the business may not be able to respond and adapt to rapid changes in technology. If the development of websites and customer-facing applications for alternative devices and platforms is slow or ineffective the business could lose competitive edge. In addition, the development of order processing, supplier-facing and data analytics technologies could fail to deliver the improvements in speed, ease and efficiency necessary to attract and retain a productive customer base.	• If the business fails to adapt to new technologies and therefore falls behind in the marketplace it may fail to capture the significant number of new customers and retain existing customers at the rate required to deliver the growth rates envisaged in the Group's strategic plan.	• Management has a keen awareness of the need to keep pace with the rapidly changing and continuously evolving technological landscape. • An appetite for technological innovation is encouraged in the business. Sustained investment is made in the development of both outward-facing and back office systems.
Security of customer data Unauthorised access to and misappropriation of customer data could lead to reputational damage and loss of customer confidence.	• A significant security breach could lead to litigation and losses, with a costly rectification process. In addition, it might be damaging to the Group's reputation and brand. • An event of this nature might result in extraordinary expense, impacting the Group's ability to meet its earnings per share targets.	• The business employs IT staff who are appropriately trained to mitigate IT security violations. In particular, emerging cyber risks are proactively monitored and addressed. • Technical and physical controls are in place to mitigate unauthorised access to customer data and there is an ongoing investment process in place to maintain and enhance the integrity and efficiency of the IT infrastructure and its security.

Corporate & Social Responsibility Report

The Board believes that a strong and principled approach to corporate and social responsibility is fundamentally important to the present and future success of 4imprint.

Our culture encourages responsible practice at all levels of the organisation and presents clear guiding principles that drive ethical interactions with, and outcomes for, our key stakeholders.

4imprint is run in accordance with **"The Golden Rule" – treat others as you would wish to be treated yourself.** This mindset is evident across the business: in our customer service proposition and guarantees; in our product sourcing initiatives; in the way that our team members interact with our customers, our supplier partners and with each other; in the way that we engage in our communities; and in our respect for the environment.

We are pleased to have become a constituent company in the FTSE4Good Index Series, the global responsible investment index designed to identify companies that demonstrate strong environmental, social and governance (ESG) practices, measured against globally recognised standards.

Training room in Oshkosh

Employment

Our strategy statement identifies investment in our people as a key driver of competitive advantage. We are committed to a culture that encourages the training, development, wellbeing and participation of every team member.

Business objectives are shared with team members via quarterly briefings and everyone participates in a quarterly "gain share" bonus plan that is based on achievement of tangible, clearly communicated performance targets.

Training of new team members covers job-specific skills, other soft skills and a grounding in the 4imprint philosophy. Existing team members are regularly offered ongoing training opportunities in a variety of subjects, some directly business-related, and others aimed towards personal development, wellness initiatives and general education. In addition, the pursuit of external educational opportunities and professional qualifications is encouraged through our popular tuition reimbursement programme.

The welfare of our team members is also addressed through a competitive benefits package, including strong medical, dental and pension offerings. In addition, we run an employee wellness programme and provide multiple workplace perks and fun events.

A proactive approach to health and safety is an important aspect of the 4imprint workplace. Desk-based ergonomics and best practice protocols in the operation of machinery and material handling at our distribution centre are key areas of emphasis in promoting a safety culture. A Safety Committee meets on a regular basis to review any incidents or near misses and to consider future improvements or changes in regulatory requirements. In addition, health and safety reports are regularly received and reviewed by the Board.

We understand the importance and beneficial effect of diversity within our team and we aim to foster a culture that recruits, develops and promotes team members regardless of background. We are committed to the principle of equal opportunity in employment, and no

Providing remarkable service

Corporate & Social Responsibility Report
continued

applicant or employee receives less favourable treatment on the grounds of nationality, age, gender, sexual orientation, religion, race, ethnicity or disability. We recognise our responsibility to disabled persons and endeavour to assist them to make their full contribution at work. Where team members become disabled, every practical effort is made to allow them to continue in their jobs or to provide retraining in suitable alternative work.

The Group employs over 860 people, 75% of whom are female. One third of the North American executive team and two thirds of the UK senior team are female. As at 31 December 2016 the Board had no female members, and one of six Board members (16%) is a non-UK national.

2016 was the ninth consecutive year that the North American operation has been included on the prestigious list of the Top 25 Best Medium Sized Workplaces in the USA. The UK-based business maintains its Investors in People accreditation. We are very proud of these accolades, which are emblematic of team members who go above and beyond every day to help each other, to provide our customers with remarkable service and to give back to their communities because they know and believe that it is the right thing to do.

Product and supply

Our suppliers are based in the US and Canada for the North American business, and in the UK and EU for the UK and Ireland business. Therefore, our supply base is essentially domestic, with our suppliers taking care of the importing/manufacture, inventory management and printing capabilities required to ship thousands of orders on a daily basis.

We are acutely aware, however, that our end-to-end supply chain is a long and complex one that extends far beyond our domestic supply partners across the globe to the manufacturers of the base product. As such, our business activities can have a significant impact at many levels. Our intention is to make that impact positive from a social, economic and environmental perspective.

To set the tone, the Board has developed, approved and issued a social and ethical policy, the purpose of which is to set broad guidelines that the Group should conduct its business operations in accordance with best practice and in compliance with relevant legislation such as the Modern Slavery Act. The policy addresses such issues as working hours, wages, discrimination, collective bargaining, health & safety and child labour. These broad principles are reinforced in our "4imprint Supply Chain Code of Conduct". This is based on the International Labour Organisation's "Declaration on Fundamental Principles and Rights at Work" and the Fair Labor Association's "Principles of Fair Labor and Responsible Sourcing". 4imprint team members are actively involved in the FLA's activities.

At the operational level, this means that 4imprint's goal is to work with suppliers who are diligent in managing their sourcing practices and selecting manufacturing facilities, who commit to ensuring safe working environments where employees are adequately compensated and who are able to develop the necessary manufacturing, design and quality capabilities. These ethical sourcing expectations are communicated and reviewed through our document "4imprint's Expectations of Supply Chain Responsibility", signature of which reaffirms the supplier's commitment to these principles within their own organisation and supply base.

In support of our supply chain expectations, our product sourcing professionals schedule regular visits to both domestic supplier facilities and to the offshore factories where the base product is manufactured. In addition, we conduct a programme of independent audits of offshore manufacturing facilities in conjunction with our key suppliers. Our preference is to work with suppliers and manufacturers on areas of concern and to develop a corrective action plan, although ultimately business would be re-sourced if compliance is not achieved.

Product sourced in accordance with ethical supply chain expectations

Underpinning all of our product supply efforts is our aim to match remarkable customer service with great products that meet functional, environmental and safety standards in each market of distribution. Our internal supply chain compliance team works to stay abreast of current and developing standards as set by the regulatory bodies and liaises with our supplier partners to manage and validate product testing and other quality assurance procedures.

Community and charitable giving

Team members are given paid time off to be used specifically for volunteering for a local charity or non-profit organisation of their choice. 4imprint is actively involved in its local communities in many other ways, for example in team sponsorships, student scholarships at local colleges, product donations for events such as fun runs, 5Ks and marathons, and encouragement of team members to participate on volunteer boards and committees.

Our North American business operates its "one by one®" charitable giving programme which reflects our culture and principles. Each business day we donate at least three $500 grants to non-profit organisations. These grants are to be used on promotional products to help spread the word, recruit volunteers or thank donors. In 2016, there were 3,395 applicants, with 767 grants awarded. The total value of "one by one®" grants awarded was $385,000, and on top of this we made more than 2,000 other donations of product to "one by one®" applicants, businesses, team members and customers in support of fundraising or charitable causes.

Our UK business has its own charitable giving initiative, "Helping Hand", which also aims to use the power of promotional products in the support of a good cause.

Environment

The Board recognises its obligations to protect the environment and is committed both to achieving required environmental standards across all the activities of the Group and to minimising its environmental impact. The management teams in both the North American and UK businesses assess and monitor the potential impact of operations on the environment. Energy consumption and waste management are key areas of focus. In addition, printed marketing materials such as catalogues use paper sourced from sustainable forests, conforming to Forestry Stewardship Council ("FSC") requirements.

Oshkosh Holiday Parade 2016

4imprint team members involved in the community

The Strategic Report was approved by the Board on 8 March 2017

Kevin Lyons-Tarr
Chief Executive Officer

David Seekings
Chief Financial Officer

Board of Directors

P.S. Moody
Non-Executive Chairman

Paul Moody was appointed as a Non-Executive Director on 1 February 2016 and on 1 December 2016 became Non-Executive Chairman. Paul currently serves on the Board of Johnson Service Group plc as Non-Executive Chairman and is also a Non-Executive Director of Pets at Home Group plc. He has extensive public company experience and spent 17 years at Britvic plc, including the last eight years as Chief Executive. Prior to that, he held a number of senior appointments in sales and HR, with companies including Grand Metropolitan plc and Mars.

K. Lyons-Tarr
Chief Executive Officer

Kevin Lyons-Tarr was appointed an Executive Director in 2012 and, with effect from 31 March 2015, became Chief Executive of 4imprint Group plc. Based in Oshkosh, Wisconsin, Kevin has been with the business since 1991, serving in several capacities, including Chief Information Officer and Chief Operating Officer. He was appointed President of the Direct Marketing business in 2004 and has led its substantial growth since then.

A.J. Scull
Corporate Services Director and Legal Counsel

Andrew Scull was appointed as Corporate Services Director and Legal Counsel in 2004. He has an MBA from Warwick University and since qualifying as a solicitor in 1980, he has held a number of senior positions including Group Legal Counsel at Laporte plc, Commercial Director at SGB Group plc and Director of Legal Services at Coors Brewers Limited. In addition to extensive experience of international mergers and acquisitions, he has had responsibility for corporate services including pensions, human resources, insurance and real estate.

D.J.E. Seekings
Chief Financial Officer

David Seekings was appointed as Chief Financial Officer on 31 March 2015. He is a chartered accountant, having trained and qualified with KPMG. David has been with the 4imprint Group since 1996, initially as Group Financial Controller, moving to the USA in 2000 to become Chief Financial Officer of 4imprint Direct Marketing, based in Oshkosh, Wisconsin.

J.A. Warren
Senior Independent Non-Executive Director

John Warren was appointed a Non-Executive Director in 2012. A chartered accountant, John was Group Finance Director of United Biscuits (Holdings) Plc and WH Smith PLC before embarking on a career as a Non-Executive Director. He is currently a Non-Executive Director and Chairman of the Audit Committee at Welsh Water, Greencore Group plc and Bloomsbury Publishing Plc. He has previously served on the Boards of Bovis Homes Group PLC, Spectris plc, Rank Group Plc, Rexam Plc, RAC Plc and BPP Holdings Plc and chaired the Board at Uniq Plc through the resolution of their major pension issues.

C.J. Brady
Independent Non-Executive Director

Charles Brady was appointed a Non-Executive Director in June 2015. Charles is a solicitor and was the founder and Managing Director of Central Law Training Limited which, during his leadership between 1987 and 2002, became the largest provider of post-qualification legal training in the UK. Wilmington plc, a company listed on the London Stock Exchange, acquired Central Law Training in 1999. Charles remained with the business, becoming Chief Executive of Wilmington plc in 2002, a post which he held until his retirement in 2014. Charles has also served as a Non-Executive Director of both Hatton Blue Limited, a start-up IT company and the PPA (Professional Publishers Association).

Audit Committee
Mr. J.A. Warren (Chairman)
Mr. C.J. Brady

Remuneration Committee
Mr. C.J. Brady (Chairman)
Mr. J.A. Warren

Nomination Committee
Mr. C.J. Brady (Chairman)
Mr. J.A. Warren

During the period from 1 February 2016 until 1 December 2016, Mr. P.S. Moody was a member of the Audit, Remuneration and Nomination Committees but relinquished his membership of those Committees on being appointed as Non-Executive Chairman.

Directors' Report

The Directors present their report and the audited consolidated and Company financial statements for the period ended 31 December 2016. The Company's Statement on Corporate Governance is included in the Corporate Governance section on pages 26 to 31 of this Annual Report. The Statement on Corporate Governance forms part of the Directors' Report and is incorporated into it by cross-reference.

4imprint Group plc (registered number 177991) is a public limited company incorporated in England and Wales, domiciled in the UK and listed on the London Stock Exchange. Its registered office is 7/8 Market Place, London W1W 8AG.

Dividends

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

An interim dividend of 16.32c (12.30p) per ordinary share was paid on 15 September 2016 and the Directors recommend a final dividend of 36.18c (29.52p) per share. The proposed final dividend, if approved, will be paid on 12 May 2017 in respect of shares registered at the close of business on 7 April 2017.

The total distribution paid and recommended for 2016 on the ordinary shares is $14.71m or 52.50c (41.82p) per share (2015: $10.83m or 38.89c (26.57p) per share).

Cross-reference to Strategic Report including the Corporate & Social Responsibility Report

The Strategic Report is set out on pages 6 to 21 of the Annual Report. It includes the Chief Executive's Review and Financial Review which contain information and disclosures concerning the Group's financial performance and position, future prospects, key performance indicators, principal risks and uncertainties, going concern and viability. In addition, the Corporate & Social Responsibility Report which is included within the Strategic Report contains information in respect of the Group's policies and procedures on social and ethical responsibility, the environment, health and safety, diversity, disabled persons and employee welfare. These elements of the Strategic Report are incorporated into the Directors' Report by cross-reference.

Directors

The names and biographical details of the present Directors, their committee memberships, independence status and identification of the Senior Independent Director are given on pages 22 and 23. Mr. J.W. Poulter retired on 30 November 2016.

The interests of the Directors in the shares of the Company are shown on page 39.

Neither the Directors, nor their associated companies, nor any members of their families, had any interest either during or at the end of the period in any contract with the Company or its subsidiaries requiring disclosure under Sections 197, 198, 200, 201 and 203 of the Companies Act 2006.

Share capital

The Group's objective for managing capital is described in note 20.

The Company has a single class of share capital which is divided into ordinary shares of $38^{6}/_{13}$ pence each. The shares are in registered form.

Rights and obligations attaching to shares

Subject to applicable statutes and other Shareholders' rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or, if there is no such resolution or in so far as it does not make specific provision, as the Board may decide. At each Annual General Meeting ("AGM"), the Company seeks annual Shareholder authority for the Company's Directors to allot shares, in certain circumstances, for cash. Currently, there are no such restrictions in place over the issued share capital of the Company, other than those required by law or regulation.

Qualifying third party indemnity provisions

During 2008, qualifying third party indemnity agreements were signed by the Company in respect of each of the Directors then in office and these remained in effect during 2016 and up to 8 March 2017 in respect of Mr. A.J. Scull. Qualifying third party indemnity agreements have also been signed by the Company in respect of Mr. K. Lyons-Tarr, Mr. J.A. Warren, Mr. C.J. Brady, Mr. P.S. Moody and Mr. D.J.E. Seekings with effect from the date of their respective appointments.

Shares held in trust for employee share schemes
The trustees of both the 4imprint Group plc Employee Share Trust and the 4imprint 2012 Employee Benefit Trust may vote or abstain from voting on shares held in the trusts in any way they consider appropriate.

Significant agreements
There are no agreements containing provisions entitling the counterparty to exercise termination or other rights in the event of a change of control.

Remuneration report
Details of the procedures and guidelines used by the Remuneration Committee in determining remuneration are outlined in its report on page 34.

Purchase of own shares
Following the approval at the 2016 AGM of Resolution 15, the Company is authorised, generally and without conditions to make market purchases, as defined in the Companies Acts, of its ordinary shares of 38⁶/₁₃ pence subject to the provisions set out in such Resolution. This authority applies from 10 May 2016 until the earlier of the end of the 2016 AGM or 9 August 2017 unless previously cancelled or varied by the Company in a general meeting. No such cancellation or variation has taken place. During the period, no shares have been purchased by the Company, but employee benefit trusts purchased 139,413 shares.

Waiver of dividends
The dividend income in respect of the 19,980 shares (2015: 7,333 shares) held in 4imprint Group plc employee share trusts has been waived.

Greenhouse gas emissions report

Global greenhouse gas (GHG) emissions data for the period	Tonnes of carbon dioxide equivalent 2016	2015
Combustion of fuel and operation of facilities (Scope 1)	**7**	10
Electricity, heat, steam and cooling purchased for own use (Scope 2)	**2,306**	1,823
Emissions intensity per thousand dollars of revenue	**0.004**	0.004

The emissions data set out above relates to the operations of the Group for the period ended 31 December 2016.

Methodology
All of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 for Scope 1 and Scope 2 emissions have been reported.

The emission factors used were from the UK Government's GHG Conversion Factors for Company Reporting 2016.

Political donations
No political donations were made in the period or prior period.

Annual General Meeting
Notice of the AGM is set out in a separate document. Items of special business to be considered at the Meeting are described in detail in the Notice of the AGM and the notes on the business to be conducted.

Independent auditors
A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company has been recommended to the Board by the Audit Committee and will be proposed at the AGM.

Directors' statement as to disclosure of information to auditors
In the case of each of the persons who are Directors of the Company at the date this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware; and
- each of the Directors has taken all of the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

Approved by the Board

Andrew Scull
Company Secretary
8 March 2017

Statement on Corporate Governance

The disclosures required by company law in relation to the Takeover Directive in relation to the Group's capital structure are included in the Directors' Report on page 24.

During 2016, the Group has complied with the provisions of The UK Corporate Governance Code (2014) (the "Code").

The Code is publicly available on the Financial Reporting Council's website, www.frc.org.uk.

The Board

The Board is responsible to Shareholders for creating and sustaining Shareholder value through the management of the Group's business. It is also responsible for ensuring that management maintains a system of control that provides assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

The Board is the decision-making body for all matters material to the Group's finances, strategy and reputation.

The Board has a formal schedule of matters reserved for its decision and the schedule was reconsidered and approved by the Board at its meeting on 13 December 2016. The schedule includes: the approval of interim and annual financial statements; the acquisition and disposal of businesses; changes to the capital structure of the Company; the appointment or removal of Directors; and the financing of the Group's businesses. Otherwise, the Board delegates day-to-day management of the Group to the Executive Directors.

Throughout the period, and in accordance with provision C.2.1 of the Code, the Board has carried out a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. This is fully described in the risks section on pages 16 to 18.

The Board has assessed the future prospects of the Group in accordance with provision C.2.2 of the Code. Based on the results of this analysis, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment. Details of the assessment performed by the Board, including an assessment of those risks most likely to impact the Group's future prospects and viability, have been set out on page 15.

In any circumstances where a Director has a concern, which cannot be resolved, about the running of the Company or a proposed action, any such concern is recorded in the minutes of Board meetings.

The Companies Act 2006 codifies the duty of the Directors to avoid a situation in which they have, or could have, an interest that conflicts, or may possibly conflict, with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised in accordance with the Articles of Association by the other Directors. Each Director has confirmed that they are aware of the need to notify the Company of any potential conflict of interest. Mr. A.J. Scull has notified the Company that he is a Director and Company Secretary of the 4imprint Pension Trustee Company Limited and a Director and Company Secretary of 4imprint 2016 Pension Trustee Company Limited, which administers the legacy defined benefit pension scheme.

Specific responsibilities have been delegated to Board Committees which have access to independent expert advice at the Group's expense. The details of the Board Committees and their activities are set out on pages 28 to 34.

The Non-Executive Directors meet from time to time, without the Executive Directors being present.

All Directors have access to the advice and services of the Company Secretary.

At the period end the Board consisted of the Non-Executive Chairman, the Group Chief Executive Officer, the Group Chief Financial Officer, the Corporate Services Director and two Independent Non-Executive Directors. The role of the Non-Executive Directors includes assisting in the development of strategy, scrutinising the performance of management, monitoring the integrity of financial information and systems of risk management as well as determining the appointment, removal and remuneration of Executive Directors.

Key activities of the Board in 2016 included:

- Review and approval of full year and half year results;
- Review and approval of 2017 budget and the three year plan
- Review of dividend policy and rebasing of dividend to be paid in respect of 2016;
- Review principal risks and uncertainties;
- Receipt and review of reports on regulatory matters, including, for example, health, safety and environmental issues;
- Receipt of post-meeting reports from the Chairs of the Remuneration and Audit Committee;
- Appointment of an additional Non-Executive Director and selection of new Chairman;
- Monitoring progress of the pension scheme buy-out and authorising payments into the pension scheme; and
- Site visit to the Manchester operation.

Mr. J.W. Poulter retired from the Board with effect from 30 November 2016.

During 2015, and following a Board evaluation process, the Board considered it would be appropriate to have an additional Non-Executive Director and Mr. P.S. Moody was appointed as a Non-Executive Director with effect from 1 February 2016 for a period of three years.

The current Non-Executive Directors have letters of appointment for three years from 28 May 2015 for Mr. J.A. Warren, 11 June 2015 for Mr. C.J. Brady and 1 February 2016 for Mr. P.S. Moody, which are available for inspection by any person at the Company's registered office during normal business hours and also at the AGM.

The Corporate Services Director also acts as the Company Secretary. This situation has been reconsidered by the Board at its meeting on 13 December 2016 and approved by the Board. The Corporate Services Director took no part in that decision. The appointment and removal of the Company Secretary is a matter to be decided by the Board as a whole (excluding the Corporate Services Director).

The Board has at least six scheduled meetings per year and additional Board meetings are convened as and when required. In advance of each meeting, the Board receives minutes of the previous meeting, detailed financial information on the performance of the business and items for discussion. This enables the Directors to make informed decisions on the corporate and business issues under consideration. Additionally, the Company provides resources as appropriate, to enable Directors to update their skills and knowledge. Independent professional advice is available to the Directors as required, at the Company's expense.

The Board evaluations and those of its Committees, which were undertaken in 2012, 2013, 2014, 2015 and 2016, were undertaken internally through a process conducted by the Non-Executive Directors, assisted by the Company Secretary. Given the changes to the Board in 2016, no external evaluation was undertaken but an evaluation was undertaken internally during 2016, by the Company Secretary, at the request of the Chairman. The questions asked during the process were based on questions outlined in the Code and addressed both the performance of the Board and its Committees, as well as the Chairman.

A table setting out the number of Board and Committee meetings held during the period and attendance by Directors at those meetings is set out below:

	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings**
Mr. J.W. Poulter	6	2*	1*	0
Mr. P.S. Moody	7	2	0	0
Mr. K. Lyons-Tarr	7	2*	1*	0
Mr. A.J. Scull	7	2*	1*	0
Mr. D.J.E. Seekings	7	2*	0	0
Mr. C.J. Brady	7	2	1	0
Mr. J.A. Warren	7	2	1	0

* By invitation.

** In relation to the appointment of Mr. P.S. Moody as Non-Executive Chairman to replace Mr. J.W. Poulter, the list of potential candidates meant that a meeting of the Nomination Committee would not have been quorate. Accordingly, an additional Board Meeting (not noted in column 1 of the table, above) was convened under the Chairmanship of the Senior Independent Director and comprising the Chief Executive Officer, the Chief Financial Officer and the Corporate Services Director. This Board Meeting considered the applications of the potential applicants and decided on the appointment of the Non-Executive Chairman.

Powers of Directors

Subject to the Company's Memorandum and Articles of Association, the Companies Acts and any directions given by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

Board Committees

The Board has three permanent Committees being the Audit Committee, the Nomination Committee and the Remuneration Committee. Other than the Committee members, further participants may attend by the invitation of the Committee. Each Committee has defined terms of reference, procedures, responsibilities and powers as described in this report.

Relations with Shareholders

Substantial interests

At 31 December 2016 the Company had been notified of the following interests in the issued ordinary share capital of the Company:

	Number of shares	%
BlackRock Inc.	3,911,410	13.93%
Standard Life Investment (Holdings)	3,074,667	10.95%
JPMorgan Asset Management Holdings	1,787,900	6.37%
Mr. K.J. Minton	1,619,488	5.77%
FIL Limited	1,385,578	4.93%
GVQ Investment Management	1,346,775	4.80%
Artemis Investment Management	1,300,000	4.63%
AXA Investment Managers	907,857	3.23%
Invesco Perpetual Asset Management	847,147	3.02%
Miton Asset Management	846,361	3.01%

The Company has received no notifications of changes in holdings since 31 December 2016.

The Board places a high value on its relations with its investors and consults with Shareholders in connection with specific issues where it considers it appropriate. The Group, principally through the Chief Executive Officer and Chief Financial Officer, has regular dialogue and meetings with institutional shareholders, fund managers and analysts. Subject always to the constraints regarding sensitive information, discussions cover a wide range of issues, including strategy, performance, management and governance.

The Board considers it important to understand the views of Shareholders, in particular, any issues which concern them. The Senior Independent Non-Executive Director is available to meet major Shareholders, if they so wish.

Restrictions on voting

No member shall be entitled to vote at any general meeting in respect of any shares held by that member if any call or other sum then payable by that member in respect of that share remains unpaid. Currently, all issued shares are fully paid.

Private Shareholders can keep up-to-date through updates provided on the 4imprint corporate website, investors.4imprint.com and through the provision of the Annual and Interim Reports and Accounts. Shareholders are invited at any time to write to the Non-Executive Chairman or any other Director to express their views and the AGM provides an opportunity for Shareholders to address their questions to the Board in person.

Share capital

Details of the Company's share capital are provided in the Directors' Report on page 24.

Going concern

The going concern statement is on page 14.

Statement on Corporate Governance
continued

Nomination Committee
I am pleased to present my report to Shareholders as Chairman of the Nomination Committee.

Responsibilities of the Nomination Committee
The responsibilities of the Nomination Committee include: (i) reviewing the structure, size and composition of the Board and making recommendations to the Board with regard to any adjustments that are necessary; (ii) identifying and nominating candidates for the approval of the Board to fill Board vacancies as and when they arise; and (iii) putting in place plans for succession at Board level.

The Company supports the Code provision that Boards should consider the benefits of diversity, including gender, when making appointments and is committed to ensuring diversity, not just at Board level, but also across the Company's senior management, not least because it believes that business benefits from the widest range of perspectives and backgrounds. The Company's aim as regards the composition of the Board is that it should have a balance of experience, skills and knowledge to enable each Director and the Board as a whole to discharge their duties effectively. Whilst the Company agrees that it is appropriate that it should seek to have diversity on its Board, it does not consider that this can be best achieved by establishing specific quotas and targets and appointments will continue to be made based wholly on merit.

The Nomination Committee has terms of reference which were reconsidered and approved by the Board of the Company at its Board meeting on 13 December 2016. These terms of reference are available for inspection at the Company's registered office during normal business hours.

Appointment and replacement of Directors
Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board holds office only until the next AGM and is then eligible for election by the Shareholders.

At every AGM of the Company, all Directors put themselves forward for re-election. The office of Director shall be vacated if: (a) he or she resigns or offers to resign and the Board resolves to accept such offer; (b) he or she is, or has been, suffering from mental ill health; (c) he or she becomes bankrupt or compounds with creditors generally; (d) he or she is prohibited by law from being a Director; (e) he or she ceases to be a Director by virtue of the provisions of the Companies Act; or (f) he or she is removed from office pursuant to the Articles of Association.

Composition of the Nomination Committee
I chair the Nomination Committee and I am an Independent Non-Executive Director. The other member of the Committee during the period was Mr. J.A. Warren, the Senior Independent Non-Executive Director. Mr. P.S. Moody became a member of the Committee in February 2016, but stepped down upon becoming Non-Executive Chairman on 1 December 2016. The Chairman of the Company is usually invited to attend formal meetings of the Committee. The Company Secretary may be invited to attend meetings of the Nomination Committee, in his capacity as Company Secretary.

Meetings of the Nomination Committee
The Nomination Committee meets as frequently as is required to fulfil its duties. When there are no specific decisions or recommendations to be made, the Chairman of the Committee consults the other member of the Committee as necessary. During the period ended 31 December 2016 there were no meetings of the Nomination Committee.

In relation to the appointment of Mr. P.S. Moody as Non-Executive Chairman to replace Mr. J.W. Poulter, the list of potential candidates meant that a meeting of the Nomination Committee would not have been quorate. Accordingly, an additional Board Meeting was convened under the Chairmanship of the Senior Independent Director and comprised the Chief Executive Officer, the Chief Financial Officer and the Corporate Services Director. This Board Meeting considered the applications of the potential applicants and decided on the appointment of the Non-Executive Chairman.

C.J. Brady
Chairman of the Nomination Committee
8 March 2017

Audit Committee

I am pleased to present my report to Shareholders as Chairman of the Audit Committee.

Responsibilities of the Audit Committee

The Audit Committee is responsible for maintaining an appropriate relationship with the Group's external auditors and for reviewing the Group's internal financial controls and the audit process. It aids the Board in seeking to ensure that the financial and non-financial information supplied to Shareholders presents a fair, balanced and understandable assessment of the Group's performance and position.

The Committee reviews the effectiveness, objectivity and independence of the external auditors and also considers the scope of their work and fees paid for audit and non-audit services.

The Audit Committee has terms of reference which were reconsidered and approved by the Board at its meeting on 13 December 2016. These terms of reference are available for inspection at the Company's registered office during normal business hours. The Board considers that the Audit Committee members have an understanding of the following areas:

- the principles of, and developments in, financial reporting including the applicable accounting standards and statements of recommended practice;
- key aspects of the Group's operations including corporate policies and the Group's internal control environment;
- matters which may influence the presentation of the accounts;
- the principles of, and developments in, company law, sector-specific laws and other relevant corporate legislation;
- the role of internal and external auditing and risk management; and
- the regulatory framework for the Group's businesses.

Composition of the Audit Committee

I chair the Audit Committee and I am the Senior Independent Non-Executive Director. I am a chartered accountant and was Group Finance Director of United Biscuits (Holdings) Plc and WH Smith PLC. The Board is of the view that I have recent and relevant financial knowledge and experience derived from current roles as Chairman of the Audit Committee at Bloomsbury Publishing Plc, Welsh Water and Greencore Group plc. The other member of the Committee during the period was Mr. C.J. Brady, an Independent Non-Executive Director. Mr. P.S. Moody became a member of the Committee in February 2016, but stepped down on becoming Non-Executive Chairman on 1 December 2016. The Chairman of the Company and the Chief Financial Officer are normally invited to attend meetings of the Audit Committee as is, from time to time, the Group Financial Controller. The Corporate Services Director attends meetings of the Audit Committee in his capacity as Company Secretary.

How the Audit Committee discharges its responsibilities

The Committee has unrestricted access to Company documents and information, as well as to employees of the Company and the external auditors. Members of the Committee may, in pursuit of their duties, take independent professional advice on any matter, at the Company's expense. The Audit Committee Chairman reports the outcome of Audit Committee meetings to the Board.

The Audit Committee meets at least twice each year and has an agenda linked to events in the Group's financial calendar. The Audit Committee met twice during 2016.

In order to fulfil its terms of reference, the Audit Committee receives and reviews presentations and reports from the Group's senior management and the external auditors.

During the period, the Audit Committee formally reviewed draft Interim and Annual Reports and associated interim and year end results' announcements. These reviews considered:

- the accounting principles, policies and practices adopted in the Group's accounts and proposed changes to them; and
- significant accounting issues and areas of judgement and complexity.

The Audit Committee is required to assist the Board to fulfil its responsibilities relating to the adequacy and effectiveness of the control environment and the Group's compliance with the Corporate Governance Code. To fulfil these duties, the Audit Committee reviewed:

- the external auditors' review of internal controls and audit highlights memoranda;
- any reports on the systems of internal controls and risk management; and
- any reports on identified frauds perpetrated against the Group.

The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit. The Group's policy on external audit prohibits certain types of non-audit work from being performed by the auditor, particularly in cases where auditor objectivity and independence would be put at risk.

During 2016, the Group's auditors provided non-audit services in respect of advice on the pension buy-out.

Before any significant non-audit work is commissioned, the nature and extent of such work is considered, initially by the Chief Financial Officer and the Corporate Services Director, to determine if such work would put at risk auditor objectivity and independence. This process includes discussion with the audit partner at PricewaterhouseCoopers LLP. If there is any concern that auditors' objectivity and independence would be put at risk, the matter will be referred to the Audit Committee, prior to commissioning. For the area referred to above, after following the process described in this paragraph, it was considered that PricewaterhouseCoopers LLP was the most suitable firm to perform the work given their long-standing knowledge of the legacy defined benefit scheme.

In accordance with new EU regulation, the appointment of PricewaterhouseCoopers LLP to provide advice in respect of pensions ceased on 31 December 2016.

Statement on Corporate Governance
continued

Details of fees paid to the auditors in respect of audit and non-audit services are shown in note 2 to the consolidated financial statements.

To fulfil its responsibility regarding the independence of the external auditors, the Audit Committee reviewed:
- changes and rotation of external audit team members in the audit plan for the current year;
- a report from the external auditors describing their arrangements to identify, report and manage any conflicts of interest; and
- the nature and extent of non-audit services provided by the external auditors.

To assess the effectiveness of the external auditors, the Audit Committee reviewed:
- the relevant skills and experience of the audit partner and team and their knowledge of the business;
- planning and scope of the audit and identification of areas of audit risk;
- execution of the audit plan; and
- formal reports presented to the Audit Committee.

To fulfil its responsibility for oversight of the external audit process, the Audit Committee reviewed:
- the terms, areas of responsibility, associated duties and scope of the audit as set out in the external auditors' engagement letter for the forthcoming year;
- the external auditors' overall work plan for the forthcoming year;
- the external auditors' fee proposal;
- the major issues that arose during the course of the audit and their resolution;
- key accounting and audit judgements;
- the levels of errors identified during the audit; and
- recommendations made by the external auditors in their management letters and the adequacy of management's response.

Main activities of the Committee during the period ended 31 December 2016
During the period ended 31 December 2016, the Audit Committee's business has included the following items:
- consideration and approval of half year results;
- consideration and approval of full year results;
- principal judgmental accounting matters affecting the Group based on reports from both the Group's management and the external auditors;
- review of external audit plans and reports;
- consideration of fraud and loss prevention measures in the Group;
- consideration and approval of risk assessments relating to the Group's business; and
- specific investigations as required.

Financial reporting and significant financial judgments
The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgments. The Committee reviews accounting papers prepared by management which provide details on the main financial reporting judgments.

The Committee also reviews reports by the external auditors on the half year and full year results which highlight any issues arising from the work undertaken in respect of the half year review and year end audit.

Specific areas of audit and accounting risk reviewed by the Committee were:

Accounting for defined benefit pension scheme
The defined benefit pension scheme is material to the financial position of the Group. The amount shown in the balance sheet is sensitive to changes in key actuarial assumptions. The Committee reviewed the appropriateness and consistency of these assumptions and the auditors confirmed that the assumptions used were reasonable and within an acceptable range. Full disclosure of the pension scheme is provided in note 17 to the financial statements, which includes the key period end assumptions on page 66 and the sensitivities on page 67.

Supplier rebates
As in previous years, the business accrued rebates from key suppliers based on agreed fixed rates relating to the volumes of goods purchased in a calendar year. The Committee does not consider the Group's rebates to be highly complex as: they are volume-related; agreement periods are coterminous with the Group's accounting period; there are written agreements in place with suppliers; and historically rebates have been collected. However, FRC guidance has highlighted this as an area of focus, as the rebates are material to the results for the period.

The Committee has discussed any judgements made in accruing supplier rebates and the collectability of these amounts with management and the external auditors. The Committee is satisfied that the amounts of income accrued are appropriate.

Interaction with the Financial Reporting Council
The Company received, from the Financial Reporting Council ("FRC"), a letter dated 14 October 2016 which indicated that the FRC had carried out a review of the Company's Report and Accounts for the year ended 2 January 2016.

The letter indicated that there were no questions or queries which the FRC wished to raise as at the date of the letter.

The letter also indicated that it provided no assurance that the Annual Report and Accounts for the year ended 2 January 2016 were correct in all material respects and noted that the FRC's role is not to verify the information provided, but to consider compliance with reporting requirements.

The letter was written on the basis that the FRC accepted no liability for reliance on the letter by the Company or any third party.

Financial statements
The Committee considered, and was satisfied with, management's presentation of the financial statements for the period ended 31 December 2016 and, in particular, the presentation of certain items as exceptional items.

The auditors confirmed to the Committee that they were not aware of any material misstatements during the course of their work. The Committee is satisfied that the judgments made by management are reasonable and that appropriate disclosures have been included in the financial statements.

After reviewing the presentation from management and following discussions with the auditors, the Committee is satisfied that:
- the financial statements appropriately address the critical judgments and key estimates both in respect of the amounts reported and the related disclosures in the financial statements;
- the processes used for determining the value of the assets and liabilities have been appropriately reviewed, challenged and are sufficiently robust; and
- the Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Group's position and performance, business model and strategy and should be recommended to the Board as such.

In arriving at the conclusion that the Annual Report and Accounts were fair, balanced and understandable the Committee considered:
- any feedback provided by Shareholders on the Group's 2015 Annual Report and Accounts and trading updates, and information received by the Board throughout the period;
- the processes underpinning the compilation of the Annual Report and the Group's reporting governance framework; and
- the reviews and findings of the Group's auditors.

Auditor independence
PricewaterhouseCoopers LLP, or its predecessor firms, has been the Company's auditors since 1992. The Audit Committee considers that the relationship with the auditors is working well and remains satisfied with their effectiveness.

Accordingly, the Committee has not considered it necessary to date to require the firm to retender for the audit. However, the Committee has noted the guidance from the Financial Reporting Council and changes in the EU to the regulatory framework and, accordingly, anticipates a retendering process being undertaken in 2019. In the meantime, the Committee will continue to keep the matter under review.

The external auditors are required to rotate the audit partner responsible for the Group and subsidiary audits every five years. The current audit partner was first appointed in respect of the 2015 financial period ended 2 January 2016.

There are no contractual obligations restricting the Company's choice of external auditor.

Taking into consideration the external auditors' knowledge of the Group and level of experience, the Audit Committee has recommended to the Board that the external auditors are reappointed.

Given the present structure of the Group, the Board does not currently consider the establishment of a separate internal audit function to be necessary. However, this matter is reviewed by the Board at least annually.

The Group has a "Whistleblowing" policy which contains arrangements for the Company Secretary to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters for reporting to the Audit Committee as appropriate.

As necessary, the Audit Committee holds private meetings with the external auditors to review key issues within their spheres of interest and responsibility.

As Chairman of the Committee, I will be present at the Annual General Meeting to answer questions on this report, matters within the scope of the Audit Committee's responsibilities and any significant matters brought to the Audit Committee's attention by the external auditors.

Internal control
The control system of the Group is intended to manage rather than eliminate the risk of failure to meet the Group's objectives and any such system can only provide reasonable and not absolute assurances against material misstatement or loss. The effectiveness of the control system including financial, operating, compliance and risk management is reviewed by the Board at least annually.

Additionally, through the management process outlined in the Statement on Corporate Governance on pages 26 and 27 the Group operates a continuous process of identifying, evaluating and managing the significant risks faced by each business and the Group as a whole. This process, which has been in place throughout 2016 and up to the date of the approval of this Annual Report, complies with the FRC guidance and includes the following:
- a defined organisational structure with appropriate delegation of authority;
- formal authorisation procedures for all investments;
- clear responsibilities on the part of management for the maintenance of good financial controls and the production and review of detailed, accurate and timely financial management information;
- the control of financial risks through clear authorisation levels;
- identification of operational risks and the development of mitigation plans by the senior management;
- regular reviews of both forward looking business plans and historic performance; and
- regular reports to the Board from the Executive Directors.

The internal controls extend to the financial reporting process and the preparation of the consolidated financial statements. The basis of preparation of the consolidated financial statements is set out on page 51.

The internal control process will continue to be monitored and reviewed by the Board which will, where necessary, ensure improvements are implemented. During the period the Board has undertaken a review of the effectiveness of internal controls and systems. No material matters were identified.

J.A. Warren
Chairman of the Audit Committee
8 March 2017

Annual Statement by the Chairman of the Remuneration Committee

4imprint's strategy is to develop its position as the leading direct marketer of promotional products in the fragmented markets in which it operates.

Recent years have seen sustained growth in the Group and in both the earnings per share and share price of the Company. The Remuneration Committee and the Board aim to ensure that the Company has the best possible management to continue that growth and the creation of further shareholder value and to reward management accordingly.

The Committee's view regarding remuneration is that it should: (i) be competitive when compared to that of organisations of similar size, complexity and type; (ii) be structured so that remuneration is linked to the long-term growth in earnings per share and in the shareholder value of the Company; (iii) be clear, easy to understand and motivating; (iv) not promote unacceptable behaviour or encourage unacceptable risk taking; and (v) be structured to avoid reward for failure.

2015 Incentive Plan

The 2015 Incentive Plan (the "Plan") is designed to support the long-term strategy of the Group, in particular its increasing focus on the business in North America.

The implementation of the Plan reflects the desire of the Remuneration Committee to ensure that, given the greater focus of the business in North America, key US-based beneficiaries are appropriately retained and incentivised.

During 2016, the first awards under the Plan were made to the Chief Executive Officer, the Chief Financial Officer and seven senior managers. The Plan is directly linked to the annual bonus of senior employees. The Remuneration Committee will assess senior employee performance against the criteria set each year to determine the level of achievement of performance and therefore the annual bonus to be paid in respect of such year. The performance targets for the 2016 period are set out below.

Under the provisions of the Plan, 50% of the annual bonus will be deferred into shares through the award of nil cost options or conditional share awards.

The awards will usually be made during the 42 day period following the announcement of the Company's full year results.

The number of nil cost options or conditional share awards will be determined by dividing the amount of the annual bonus being deferred by the price of a share on 31 December of the year preceding that in which the awards are made. For example, for awards made in 2016, the share price used in the determination was that on 31 December 2015.

In respect of the period ended 31 December 2016, the Remuneration Committee has approved an annual bonus for those participating in the Plan equal to 40% of base salary in respect of the beneficiaries based in North America and 20% of base salary in respect of the beneficiary based in the UK with 50% of annual bonus being deferred under the terms of the Plan. Given a share price of £17.75 on 31 December 2016, this is expected to result in the award of a total of 16,150 nil cost options or conditional share awards.

Other than in exceptional circumstances, any deferred awards will not vest earlier than three years from the date of the grant of the nil cost option or award of conditional shares and such vesting will be conditional on the beneficiary being in employment for that period. If, before that period has expired, a participant leaves employment as a good leaver or, in the event of a takeover or change of control, the award will vest in full (or, if the Board should so decide, on a time pro-rated basis).

The Plan contains "malus" provisions such that if, prior to the date on which an award vests, the annual bonus from which it was determined is found to be incorrect as a result of either a material misstatement in the audited accounts of the Group or the conduct of a beneficiary amounting to fraud or gross misconduct, then the Board may reduce, to nil, the number of shares awarded.

2016 performance targets

In respect of the Chief Executive Officer and the Chief Financial Officer, the performance targets for the period ended 31 December 2016 were set using a combination of targets for both (i) revenue growth percentage and (ii) return on sales (operating margin) percentage. It was considered appropriate by the Remuneration Committee that these performance targets should be based on the results of the North American Direct Marketing business, since this represents 97% of Group revenue, and its financial performance is the dominant factor influencing the Group's financial results.

The bonus percentage reward scenarios were based on a performance grid with (i) the vertical axis representing return on sales results ranging from a base of 7.3% and rising at 0.1% intervals to 8.0%, and (ii) the horizontal axis representing revenue growth percentages rising at 1% intervals from a base of 13% growth to a maximum of 23% growth. Examples of different scenarios under the grid are as follows:

- 13% revenue growth, at 7.3% return on sales: nil bonus (floor).
- 23% revenue growth, at 8.0% return on sales: 100% bonus, split half cash and half deferred shares (ceiling).
- 16% revenue growth, at 7.6% return on sales: 60% bonus, split half cash and half deferred shares (on-target performance).

The bonus percentages payable at different performance levels were chosen specifically in accordance with the Group's financial strategy to maximise organic revenue growth whilst maintaining a broadly stable operating margin percentage. The maximum percentage of salary that could be awarded as bonus was 100%, and in each scenario the cash element of the bonus had to be self-financed in the operating result.

The actual performance of the North American Direct Marketing business in 2016 was 13% revenue growth at a 7.7% return on sales. According to the performance grid this resulted in a bonus payable of 40% of base salary, split 20% in cash and 20% in deferred shares.

2017 performance targets

The performance targets for 2017 have been agreed by the Committee based on the principles set out in the Plan. As for 2016, these targets consist of both revenue growth percentage and operating margin percentage ranges for the performance of the North American business. The exact targets are not disclosed for commercial reasons.

Board of Directors

Mr. K. Lyons-Tarr was appointed Chief Executive Officer of the Group with effect from 31 March 2015. In January 2017 the Remuneration Committee awarded him a bonus of 40% of his annual salary, half of which will be paid in cash and half of which will be used for an award of conditional shares pursuant to the Plan. The number of shares to be awarded is 4,121.

Mr. D.J.E. Seekings was appointed Chief Financial Officer with effect from 31 March 2015. In January 2017 the Remuneration Committee awarded him a bonus of 40% of his annual salary, half of which will be paid in cash and half of which is to be used for an award of conditional shares pursuant to the Plan. The number of shares to be awarded is 2,747.

Given its focus on the Directors and senior managers in North America, Mr. A.J. Scull, the remaining UK-based Executive Director, does not participate in the Plan. His 2016 salary has remained at its previous level of £185,000. In January 2017 the Remuneration Committee awarded him a bonus of 8% of annual salary, payable in cash, for 2016.

The Committee reserves the right to make payments outside its approved policy but only in exceptional circumstances. The Committee would only use this right where it believes that this is in the best interests of the Company and when it would be disproportionate to seek specific approval from a general meeting. No such payments have been made during the period.

Remuneration is a topic upon which Shareholders have differing views, but I hope that the Group's principles of clarity, relative simplicity and balance will help to explain what the Committee does and to enable Shareholders to understand the Remuneration Policy. In this context, I am pleased to note that at the 2016 Annual General Meeting the Remuneration Report was approved by 81.18% of Shareholders who voted (which excluded 1,350,133 votes withheld).

C.J. Brady
Chairman of the Remuneration Committee
8 March 2017

Remuneration Report

This report sets out the information required by the Companies Act 2006, Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Listing Rules of the Financial Conduct Authority. This report is unaudited except where otherwise stated. An ordinary resolution to approve this report will be put to the AGM on 9 May 2017.

Remuneration governance

Remuneration Committee composition

The Remuneration Committee is a committee whose membership is comprised solely of Independent Non-Executive Directors, being Mr. C.J. Brady (Chairman of the Committee), Mr. J.A. Warren and Mr. P.S. Moody (from 1 February 2016 until 1 December 2016). The Committee meets at least once a year and may invite other attendees as it sees fit.

The Committee remains mindful of the remuneration of employees when reviewing changes in executive pay.

Remuneration Committee responsibilities

The principal duties of the Remuneration Committee are reflected in its terms of reference and include the following:

- to determine and recommend to the Board the overall remuneration policy of the Company;
- to determine and recommend to the Board the remuneration of the Executive Directors;
- to monitor and review the level and structure of remuneration for senior management;
- to determine the targets for any performance-related bonus and share incentive schemes operated for Executive Directors and senior management; and
- to review and approve any material termination payments.

The remuneration of Non-Executive Directors is determined by the Non-Executive Chairman of the Board and the Executive Directors.

The Remuneration of the Non-Executive Chairman of the Board is determined by the Board (excluding the Non-Executive Chairman).

Remuneration Committee activities in the period ended 31 December 2016

The Remuneration Committee met twice during the period ended 31 December 2016 and the following matters were considered:

Salaries

Approving the salaries of the Executive Directors for 2016 and monitoring and reviewing the level and structure of salaries for senior management for 2016.

In the case of the Chief Executive Officer and the Chief Financial Officer, the increases in basic annual salary in 2016 were 12%.

The Executive Chairman became Non-Executive in September 2015 and the increase in 2016 basic annual salary for the Chief Executive Officer reflected the additional duties and responsibilities which he assumed from that date.

The Chief Financial Officer, having been appointed in April 2015, progressively assumed additional duties and responsibilities thereafter and they were reflected in the increase in 2016 basic annual salary.

At its meeting on 17 January 2017, the Remuneration Committee awarded a 2017 basic annual salary increase of 3% to each of the Chief Executive Officer and the Chief Financial Officer, this being in line with the increase in 2017 basic annual salary for all employees.

Bonuses

Approving the bonuses for the Executive Directors for 2015 and monitoring and reviewing the level of bonuses for senior management for 2015.

Approving the structure of the bonus criteria for Executive Directors and monitoring and reviewing the level and structure of bonuses for senior management for 2016.

Future remuneration policy

The Company has a well-established and clear remuneration policy which, in the view of the Committee, has made an important contribution to the success of the Company over a sustained period. The policy includes providing Executive Directors with remuneration packages which are: (i) competitive when compared to that of organisations of similar size, complexity and type; (ii) structured so that remuneration is linked to the long-term growth in earnings per share and in the shareholder value of the Company; (iii) clear, easy to understand and motivating; (iv) designed not to promote unacceptable behaviour or encourage unacceptable risk taking; and (v) structured to avoid reward for failure.

At the 2015 AGM Shareholders approved the remuneration policy, which can be found on the corporate website at http://investors.4imprint.com/investors/shareholder-information/agm-company-documents.

Elements of remuneration

Remuneration for Executive Directors comprises both fixed and variable elements. The principal component of the fixed element is a salary, which is set at an appropriate level for the size and type of the Company to retain the quality of management it requires to further the Board's objectives, but which is not excessive.

The variable element of remuneration is designed to incentivise and motivate management to meet annual performance targets and reward performance. The principal component of the variable element is an annual bonus, half of which is paid in cash and half of which is deferred into shares, through the award of nil cost options or conditional share awards granted in accordance with the terms of the 2015 Incentive Plan.

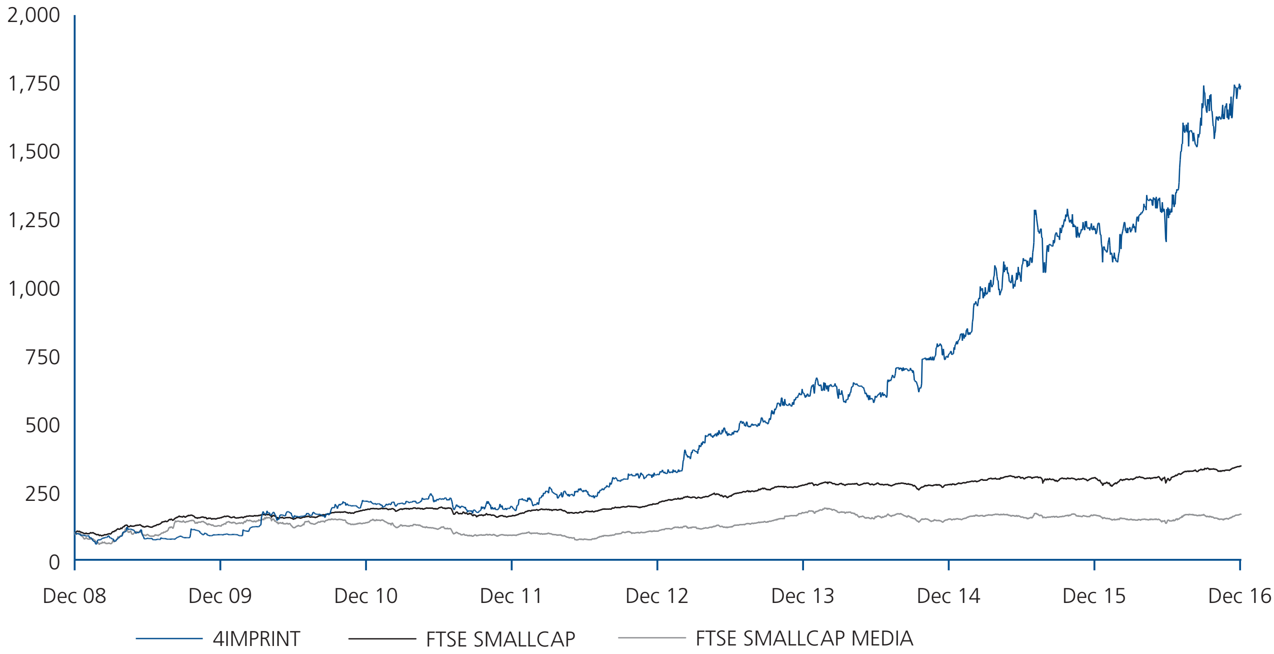
The targets for the annual bonus, which is capped at a maximum of 100% of annual base salary, except in the case of the remaining UK-based Executive Director, where the maximum is 50%, are set by the Remuneration Committee each year and evolve with the growth objectives of the Group.

Statement of voting at general meeting

At the Annual General Meeting held on 10 May 2016, the Directors' Remuneration Report received the following votes from Shareholders: For 81.18%; Against 18.82% and 1,350,133 votes withheld.

Total Shareholder Return

The graph below illustrates the Company's Total Shareholder Return performance relative to constituents of the FTSE SmallCap and FTSE SmallCap media of which the Company is a constituent. The graph shows performance of a hypothetical £100 invested over the period.



Change in Executive Chairman/Chief Executive Officer's total remuneration

	2009 £'000	2010 £'000	2011 £'000	2012 £'000	2013 £'000	2014 £'000	2015 £'000	**2016 £'000**
K. Lyons-Tarr							326	**481**
J.W. Poulter		40	120	738	1,380	180	45	
K.J. Minton	55	172						
Total remuneration	55	212	120	738	1,380	180	371	**481**
Annual variable award								
Percentage versus max opportunity	n/a	100%	n/a	n/a	n/a	100%	60%	**40%**
Long-term incentive								
Vesting rate	–	–	–	33.30%	66.70%	–	–	**–**

Mr. K. Lyons-Tarr was appointed Group Chief Executive Officer on 31 March 2015. Prior to that the Executive Chairman, Mr. J.W. Poulter, fulfilled the role.

Percentage change in remuneration of Chief Executive Officer and employees

The table below shows the percentage change in remuneration of the Director undertaking the role of Chief Executive Officer and the Company's employees as a whole between 2016 and 2015.

	Percentage increase in remuneration in 2016 compared with remuneration in 2015	
	Chief Executive Officer	Average pay based on all employees
Salary	12%	0%*
Benefits	6%	7%
Annual bonus	-25%	-22%

* The average salary increase shown in the table above for all employees is distorted by new employees starting in the period being principally at junior staff levels. Existing employees typically received a 2-3% salary increase in 2016.

Remuneration Report continued

Relative importance of spend on pay

The table below shows the Group's actual spend on pay relative to dividends:

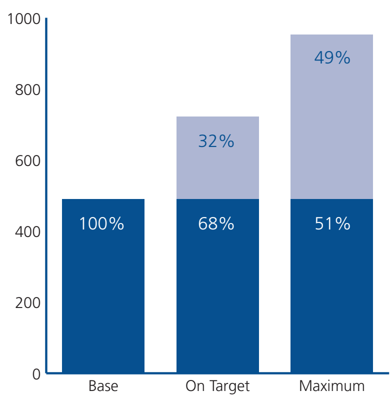
	2016 $m	2015 $m	Percentage change
Wages and salaries	**40.23**	38.04	6%
Dividends paid	**12.14**	9.60	26%

In 2016, in light of the reduced future contributions to the pension scheme, along with the ongoing cash generative nature of the Group's trading operations, the Board decided to enhance the dividend payments, setting a higher base for the progressive dividend policy.

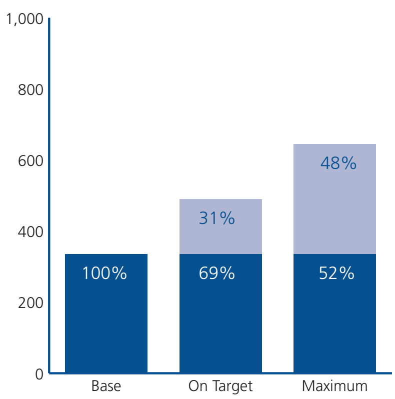
Reward scenarios

The chart below shows how the composition of the Executive Directors' remuneration packages for 2017 may vary at different levels of performance under the policy set out in this report as a percentage of total remuneration opportunity.

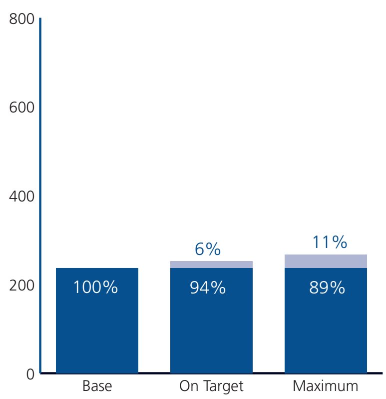
Kevin Lyons-Tarr ($'000)



David Seekings ($'000)



Andrew Scull (£'000)



Base remuneration comprises fixed elements of pay being base salary, benefits in kind and pension contributions or pay in lieu of pension contributions. The base salaries are those approved at the Remuneration Committee meeting in January 2017. Pension contributions or pay in lieu of pension contributions are a fixed percentage of base salary and benefits in kind are based on 2016 figures.

On target includes base remuneration plus the bonus payable if budget is met. This results in bonus of 50% of base salary for the Chief Executive Officer and Chief Financial Officer, half of which is in the form of conditional share awards with a vesting period of three years from the award date, and a bonus of 8% of base salary, payable in cash, for the Corporate Services Director.

Maximum shows the maximum bonus payable if stretch targets set by the Remuneration Committee are met. In the case of the Chief Executive Officer and Chief Financial Officer this is 100% of base salary, again with half in the form of conditional share awards with a vesting period of three years from the award date. The Corporate Services Director's bonus is payable in cash.

Remuneration implementation

Current service agreements

Mr. A.J. Scull (the "UK-based Executive Director") has a rolling service contract which continues until terminated by the expiry of twelve months' written notice from the Company to the Director. The service contract provides for participation in a discretionary bonus scheme, the provision of a car (or car allowance) and pay in lieu of pension entitlements. The contractual termination payment in such circumstances would comprise up to twelve months' payments, equivalent to the notice period, in respect of salary, car allowance, pay in lieu of pension entitlements and contributions to healthcare and income protection schemes.

Mr. K. Lyons-Tarr and Mr. D.J.E. Seekings (the "US-based Executive Directors") have rolling employment agreements with 4imprint, Inc. which continue until terminated by the expiry of twelve months' written notice from that Company to the Director. The employment agreements for the US-based Executive Directors provide for participation in a discretionary bonus scheme and entitlement to benefits generally available to employees of 4imprint, Inc. from time to time including, for example, retirement, disability, group accident, life and health insurance programmes. The contractual termination payment in such circumstances would comprise up to twelve months' payments, equivalent to the notice period in respect of salary and other non-discretionary components.

Any commitment made to the Executive Directors by the Company under their service contracts or otherwise which is consistent with the approved remuneration policy in force at the time that commitment was made will be honoured, even where it is not consistent with the policy prevailing at the time such commitment is fulfilled.

Name	Contract date	Notice period (i) from Company (ii) from Director	Contractual termination payment
K. Lyons-Tarr	27 July 2009	(i) Twelve months (ii) Six months	(i) Twelve months' contractual benefits (ii) n/a
A.J. Scull	8 November 2004	(i) Twelve months (ii) Six months	(i) Twelve months' contractual benefits (ii) n/a
D.J.E. Seekings	27 July 2009	(i) Twelve months (ii) Six months	(i) Twelve months' contractual benefits (ii) n/a

Letters of appointment for the Non-Executive Chairman and the Non-Executive Directors

Mr. P.S. Moody, the Non-Executive Chairman, has a letter of appointment dated 1 February 2016. The appointment is for a period of three years from 1 February 2016 after which it is renewable by mutual agreement subject to the provisions in respect of reappointment contained in the Company's Articles of Association.

The letter of appointment indicates that the appointment will terminate, forthwith, without any entitlement to compensation, if, at any time:

(a) he is not reappointed as a Director of the Company upon retirement (by rotation or otherwise) pursuant to the Company's Articles of Association; or
(b) he is removed as a Director of the Company by resolution passed at a general meeting of the Company; or
(c) he ceases to be a Director of the Company by reason of his vacating or being removed from office pursuant to any provisions of the Company's Articles of Association.

The letter of appointment does not provide for: (i) any participation in an annual bonus scheme; (ii) any pension provision; or (iii) any car allowance.

Mr. J.A. Warren has a letter of appointment dated 28 May 2015 and Mr. C.J. Brady has a letter of appointment dated 11 June 2015. Their respective appointments are for three years, after which they are renewable by agreement with the Company, subject to the provisions in respect of reappointment contained in the Company's Articles of Association. The letter of appointment indicates that the appointment will terminate, forthwith, without any entitlement to compensation, if, at any time (a), (b) or (c) above apply.

The Executive Directors' service contracts and the Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office.

The following information on pages 37 to 39 has been subject to audit.

Apart from Mr. K. Lyons-Tarr and Mr. D.J.E. Seekings, Directors are paid in Sterling. It is therefore considered more appropriate to present the Directors' remuneration in Sterling. The US dollar remuneration amounts for Mr. K. Lyons-Tarr and Mr. D.J.E. Seekings are disclosed separately over the page.

Remuneration Report continued

Directors' remuneration – single total figure

2016	Basic salary/fee £	Benefits in kind £	Annual bonus (a) £	Total emoluments £	Employers pension contributions/ pay in lieu (b) £	Total remuneration 2016 £
Executive						
K. Lyons-Tarr	330,879	12,649	132,920	476,448	4,908	481,356
A.J. Scull	185,000	18,050	15,000	218,050	27,750	245,800
D.J.E. Seekings	223,166	13,086	88,613	324,865	7,136	332,001
Non-Executive						
P.S. Moody (c)	39,167	–	–	39,167	–	39,167
J.W. Poulter (d)	110,000	–	–	110,000	–	110,000
J.A. Warren	35,000	–	–	35,000	–	35,000
C.J. Brady	35,000	–	–	35,000	–	35,000
Total	**958,212**	**43,785**	**236,533**	**1,238,530**	**39,794**	**1,278,324**

Benefits in kind include car allowance, medical insurance, life assurance and income protection.

(a) For Mr. K. Lyons-Tarr and Mr. D.J.E. Seekings 50% of the annual bonus is payable in the form of conditional share awards pursuant to the terms of the 2015 Incentive Plan.
(b) Mr. A.J. Scull received £27,750 pay in lieu of pension contributions.
(c) For the period from 1 February 2016 when Mr. P.S. Moody was appointed.
(d) For the period until 30 November 2016 when Mr. J.W. Poulter retired.
(e) The former Director, Ms. G. Davies, was paid £37,322 compensation for loss of office and received benefits in kind of £422 in 2016.

2015	Basic salary/fee £	Benefits in kind £	Annual bonus (a) £	Total emoluments £	Employers pension contributions/ pay in lieu (b) £	Total remuneration 2015 £
Executive						
J.W. Poulter	90,000	–	45,000	135,000	–	135,000
G. Davies (e)	46,250	3,514	23,125	72,889	6,938	79,827
K. Lyons-Tarr	261,191	10,610	157,017	428,818	6,035	434,853
A.J. Scull	185,000	17,017	92,500	294,517	27,750	322,267
D.J.E. Seekings	132,385	8,811	80,756	221,952	4,394	226,346
Non-Executive						
J.W. Poulter	30,000	–	–	30,000	–	30,000
J.A. Warren	35,000	–	–	35,000	–	35,000
C.J. Brady*	19,385	–	–	19,385	–	19,385
S.J. Gray*	26,250	–	–	26,250	–	26,250
Total	825,461	39,952	398,398	1,263,811	45,117	1,308,928

(e) Ms. G. Davies was paid £186,208 compensation for loss of office and received benefits in kind of £1,038, in 2015, after ceasing to be a Director on 31 March 2015.

* From appointment or until resignation.

K. Lyons-Tarr and D.J.E. Seekings US dollar remuneration

2016	Basic salary/fee $	Benefits in kind $	Annual bonus $	Total emoluments $	Employers pension contributions $	Total remuneration $
K. Lyons-Tarr	**448,077**	**17,130**	**180,000**	**645,207**	**6,646**	**651,853**
D.J.E. Seekings	**302,212**	**17,721**	**120,000**	**439,933**	**9,663**	**449,596**
2015						
K. Lyons-Tarr	399,231	16,216	240,000	655,447	9,225	664,672
D.J.E. Seekings	202,867	13,502	123,750	340,119	6,733	346,852

Directors' interests in the share capital of the Company

Details of the beneficial interests in the number of ordinary shares held in the Company by each Director and their connected persons are set out below.

	Holding at 31 December 2016	Holding at 2 January 2016*
P.S. Moody	**Nil**	Nil
J.W. Poulter	**N/A**	120,000
K. Lyons-Tarr	**251,827**	251,827
A.J. Scull	**100,000**	121,617
D.J.E. Seekings	**176,269**	176,269
J.A. Warren	**5,000**	5,000
C.J. Brady	**Nil**	Nil

* or date of appointment

There has been no change in the Directors' interests in the share capital of the Company since 31 December 2016 to the date of this report.

Directors' options over the share capital of the Company

Details of share options held by the Directors are set out below:

	Holding at 3 Jan 2016	**Granted during the year**	**Exercised**	**Holding at 31 Dec 2016**	Date of grant	Exercise price	Exercisable	
							From	To
J.W. Poulter								
– SAYE	3,383		**3,383**	**–**	31 Oct 2012	266p	1 Jan 2016	30 Jun 2016
K. Lyons–Tarr								
– US Sharesave	–	**1,209**	**–**	**1,209**	11 May 2016	$16.49	19 July 2018	19 July 2018
– 2015 Incentive Plan	–	**6,376**	**–**	**6,376**	30 Mar 2016	nil	30 Mar 2019	30 Mar 2019
A.J. Scull								
– SAYE	3,383		**3,383**	**–**	31 Oct 2012	266p	1 Jan 2016	30 Jun 2016
– SAYE	–	**1,761**	**–**	**1,761**	11 May 2016	1022p	1 July 2019	31 Dec 2019
D.J.E. Seekings								
– US Sharesave	–	**1,209**	**–**	**1,209**	11 May 2016	$16.49	19 July 2018	19 July 2018
– 2015 Incentive Plan	–	**4,383**	**–**	**4,383**	30 Mar 2016	nil	30 Mar 2019	30 Mar 2019

Gains on exercise of options in the period were £35,352 for both Mr. J.W. Poulter and Mr. A.J. Scull.

During 2016 the middle-market value of the share price ranged from £11.40 to £17.83 and was £17.75 at the close of business on 31 December 2016.

During the period 26,128 awards of nil-cost options or conditional shares were made under the Plan, in respect of 2015 bonus awards. The intention is to make awards in 2017 in accordance with the rules of the Plan, in respect of 2016 bonus awards.

Details of share options granted by 4imprint Group plc as at 31 December 2016 are given in note 21. None of the terms and conditions of the share options were varied during the period. The performance criteria for all Directors' options were consistent with the remuneration policy. Once an award has vested, the exercise of share options is unconditional, subject to the Rules of the option grant.

On behalf of the Board

C. J. Brady
Chairman of the Remuneration Committee
8 March 2017

Statement of Directors' Responsibilities

in respect of the Annual Report, the Directors' Remuneration Report and the financial statements

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Board of Directors on pages 22 and 23 confirm that, to the best of their knowledge:

- the Group financial statements, which 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 Group; and
- the Strategic Report, Chief Executive's Review, Financial Review and Directors' Report contained on pages 6 to 25 include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Andrew Scull
Company Secretary
8 March 2017

FINANCIAL STATEMENTS

Independent Auditors' Report

to the members of 4imprint Group plc

Report on the Group financial statements

Our opinion

In our opinion, 4imprint Group plc's group financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2016 and of its profit and cash flows for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

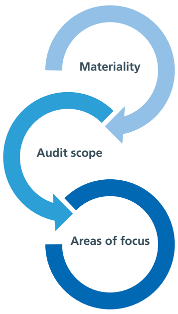
- the Group balance sheet as at 31 December 2016;
- the Group income statement and Group statement of comprehensive income for the period then ended;
- the Group cash flow statement for the period then ended;
- the Group statement of changes in Shareholders' equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

Our audit approach

Overview



- Overall Group materiality: $1,850,000 which represents 5% of profit before tax and exceptional items.
- We conducted audit work over 4imprint Group plc (the Parent Company of the Group), 4imprint, Inc. and 4imprint Direct Marketing Limited which accounted for 100% of revenue and profit before tax and exceptional items.
- Accounting for defined benefit pension scheme liabilities.
- Accounting for supplier arrangements.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Independent Auditors' Report continued

to the members of 4imprint Group plc

Area of focus	How our audit addressed the area of focus
Accounting for defined benefit pension scheme liabilities Refer to page 30 of the statement on corporate governance, page 54 of the Statement of Accounting Policies and note 17 of the Consolidated Financial Statements The Group operates a defined benefit pension scheme which, although closed to future accrual and entrants, had a deficit of $19.3m (2015: $23.1m) as at 31 December 2016. The Group engage independent actuarial specialists to calculate the valuation of scheme liabilities. The valuation of pension scheme liabilities is impacted by the actuarial assumptions adopted by the Directors which are subjective and require estimation and judgement to be applied in their determination. If alternative assumptions had been adopted and applied these could have materially impacted the valuation of the pension scheme liabilities as at 31 December 2016. We focussed our work on the assumptions to which the valuation was most sensitive, namely the discount rate, inflation rate and mortality assumptions.	We compared the discount rate, inflation rate and mortality assumptions to externally derived data, as well as our own independently formed assessments, in relation to these key inputs in order to assess whether the assumptions used were reasonable. We noted that all assumptions applied were in line with our independently formed assessments, within an acceptable range. We also assessed whether the disclosures reflect the risks inherent in the accounting for the pension scheme and determined that the disclosures were sufficient and reflected the period end position of the pension scheme.
Accounting for supplier arrangements Refer to page 30 of the statement on corporate governance and page 52 of the Statement of Accounting Policies. The Group, primarily through 4imprint, Inc., receives significant rebates from its suppliers. These relate to volume based rebates on purchases made from key product suppliers throughout the financial period. The rebates received are determined by formal signed agreements with suppliers and depend on the level of spend within the financial period, with which all agreements are coterminous. The percentage of purchases paid as a rebate from certain suppliers increases based on predetermined thresholds within supplier agreements. We have focussed on this area because the quantum of income recorded under these arrangements is material in relation to the result in the period. Furthermore, given the number of different rebate contracts the Group has entered into and the range of different rebate rates used, including stepped rebates, in the calculations there is an inherent risk of error in the calculation of these amounts.	We obtained a sample of supplier agreements and inspected them to assess whether all rebates received, and receivable, by the Group have been accounted for in the correct financial period and in accordance with specific terms agreed with suppliers. From inspection of these agreements we determined that the terms and conditions, including the financial periods over which rebate income could be earned, had been appropriately reflected in the calculations of rebates receivable. We confirmed directly with a sample of suppliers the rebate income which had been earned in the period, and also recalculated supplier rebate income and receivables based upon spend with suppliers in the period taking account of agreed rebate rates per signed agreements. We did not identify any material differences between either confirmed rebate income or our expectation and the amounts recognised. We compared actual receipts from suppliers in the period to amounts recorded as receivable at the prior period end in order to assess the historical accuracy of the estimation process. We determined that the level of current year receipts supported the assumptions around collectability of prior period rebates receivable, and therefore the estimation process was reasonable in this regard. We tested purchase transactions around the period end to confirm whether purchases upon which rebate income and receivables are based had been recorded in the correct accounting period and we noted no material exceptions from this testing. We tested the carrying value of rebate receivable balances at the period end by vouching to subsequent cash receipts from suppliers. We determined the proportions of these balances collected as at the date of this report and noted no evidence to suggest material doubts over collectability.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises the following entities:

- 4imprint, Inc. and 4imprint Direct Marketing Limited, trading entities that form the Direct Marketing operating segment and are based in the United States and United Kingdom respectively;
- 4imprint Group plc, parent company of the Group; and
- Four non-trading entities.

The Group audit team in the UK performed an audit of the complete financial information of 4imprint, Inc. (which included visiting the business's operations in Oshkosh, Wisconsin, USA), 4imprint Direct Marketing Limited and 4imprint Group plc, which we regarded as financially significant components of the Group. These components accounted for 100% of the Group's revenue and profit before tax and exceptional items for the period.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	$1,850,000 (2015: $1,600,000).
How we determined it	5% of profit before tax and exceptional items.
Rationale for benchmark applied	We note that profit before tax and exceptional items is the key measure used both by the Board and, we believe, externally by Shareholders in evaluating the performance of the Group. It also represents a consistent measure of the performance year-on-year by removing the impact of non-recurring items.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $93,000 (2015: $80,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 14, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

Independent Auditors' Report continued

to the members of 4imprint Group plc

Other required reporting

Consistency of other information and compliance with applicable requirements

Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
• the statement given by the Directors on page 40, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on pages 29 to 31, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the Directors' confirmation on page 26 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the Directors' explanation on page 15 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the Directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate Governance Statement
Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the Company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit
Our responsibilities and those of the Directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 40, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:
- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter
We have reported separately on the Company financial statements of 4imprint Group plc for the 52 week period ended 31 December 2016 and on the information in the Directors' Remuneration Report that is described as having been audited.

Ian Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
8 March 2017

Group Income Statement

for the 52 weeks ended 31 December 2016

	Note	2016 52 weeks $'000	2015 53 weeks $'000
Revenue	1	**558,223**	497,219
Operating expenses	2	**(523,527)**	(465,256)
Operating profit before exceptional items		**37,636**	32,821
Exceptional items	4	**(2,940)**	(858)
Operating profit	1	**34,696**	31,963
Finance income		**22**	37
Finance costs		**(46)**	(7)
Pension finance charge		**(521)**	(836)
Net finance cost	5	**(545)**	(806)
Profit before tax		**34,151**	31,157
Taxation	6	**(9,672)**	(8,462)
Profit for the period		**24,479**	22,695

	Note	Cents	Cents
Earnings per share			
Basic	7	**87.27**	81.26
Diluted	7	**87.02**	80.76
Underlying basic	7	**99.01**	88.04

Group Statement of Comprehensive Income

for the 52 weeks ended 31 December 2016

	Note	2016 52 weeks $'000	2015 53 weeks $'000
Profit for the period		**24,479**	22,695
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to the income statement:			
Currency translation differences	23	**992**	417
Items that will not be reclassified subsequently to the income statement:			
Re-measurement (losses)/gains on post-employment obligations	17	**(16,261)**	5,597
Return on pension scheme assets (excluding interest income)	17	**3,323**	(4,832)
Tax relating to components of other comprehensive income		**869**	(156)
Effect of change in UK tax rate		**(235)**	(235)
Total other comprehensive (expense)/income net of tax		**(11,312)**	791
Total comprehensive income for the period		**13,167**	23,486

Group Balance Sheet
at 31 December 2016

	Note	**2016 $'000**	2015 $'000
Non-current assets			
Property, plant and equipment	9	**18,938**	18,154
Intangible assets	10	**1,082**	1,211
Deferred tax assets	11	**5,030**	4,388
		25,050	23,753
Current assets			
Inventories	12	**4,179**	4,460
Trade and other receivables	13	**39,766**	42,506
Current tax		**34**	688
Cash and cash equivalents	14	**21,683**	18,381
		65,662	66,035
Current liabilities			
Trade and other payables	15	**(40,363)**	(37,254)
Net current assets		**25,299**	28,781
Non-current liabilities			
Retirement benefit obligations	17	**(19,290)**	(23,114)
Deferred tax liability	18	**(1,601)**	(808)
Provisions for other liabilities and charges	19	**(133)**	(160)
		(21,024)	(24,082)
Net assets		**29,325**	28,452
Shareholders' equity			
Share capital	21	**18,842**	18,777
Share premium reserve		**68,451**	68,451
Other reserves	23	**6,420**	5,428
Retained earnings		**(64,388)**	(64,204)
Total Shareholders' equity		**29,325**	28,452

The financial statements on pages 46 to 73 were approved by the Board of Directors on 8 March 2017 and were signed on its behalf by:

Kevin Lyons-Tarr
Chief Executive Officer

David Seekings
Chief Financial Officer

Group Statement of Changes in Shareholders' Equity

for the 52 weeks ended 31 December 2016

	Share capital $'000	Share premium reserve $'000	Other reserves (note 23) $'000	Retained earnings: Own shares $'000	Retained earnings: Profit and loss $'000	Total equity $'000
Balance at 27 December 2014	18,777	68,451	5,011	(1,392)	(76,777)	14,070
Profit for the period					22,695	22,695
Other comprehensive income/(expense)						
Currency translation differences			417			417
Re-measurement gains on post-employment obligations					765	765
Tax relating to components of other comprehensive income					(156)	(156)
Effect of change in UK tax rate					(235)	(235)
Total comprehensive income			417		23,069	23,486
Proceeds from options exercised					900	900
Own shares utilised				1,430	(1,430)	–
Own shares purchased				(750)		(750)
Share-based payment charge					222	222
Deferred tax relating to share options					128	128
Dividends					(9,604)	(9,604)
Balance at 2 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**

Group Cash Flow Statement

for the 52 weeks ended 31 December 2016

	Note	2016 52 weeks $'000	2015 53 weeks $'000
Cash flows from operating activities			
Cash generated from operations	24	**29,115**	29,797
Net tax paid		**(9,423)**	(8,730)
Finance income		**23**	37
Finance costs		**(46)**	(7)
Net cash generated from operating activities		**19,669**	21,097
Cash flows from investing activities			
Purchases of property, plant and equipment		**(2,903)**	(10,585)
Purchases of intangible assets		**(383)**	(438)
Net proceeds from sale of property, plant and equipment		**19**	111
Net cash used in investing activities		**(3,267)**	(10,912)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	21	**65**	–
Dividends paid to Shareholders	8	**(12,141)**	(9,604)
Net cash used in financing activities		**(12,076)**	(9,604)
Net movement in cash and cash equivalents		**4,326**	581
Cash and cash equivalents at beginning of the period		**18,381**	18,301
Exchange losses on cash and cash equivalents		**(1,024)**	(501)
Cash and cash equivalents at end of the period		**21,683**	18,381

Analysis of cash and cash equivalents			
Cash at bank and in hand	14	**19,196**	5,463
Short-term deposits	14	**2,487**	12,918
		21,683	18,381

Notes to the Financial Statements

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 have been prepared in US dollars.

Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented. Accounting standards effective for the first time in the period have had no impact on the Group's financial statements.

The Group presents the consolidated financial statements in US dollars and numbers are shown in US dollars thousands. A substantial portion of the Group's revenue and earnings are denominated in US dollars and the Board decided that a US dollar presentation gives a more meaningful view of the Group's financial performance and position.

Basis of preparation

The financial statements 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 at the time of preparing these financial statements (March 2017).

After making enquiries, 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 these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the period. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries, as amended to conform to Group accounting policies, are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the consideration paid. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The excess of the cost of acquisition over the Group's share of identifiable net assets is recorded as goodwill. Acquisition-related costs are expensed as incurred.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. In addition, comparatives are also restated to reclassify disposed businesses, or those that meet the criteria of IFRS 5 to be classified as held for sale and as discontinued operations.

All subsidiaries have the same year end date as the Group.

Use of assumptions and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key estimates are in respect of the present value of the pension scheme obligations. The assumptions used are disclosed in note 17.

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 considers the following to be the only critical accounting policy:

Pensions

As disclosed in note 17, 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. Sensitivities to changes in these assumptions are disclosed in note 17.

Notes to the Financial Statements continued

Other accounting policies

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 upon the transfer of risks and rewards to customers.

Supplier rebates

Amounts due under rebate agreements are recognised based upon volumes of products purchased during the period to which the rebates relate at the relevant rebate rates, per supplier agreements. Amounts are credited to the cost of purchase of goods for resale and any accrued income is included in other receivables. Provision is made against such receivables to the extent it is considered that the amounts are not recoverable.

Segmental reporting

The reporting requirements of IFRS 8 require operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified by the Directors as the Board and accordingly the segmental reporting included in the financial statements aligns with those reported monthly to the Board.

Leases

Where the Group has substantially all of the risks and rewards of ownership under a lease, the lease will be classified as a finance lease. All other leases are classified as operating leases.

Finance leases

Assets acquired through finance leases are capitalised as property, plant and equipment, at the lower of the fair value of the leased asset and the present value of the minimum lease payments. These assets are depreciated over the lease term or the estimated useful life, whichever is shorter. The resulting lease obligations are included in liabilities, net of finance charges. Interest costs on finance leases are charged directly to the income statement.

Operating leases

Assets leased under operating leases are not recorded on the balance sheet. Rental payments are charged directly to the income statement on a straight-line basis over the period of the lease.

Share-based payments

All share options are measured at fair value at the date of grant allowing for any non-market and service conditions and the impact of any non-vesting conditions (for example requirements for the employee to save). The fair value is charged to the income statement over the vesting period of the share option schemes on a straight-line basis. The value of the charge is adjusted each year to reflect the expected number of options that will become exercisable. All options cancelled are fully expensed to the income statement upon cancellation.

Exceptional items

Income or costs which are both material and non-recurring, whose significance is sufficient to warrant separate disclosure in the financial statements, are referred to as exceptional items. The Directors consider that the separate disclosure of these items assists in understanding the Group’s financial performance.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case the tax is recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group’s subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts estimated to be paid to tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group’s financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Taxation continued
Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Dividends
Final equity dividends are recognised in the Group's financial statements in the period in which the dividends are approved by the Shareholders. Interim equity dividends are recognised when paid.

Foreign currency
The functional and presentation currency of the Company is Sterling, however the Group's financial statements are presented in US dollars.

Transactions in currencies other than the functional currency of the Company or subsidiary concerned are recorded at the exchange rate prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Translation differences on monetary items are taken to the income statement.

On consolidation the balance sheets of Sterling enterprises are translated into US dollars at the exchange rate ruling at the balance sheet date and income statements are translated at average rates for the period under review. One-off material transactions are translated at the spot rate on the transaction date. The resulting exchange differences are taken to the cumulative translation differences reserve and are reported in the statement of comprehensive income.

On disposal of an operation any cumulative exchange differences held in Shareholders' equity are recycled to the income statement.

Derivative instruments
The Group uses derivative forward foreign exchange contracts to hedge highly probable cash flows.

Derivatives are recognised initially at fair value and are remeasured at fair value at each reporting date. The treatment of the gain or loss on re-measurement depends on the nature of the item being hedged.

Hedges of the fair value of recognised assets and liabilities are designated as fair value hedges. Hedges of highly probable forecast transactions are designated as cash flow hedges.

Changes in the fair value of fair value hedging instruments are recognised in the income statement. Changes in the fair value of the hedged items are also recognised in the income statement.

The effective portion of changes in cash flow hedges are deferred in a hedging reserve, where material, and then charged to the income statement when the forecast sale or purchase occurs or if the forecast transaction is no longer expected to occur. Any ineffective portion of the cash flow hedge is recognised immediately in the income statement.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. No depreciation is provided on freehold land. For all other property, plant and equipment, depreciation is calculated to write-off their cost less residual value by equal annual instalments over the period of their estimated useful lives, which are reviewed on a regular basis. Leasehold assets are depreciated over the shorter of the term of the lease or their estimated useful lives.

Cost comprises the purchase price plus costs directly incurred in bringing the asset into use.

The principal useful lives currently fall within the following ranges:

Freehold and long leasehold buildings	50 years
Short leasehold buildings	Life of lease
Plant, machinery, fixtures and fittings	3–15 years
Computer hardware	3 years

Profits and losses on disposal which have arisen from over or under depreciation are accounted for in arriving at operating profit and are separately disclosed when material.

Notes to the Financial Statements continued

Other accounting policies continued

Intangible assets

Acquired software licences and external expenditure on developing websites and other computer systems are capitalised, held at historic cost and amortised from the invoice date on a straight-line basis over its useful economic life (currently three to five years). Internal costs and non-development costs are expensed to operating expenses as incurred.

An expense is recognised in operating expenses for catalogues and other related marketing expenses when the business has access to them.

Impairment of assets

All property, plant and equipment and intangible assets are reviewed for impairment in accordance with IAS 36 "Impairment of Assets" if there is an indication that the carrying value of the asset may have been impaired. Where an impairment review is required, the carrying value of the assets is measured against their value in use based on future estimated cash flows, discounted by the appropriate cost of capital, resulting from the use of those assets. Assets are grouped at the lowest level for which there is a separately identifiable cash flow (cash generating unit). An impairment loss is recognised for the amount at which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Inventories

Inventories are valued at the lower of cost, net of provisions for slow moving and discontinued items, and net realisable value using the first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Items in transit where the Group holds the risks and rewards are included in inventories.

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 when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement. Trade receivables are discounted when the time value of money is considered material.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. In the cash flow statement cash and cash equivalents are shown net of bank overdrafts. Cash deposits with an original maturity in excess of three months are classified as other financial assets.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost. Trade and other payables are discounted when the time value of money is considered material.

Pensions

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 Group sponsors a defined benefit scheme, which is closed to new members and future accruals. The Group accounts for the defined benefit scheme under IAS 19 "Employee Benefits". The deficit of the defined benefit pension scheme is recognised in full on the balance sheet and represents the difference between the fair value of the plan assets and the present value of the defined benefit obligation at the balance sheet date. A full actuarial valuation is carried out at least every three years and the defined benefit obligation is updated on an annual basis, by independent actuaries, using the projected unit credit method.

Pension charges recognised in the income statement consists of administration costs of the scheme, exceptional costs of risk reduction exercises incurred by the scheme and a finance cost based on the interest on net pension scheme liabilities calculated in accordance with IAS 19.

Differences between the actual and expected return on assets, experience gains and losses and changes in actuarial assumptions are included directly in the statement of comprehensive income.

Borrowings

Borrowings are measured initially at fair value net of transaction costs incurred and subsequently carried at amortised costs using the effective interest rate method. Arrangement fees are amortised over the life of the borrowing. Borrowings are discounted when the time value of money is considered material.

Provision for future lease costs

Provisions for future lease costs and dilapidations are made when there is a legal or constructive obligation as a result of past events and it is probable that expenditure will be incurred and a reliable estimate can be made of that cost. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Own shares held by employee share trusts

Own shares acquired, to meet future obligations under employee share options, are held in independent trusts. These are funded by the Company and purchases of shares by the trusts are charged directly to equity.

Administration expenses of the trusts are charged to the Company's income statement as incurred.

IFRS standards effective in future financial statements

The IASB and IFRS IC have issued new or amended standards and interpretations which are effective for accounting periods as noted below. The impact of IFRS 15 on the full year results is very minor. IFRS 16 will result in an increase to both assets and liabilities in the balance sheet, but no material impact upon operating profit or profit before tax, based upon current lease commitments of the Group. If IFRS 16 had been in place at the end of 2016 both the assets and liabilities would have increased by around $5.0m. Management does not believe the impact of adopting the other new or amended standards and interpretations will have a material impact on the results or net assets of the Group.

IFRS 9, "Financial instruments" (effective 1 January 2018)
IFRS 15, "Revenue from contracts with customers" (effective 1 January 2018)
Amendments to IFRS 15, "Revenue from contracts with customers" (effective 1 January 2018)*
IFRS 16, "Leases" (effective 1 January 2019)*
Amendments to IAS 7, "Statement of cash flows" (effective 1 January 2017)*
Amendments to IAS 12, "Income taxes" (effective 1 January 2017)*
Amendments to IFRS 2, "Share-based payments" (effective 1 January 2018)*
Amendments to IFRS 4, "Insurance contracts" (effective 1 January 2018)*
Amendments to IAS 40, "Investment property" (effective 1 January 2018)*
Annual improvements 2014 – 2016 (effective 1 January 2018)*
IFRIC 22 "Foreign currency transactions and advanced consideration" (effective 1 January 2018)*

* Not yet endorsed by the EU.

Notes to the Financial Statements continued

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 31 December 2016, the results of the Group are reported as one primary operating segment and the costs of the Head Office:

Revenue

4imprint Direct Marketing	2016 $'000	2015 $'000
North America	**540,599**	479,235
UK and Ireland	**17,624**	17,984
Total revenue from sale of promotional products	**558,223**	497,219

Profit

	Underlying		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
4imprint Direct Marketing	**42,282**	37,044	**42,282**	37,044
Head Office	**(3,905)**	(3,525)	**(3,905)**	(3,525)
Underlying operating profit	**38,377**	33,519	**38,377**	33,519
Exceptional items (note 4)			**(2,940)**	(858)
Share option related charges (note 22)			**(430)**	(304)
Defined benefit pension scheme administration costs (note 17)			**(311)**	(394)
Operating profit	**38,377**	33,519	**34,696**	31,963
Net finance (expense)/income (note 5)	**(24)**	30	**(24)**	30
Pension finance charge (note 5)			**(521)**	(836)
Profit before tax	**38,353**	33,549	**34,151**	31,157
Taxation	**(10,580)**	(8,962)	**(9,672)**	(8,462)
Profit after tax	**27,773**	24,587	**24,479**	22,695

Other segmental information

	Assets		Liabilities		Capital expenditure		Depreciation		Amortisation	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
4imprint Direct Marketing	**63,757**	65,930	**(39,476)**	(35,872)	**3,267**	11,023	**(1,858)**	(1,417)	**(499)**	(510)
Head Office items	**5,272**	5,477	**(21,911)**	(25,464)	**18**	–	**(32)**	(32)	**–**	–
Cash	**21,683**	18,381	**–**	–	**–**	–	**–**	–	**–**	–
	90,712	89,788	**(61,387)**	(61,336)	**3,285**	11,023	**(1,890)**	(1,449)	**(499)**	(510)

Head Office items relate principally to retirement benefit obligations and Group tax balances.

Geographical analysis of revenue and non-current assets

2016	North America $'000	UK $'000	All other countries $'000	Total $'000
Total revenue by destination	**540,684**	**16,671**	**868**	**558,223**
Property, plant and equipment	**17,938**	**1,000**	**–**	**18,938**
Intangible assets	**1,026**	**56**	**–**	**1,082**

Geographical analysis of revenue and non-current assets continued

2015	North America $'000	UK $'000	All other countries $'000	Total $'000
Total revenue by destination	479,310	17,082	827	497,219
Property, plant and equipment	16,877	1,277	–	18,154
Intangible assets	1,134	77	–	1,211

2 Operating expenses

	Note	**2016 $'000**	2015 $'000
The following items have been charged/(credited) in arriving at operating profit:			
Purchase of goods for resale and consumables		**344,610**	308,133
Changes in inventories		**280**	(107)
Increase in stock provision	12	**74**	56
Increase in trade receivables provision	13	**6**	167
Staff costs	3	**44,895**	42,297
Marketing expenditure (excluding staff costs)		**90,338**	78,324
Depreciation of property, plant and equipment		**1,890**	1,449
Amortisation of intangible assets		**499**	510
Profit on sale of property, plant and equipment		**–**	(81)
Operating lease payments		**1,774**	1,669
Exceptional items	4	**2,940**	858
Defined benefit pension scheme administration costs	17	**311**	394
Net exchange losses		**375**	350
Other operating expenses		**35,535**	31,237
		523,527	465,256

During the period the Group obtained the following services from its auditors at costs as detailed below:

	2016 $'000	2015 $'000
Fees payable to the Company's auditors for the audit of the Parent Company, non-statutory audits of overseas subsidiaries and audit of consolidated financial statements	**203**	206
Fees payable to the Company's auditors and its associates for other services:		
– the audit of Company's subsidiaries pursuant to legislation	**20**	15
– pensions advice	**126**	200
– share scheme advice	**–**	22
	349	443

The 4imprint defined benefit pension scheme has paid the Group's auditors $17,670 (2015: $14,750) for audit services.

3 Employees

Staff costs	Note	**2016 $'000**	2015 $'000
Wages and salaries		**40,234**	38,041
Social security costs		**3,153**	2,993
Pension costs – defined contribution	17	**1,078**	959
Share option charges	22	**425**	222
Social security costs in respect of share options	22	**5**	82
		44,895	42,297

Notes to the Financial Statements continued

3 Employees continued

Average monthly number of people (including Executive Directors) employed

	2016 Number	2015 Number
Distribution and production	**272**	240
Sales and marketing	**414**	389
Administration	**166**	155
	852	784

Key management compensation

	2016 $'000	2015 $'000
Salaries, fees and short-term employee benefits	**1,715**	1,974
Social security costs	**110**	152
Pension costs – defined contribution	**16**	27
Share option charges	**91**	39
Social security costs in respect of share options	**4**	1
	1,936	2,193

Key management compensation in the period comprised the emoluments of all Directors (which are disclosed separately in the Remuneration Report).

Directors' remuneration

	2016 $'000	2015 $'000
Aggregate emoluments	**1,715**	1,974
Pension costs – defined contribution	**16**	27

4 Exceptional items

	2016 $'000	2015 $'000
Pension flexible retirement option costs	**–**	276
Past service costs re defined benefit pension scheme pensioner GMP equalisation	**1,452**	–
Pension buy-out costs	**1,488**	582
	2,940	858

Exceptional items include $1,320,000 (2015: $610,000) incurred and paid by the defined benefit pension scheme, in respect of the buy-out and, in 2015, the flexible retirement option.

Direct cash expenditure by the Group in respect of the exceptional items in 2016 was $172,000 (2015: $248,000).

5 Net finance income and costs

	2016 $'000	2015 $'000
Finance income/(costs)		
Bank and other interest receivable	**22**	37
Bank interest payable	**(46)**	(7)
	(24)	30
Pension finance charge (note 17)	**(521)**	(836)
Net finance costs	**(545)**	(806)

6 Taxation

	2016 $'000	2015 $'000
Current tax		
UK tax – current	–	–
Overseas tax – current	**10,037**	7,865
Overseas tax – prior periods	**40**	167
Total current tax	**10,077**	8,032
Deferred tax		
Origination and reversal of temporary differences	**(401)**	590
Adjustment in respect of prior periods	**(4)**	(160)
Total deferred tax (notes 11 and 18)	**(405)**	430
Taxation	**9,672**	8,462

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:

	2016 $'000	2015 $'000
Profit before tax	**34,151**	31,157
Profit before tax for each country of operation multiplied by rate of corporation tax applicable in the respective countries	**12,157**	10,232
Effects of:		
Adjustments in respect of prior periods	**36**	7
Expenses not deductible for tax purposes and non-taxable income	**(2,048)**	(1,560)
Other differences	**(33)**	(208)
Effect of tax rate changes on deferred tax balances	**(6)**	–
Utilisation of tax losses not previously recognised	**(434)**	(9)
Taxation	**9,672**	8,462

The main rate of UK corporation tax was reduced to 20% from 1 April 2015. Further reductions to 19% from 1 April 2017 and 17% from 1 April 2020 have been enacted. The net deferred tax asset at 31 December 2016 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.

A rate of 35% has been used in respect of US deferred tax items.

The amount of current tax recognised directly in Shareholders' equity in 2016 was $nil (2015: $nil).

No current tax was recognised in other comprehensive income (2015: $nil).

Notes to the Financial Statements continued

7 Earnings per share

Basic, diluted and underlying

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

	2016 $'000	2015 $'000
Profit after tax	**24,479**	22,695

	2016 Number '000	2015 Number '000
Basic weighted average number of shares	**28,050**	27,928
Adjustment for employee share options	**81**	173
Diluted weighted average number of shares	**28,131**	28,101

	2016 cents	2015 cents
Basic earnings per share	**87.27**	81.26
Diluted earnings per share	**87.02**	80.76

	2016 $'000	2015 $'000
Profit before tax	**34,151**	31,157
Adjustments:		
Share option charges (note 22)	**425**	222
Social security charges on share options (note 22)	**5**	82
Exceptional items (note 4)	**2,940**	858
Defined benefit pension scheme administration costs (note 17)	**311**	394
Pension finance charge (note 17)	**521**	836
Underlying profit before tax	**38,353**	33,549
Taxation (note 6)	**(9,672)**	(8,462)
Tax relating to above adjustments	**(908)**	(500)
Underlying profit after tax	**27,773**	24,587

	2016 cents	2015 cents
Underlying basic earnings per share	**99.01**	88.04
Underlying diluted basic earnings per share	**98.73**	87.50

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 4,900 (2015: 37,998).

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.

8 Dividends

Equity dividends – ordinary shares		2016 $'000	2015 $'000
Interim paid:	16.32c (2015: 12.09c)	**4,558**	3,336
Final paid:	26.80c (2015: 21.90c)	**7,583**	6,268
		12,141	9,604

In addition, the Directors are proposing a final dividend in respect of the period ended 31 December 2016 of 36.18c (29.52p) per share, which will absorb an estimated $10.15m of Shareholders' funds. Subject to Shareholder approval at the AGM, the dividend is payable on 12 May 2017 to Shareholders who are on the register of members at close of business on 7 April 2017. These financial statements do not reflect this proposed dividend.

9 Property, plant and equipment

	Freehold land and buildings $'000	Plant, machinery, fixtures & fittings $'000	Computer hardware $'000	Total $'000
Cost:				
At 3 January 2016	13,358	10,184	1,687	25,229
Additions	60	2,363	479	2,902
Disposals	–	(216)	(394)	(610)
Exchange	(158)	(137)	(17)	(312)
At 31 December 2016	**13,260**	**12,194**	**1,755**	**27,209**
Depreciation:				
At 3 January 2016	915	4,954	1,206	7,075
Charge for the period	396	1,107	387	1,890
Disposals	–	(199)	(393)	(592)
Exchange	(11)	(78)	(13)	(102)
At 31 December 2016	**1,300**	**5,784**	**1,187**	**8,271**
Net book value at 31 December 2016	**11,960**	**6,410**	**568**	**18,938**

Freehold land with a value of $721,000 (2015: $771,000) has not been depreciated.

No assets are held under finance leases (2015: nil).

	Freehold land and buildings $'000	Plant, machinery, fixtures & fittings $'000	Computer hardware $'000	Total $'000
Cost:				
At 28 December 2014	5,795	7,705	1,749	15,249
Additions	7,611	2,735	250	10,596
Disposals	–	(218)	(305)	(523)
Exchange	(48)	(38)	(7)	(93)
At 2 January 2016	13,358	10,184	1,687	25,229
Depreciation:				
At 28 December 2014	713	4,280	1,151	6,144
Charge for the period	204	881	364	1,449
Disposals	–	(188)	(305)	(493)
Exchange	(2)	(19)	(4)	(25)
At 2 January 2016	915	4,954	1,206	7,075
Net book value at 2 January 2016	12,443	5,230	481	18,154

Notes to the Financial Statements continued

10 Intangible assets

Computer software	2016 $'000	2015 $'000
Cost:		
At start of period	**2,931**	2,873
Additions	**383**	427
Disposals	**(538)**	(356)
Exchange	**(40)**	(13)
At end of period	**2,736**	2,931
Amortisation:		
At start of period	**1,720**	1,575
Charge for the period	**499**	510
Disposals	**(536)**	(356)
Exchange	**(29)**	(9)
At end of period	**1,654**	1,720
Net book value at end of period	**1,082**	1,211

The average remaining life of intangible assets is 2.2 years (2015: 2.4 years).

11 Deferred tax assets

	2016 $'000	2015 $'000
At start of period	**4,388**	4,794
Income statement credit	**684**	208
Deferred tax credited/(charged) to other comprehensive income	**871**	(156)
Deferred tax credited to equity	**208**	–
Effect of change in UK tax rate – other comprehensive income	**(235)**	(235)
Exchange	**(886)**	(223)
At end of period	**5,030**	4,388

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries. No tax is expected to be payable on them in the foreseeable future.

$0.4m (2015: $0.6m) of the deferred tax asset is expected to reverse within the next twelve months.

The movements in the net deferred tax asset (subject to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown in the following table. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Deferred tax analysis

	Depreciation/ capital allowances $'000	Pension $'000	Losses $'000	Total $'000
At start of period	(3)	4,391	–	4,388
Income statement credit	4	246	434	684
Deferred tax credited/(charged) to other comprehensive income	–	(222)	1,093	871
Deferred tax credited to equity	–	–	208	208
Effect of change in tax rates	–	(235)	–	(235)
Exchange	–	(727)	(159)	(886)
At end of period	**1**	**3,453**	**1,576**	**5,030**

Deferred tax assets have been recognised where it is considered that there will be sufficient taxable profit available in future against which the deductible temporary timing differences can be utilised.

No provision has been made for deferred tax assets relating to losses carried forward in holding companies of $31.0m (2015: $40.0m). These losses have no expiry date and may be available for offset against future profits in these companies.

12 Inventories

	2016 $'000	2015 $'000
Finished goods and goods for resale	**4,179**	4,460

During both the current and previous period, inventory was carried at cost less appropriate provisions as this did not exceed the fair value less cost to sell. Provisions held against inventory total $275,000 (2015: $201,000).

During the period a net amount of $74,000 has been charged in the income statement in respect of provisions for slow-moving and obsolete stock (2015: $56,000).

The amount of inventory charged to the income statement is shown in note 2.

13 Trade and other receivables

	2016 $'000	2015 $'000
Trade receivables	**25,425**	26,530
Less: Provision for impairment of trade receivables	**(147)**	(167)
Trade receivables – net	**25,278**	26,363
Other receivables	**11,840**	12,600
Prepayments and accrued income	**2,648**	3,543
	39,766	42,506

Due to their short-term nature the fair value of trade and other receivables does not differ from the book value.

The impairment of trade receivables charged to the income statement was $6,000 (2015: $167,000). There is no impairment of any receivables other than trade receivables.

The ageing of past due trade receivables which are not impaired, based on the customer's credit worthiness and payment history, is as follows:

Time past due date	2016 $'000	2015 $'000
Up to 3 months	**3,858**	4,179
3 to 6 months	**440**	772
	4,298	4,951

The ageing of impaired trade receivables is as follows:

Time past due date	2016 $'000	2015 $'000
Up to 3 months	**–**	–
3 to 6 months	**–**	6
Over 6 months	**147**	161
	147	167

Notes to the Financial Statements continued

13 Trade and other receivables continued

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2016 $'000	2015 $'000
Sterling	**2,014**	2,520
US dollars	**35,385**	37,768
Euros	**34**	52
Canadian dollars	**2,333**	2,166
	39,766	42,506

Movements in the provision for impairment of trade receivables are as follows:

	2016 $'000	2015 $'000
At start of period	**167**	172
Utilised	**(23)**	(171)
Provided	**6**	167
Exchange translation	**(3)**	(1)
At end of period	**147**	167

14 Cash and cash equivalents

	2016 $'000	2015 $'000
Cash at bank and in hand	**19,196**	5,463
Short-term deposits	**2,487**	12,918
Cash and cash equivalents	**21,683**	18,381

15 Trade and other payables – current

	2016 $'000	2015 $'000
Trade payables	**33,223**	29,370
Other tax and social security payable	**1,224**	879
Other payables	**244**	315
Accruals	**5,672**	6,690
	40,363	37,254

Due to their short-term nature the fair value of trade and other payables does not differ from the book value.

16 Borrowings

The Group had no drawdown on its borrowing facilities at 31 December 2016 (2015: no drawdown).

The Group had the following undrawn committed borrowing facilities available at 31 December 2016:

	Floating rate	
Borrowing facilities	2016 $'000	2015 $'000
Expiring within one year	**1,730**	1,482
Expiring in more than one year	**20,000**	13,000

Facilities comprised an unsecured US$20.0m line of credit, for 4imprint, Inc., which expires on 31 May 2018, a US$0.5m Canadian facility which expires on 31 August 2017 and an unsecured UK overdraft facility of £1.0m, for the Company, which expires on 31 December 2017.

17 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:

	2016 $'000	2015 $'000
Defined contribution plans – employers' contributions (note 3)	**1,078**	959

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

During the year, the buy-in of the benefits of the majority of pensioner members was converted to a buy-out and liabilities and assets (the latter being the insurance policies purchased on buy-in) of $94.79m have been removed from the balance sheet. To facilitate the buy-out it was necessary to initiate the process of winding up the existing defined benefit scheme and to create a new defined benefit scheme, with equivalent benefits, for pensioner and deferred members not included in the buy-out. These members were transferred to this new scheme, except for those with small value pension pots who opted to take winding up lump sum payments of their pension entitlement ($1.98m of assets and liabilities removed).

The amounts recognised in the income statement are as follows:

	2016 $'000	2015 $'000
Administration costs paid by the scheme	**311**	394
Pension finance charge	**521**	836
Exceptional items – buy-out and, in 2015, flexible retirement option costs paid by scheme	**1,320**	610
Total defined benefit pension charge	**2,152**	1,840

The amounts recognised in the balance sheet comprise:

	2016 $'000	2015 $'000
Present value of funded obligations	**(34,357)**	(139,248)
Fair value of scheme assets	**15,067**	116,134
Net liability recognised in the balance sheet	**(19,290)**	(23,114)

The funds of the scheme are held in trust and administered by a corporate Trustee to meet pension liabilities for around 420 past employees of the Group. The level of retirement benefit is principally based on salary earned in the best three consecutive tax years in the ten years prior to leaving active service and is linked to changes in inflation both pre and post-retirement.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator, and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK.

The Trustee of the scheme is required to act in the best interest of the scheme's beneficiaries. The appointment of trustees is determined by the scheme's trust documentation. It is policy that one third of all trustees should be nominated by the members.

The scheme typically exposes the Company to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to scheme liabilities. This would detrimentally impact the balance sheet position, potentially require an increase in future cash contributions from the Company and may give rise to increased charges in future income statements. Caps on inflationary increases are in place to protect the scheme against extreme inflation. Assets are held in a global absolute return fund, which is a multi-asset fund designed to provide positive returns in all market conditions and in a liability-driven investment fund designed to provide some hedge against movement in the liabilities due to interest rate fluctuation and inflation. The funds use derivatives to reduce risk.

A full actuarial valuation was undertaken as at 5 April 2013 in accordance with the scheme funding requirements of the Pensions Act 2004. This actuarial valuation showed a deficit of £30.6m. The Company agreed a schedule of contributions with the Trustee. The recovery plan period was 6.3 years and took into account the material funding improvement between the date of valuation and date of the recovery plan (December 2013), as agreed with the scheme actuary. The improvement was principally due to an increase in UK gilt rates during that period. In 2014 accelerated contributions of $22.4m (£13.7m) were paid to the scheme to facilitate the buy-in. A further $14.5m (£10.0m) was paid to the scheme during the year to convert the policies to a buy-out.

As a result of the buy-out transaction an interim schedule of contributions was agreed during 2016, based on maintaining the recovery plan period. Under this interim agreement £2.3m would be payable in 2017. A full actuarial valuation of the new scheme is currently being undertaken as at 30 September 2016 and once this is finalised a new schedule of contributions can be agreed.

Notes to the Financial Statements continued

17 Employee pension schemes continued

For the purposes of IAS 19, draft numbers from the actuarial valuation as at 30 September 2016, which is being carried out by a qualified independent actuary, have been updated on an approximate basis to 31 December 2016. 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:

	2016	2015
Rate of increase in pensions in payment	**3.20%**	2.66%
Rate of increase in deferred pensions	**2.10%**	1.56%
Discount rate	**2.68%**	3.52%
Inflation assumption – RPI	**3.30%**	2.76%
– CPI	**2.20%**	1.66%

The mortality assumptions adopted at 31 December 2016 have been updated to reflect the most recent version of the tables used in the last triennial valuation. The assumptions imply the following life expectancies at age 65:

	2016	2015
Male currently age 40	**23.6 yrs**	24.4 yrs
Female currently age 40	**25.8 yrs**	26.5 yrs
Male currently age 65	**21.9 yrs**	22.2 yrs
Female currently age 65	**23.9 yrs**	24.2 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 28 December 2014	(154,918)	130,903	(24,015)
Administration costs paid by the scheme	(394)	–	(394)
Exceptional items – buy-out and flexible retirement option costs paid by the scheme	(610)	–	(610)
Interest (expense)/income	(5,226)	4,390	(836)
Return on scheme assets (excluding interest income)	–	(4,832)	(4,832)
Re-measurement gains due to changes in demographic assumptions	4,321	–	4,321
Re-measurement gains due to changes in financial assumptions	1,276	–	1,276
Contributions by employer	–	825	825
Benefits paid	9,188	(9,188)	–
Exchange gain/(loss)	7,115	(5,964)	1,151
Balance at 2 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)**

* At the period end $nil (2015: $108,410,000) of the obligations are covered by insured annuities.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2016 $'000	2016 %	2015 $'000	2015 %
Global absolute returns funds	**5,749**	**38.2**	7,386	6.4
Liability-driven investments	**7,597**	**50.4**	–	–
Insured annuities	**–**	**–**	108,410	93.3
Cash	**1,721**	**11.4**	338	0.3

The scheme holds no 4imprint Group plc shares or any property occupied by the Group.

It is the policy of the Trustee and the Company to review the investment strategy from time to time and at the time of each funding valuation. The Trustee investment objectives and the processes undertaken to measure and manage the risks inherent in the scheme investment strategy are documented in the scheme's Statement of Investment Principles.

The assets were held in a quoted global absolute returns fund, designed to give positive investment returns in all market conditions, and a liability-driven investment fund designed to provide some hedge against movements in the liabilities due to interest rate fluctuation and inflation.

The sensitivities on the key actuarial assumptions at the end of the period were:

	Change in assumption	Change in defined benefit obligation
Discount rate	Decrease of 0.25%	Increase by 4.9%
Rate of inflation	Increase of 0.25%	Increase by 1.8%
Rate of mortality	Increase in life expectancy of one year	Increase by 2.9%

The sensitivities shown above are approximate. Each sensitivity considers each change in isolation and is calculated using the same methodology as used for the calculation of the defined benefit obligation at the end of the period. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases. In practice it is unlikely that the changes would occur in isolation.

The weighted average duration of the defined benefit obligation at 31 December 2016 is 20 years.

18 Deferred tax liability

	2016 $'000	2015 $'000
At start of period	**808**	298
Charged to the income statement	**289**	798
Prior period adjustment	**(4)**	(160)
Deferred tax debited/(credited) to equity	**516**	(128)
Effect of change in tax rates – income statement	**(6)**	–
Exchange	**(2)**	–
At end of period	**1,601**	808

Deferred tax analysis

	Depreciation/ capital allowances $'000	Other $'000	Total $'000
At start of period	1,670	(862)	808
Income statement debit/(credit)	434	(145)	289
Prior period adjustment	(2)	(2)	(4)
Deferred tax debited to equity	–	516	516
Effect of change in tax rates	(1)	(5)	(6)
Exchange	(2)	–	(2)
At end of period	**2,099**	**(498)**	**1,601**

Included in "Other" in the table above are deferred tax assets in respect of timing differences and future deductions relating to conditional share awards for US employees, of which $0.4m is expected to reverse within the next twelve months.

Notes to the Financial Statements continued

19 Provisions for other liabilities and charges

	Leases	
	2016 $'000	2015 $'000
At start of period	**160**	229
Utilised in period	**–**	(60)
Exchange differences	**(27)**	(9)
At end of period	**133**	160

Analysis of provisions

	2016 $'000	2015 $'000
Current	**–**	–
Non-current	**133**	160
Total	**133**	160

The lease provisions relate to dilapidation costs of property leased by the Group. This is expected to be paid within one to two years.

20 Financial risk management

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

Currency risk

The Group operates internationally and is exposed to various currency movements. Risk arises predominantly from the remittance of overseas earnings in US dollars. In addition, Group subsidiaries may make both sales and purchases in a currency other than their functional currency and have foreign currency trade receivables and trade payables in relation to these transactions.

The Group uses derivative financial instruments to partly hedge foreign currency cash flows arising from sales and purchases of goods, as well as remittances from its overseas subsidiaries. The Group does not hedge the currency exposure of profits and assets of its overseas subsidiaries or other financial transactions.

At 31 December 2016 the Group had no forward currency contracts.

The movement in the exchange rates compared to prior period increased profit after tax by $0.78m and increased net assets by $0.67m. Closing rate was US$1.23 (2015: US$1.48) and the average rate used to translate profits was US$1.35 (2015: US$1.53).

A strengthening in the Sterling exchange rate by 15% (the approximate range of movement of the exchange rate during the year) would reduce profit in the period by $1.1m and net assets at period end by $1.1m.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to trade receivable balances due from customers.

The risk associated with banks and financial institutions is managed on a Group basis and all banking relationships must be approved by the Chief Financial Officer or the Board based on the credit rating of the bank.

The Group holds cash balances on deposit with its principal US and UK banks.

Financial instruments

The table below sets out the Group's financial instruments by category:

Financial assets at amortised cost	**2016 $'000**	2015 $'000
Trade and other receivables (excluding prepayments)	**37,118**	38,963
Cash and cash equivalents	**21,683**	18,381
Financial liabilities at amortised cost		
Trade and other payables (excluding non-financial liabilities)	**(40,363)**	(37,254)

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Cash was held with the following banks at the period end:

	2016 Rating	2016 Deposit $'000	2015 Rating	2015 Deposit $'000
Lloyds Bank	**A1**	**4,877**	A1	14,569
JPMorgan Chase Bank, N.A.	**Aa2**	**16,793**	Aa2	3,803
Other		**13**		9
		21,683		18,381

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

Credit risk arising from customers is delegated to the senior management of each business to a maximum level per customer, above which it is referred to the Chief Financial Officer for approval. External credit agency assessment reports are referred to as part of this process.

Liquidity risk

Group borrowing requirements are managed centrally and the majority of borrowing arrangements are currently with the Group's principal US bank and terms are agreed which are considered appropriate for the funding requirement of the Group at that time.

Operating working capital is managed to levels agreed with the Group and cash forecasts are reviewed regularly by management.

The Group monitors its levels of cash and indebtedness to ensure adequate liquid funds are available to meet the foreseeable requirements of the Group. The Group does not actively monitor a gearing ratio, but seeks to maintain an appropriate level of financial flexibility. Details of borrowing facilities are given in note 16.

At 31 December 2016 the net cash position (note 14) of the Group was $21.68m (2015: $18.38m).

Capital risk management

The objective for managing debt and equity capital is to safeguard the Company's ability to continue as a going concern, in order to provide returns for Shareholders and benefits for other stakeholders.

In 2016 the Company has provided returns to Shareholders in the form of dividends, details of which are included in note 8. Shares were purchased by an employee benefit trust, to cover the SAYE options maturing within the next three years.

21 Share capital

	2016 $'000	2015 $'000
Issued and fully paid		
28,085,530 (2015: 27,965,530) ordinary shares of 38$^{6}/_{13}$p each	**18,842**	18,777

All shares have the same rights.

The Company issued 120,000 ordinary shares in the period for a consideration of $65,000 to satisfy options under the Performance Share Plan (2015: nil).

Notes to the Financial Statements continued

21 Share capital continued

At 2016 the following options have been granted and were outstanding under the Company's share option schemes:

Scheme	Date of grant	Number of ordinary shares 2016	Number of option holders 2016	Number of ordinary shares 2015	Subscription price	Date exercisable From	Date exercisable To
Performance Share Plan	05/04/13	–	–	120,000	nil	Apr 2016	Apr 2023
UK SAYE	31/10/12	–	–	36,464	266.0p	Jan 2016	Jun 2016
US ESPP	11/05/16	**117,330**	**451**	–	$16.49	July 2018	July 2018
UK SAYE	11/05/16	**27,496**	**34**	–	1,022p	July 2019	Dec 2019
2015 Incentive Plan	09/03/16	**26,128**	**9**	–	nil	Mar 2019	Mar 2026
Total		**170,954**	**494**	156,464			

The weighted average exercise price for options outstanding at 31 December 2016 was 1,084p (2015: 61.99p).

Details of share schemes are disclosed in note 22.

2015 Incentive Plan

Under the 2015 Incentive Plan (the "Plan") 50% of the annual bonus of the Chief Executive Officer, Chief Financial Officer and seven senior managers will be deferred into shares as awards of nil cost options or conditional shares, based on the share price at 31 December of the relevant year. The awards will be made in a 42 day period following the announcement of the Group's full year results and the options will normally not be exercisable until three years from the date of the award, conditional upon the person still being in the employment of a Group company. It is expected that 16,150 options or conditional shares, with a total fair value of $353,000, will be awarded in respect of the 2016 bonus.

22 Share-based payments

Share options may be granted to senior management and, in addition, SAYE or equivalent schemes exist for all UK and US employees. The exercise price for SAYE options is equal to the market rate, less any discount up to the limit imposed by the local tax authority at the pricing date.

The fair value of the options is determined using the Black-Scholes model for SAYE and ESPP and is spread over the vesting period of the options. The significant inputs into the model are an expected life of between 2.2 and 3 years for the SAYE and ESPP options, the volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last five years and the risk-free rate is based on zero coupon government bond yields.

	2016 $'000	2015 $'000
Charge resulting from spreading the fair value of options	**425**	222
Social security costs in respect of share options	**5**	82
Total	**430**	304

The fair value per option granted and the assumptions used in the calculation are as follows:

	US ESPP Scheme	UK SAYE Scheme
Grant date	11/05/16	11/05/16
Share price at grant date	1,361p	1,361p
Exercise price	$16.49	1,022p
Number of employees	451	34
Shares under option	117,330	27,496
Vesting period (years)	2.2	3
Expected volatility	30%	30%
Option life (years)	2.2	3.5
Expected life (years)	2.2	3
Risk-free rate	0.33%	0.53%
Expected dividends expressed as a dividend yield	2.0%	2.0%
Possibility of ceasing employment before vesting	5%	5%
Expectations of meeting performance criteria	100%	100%
Fair value per option	310p	403p

In respect of the 2015 Incentive Plan the fair value of the awards of 26,128 options or conditional shares made in 2016 is based on the share price at 31 December 2015. The option life is from date of first notification of the Plan at the end of March 2015 until expected exercise in March 2019. The fair value of the expected awards of 16,150 options or conditional shares in respect of 2016 is based on the share price at 31 December 2016 and the option life is from 3 January 2016 to March 2020.

A reconciliation of option movements over the period to 31 December 2016 is shown below:

	2016		2015	
	Number of shares	**Weighted average exercise price**	Number of shares	Weighted average exercise price
Outstanding at start of period	**156,464**	**62p**	343,210	176.44p
Granted	**178,984**	**954p**	–	–
Forfeited/cancelled	**(8,030)**	**1,181p**	(20,755)	9.68p
Exercised	**(156,464)**	**62p**	(165,991)	305.17p
Outstanding at end of period	**170,954**	**1,084p**	156,464	61.99p
Exercisable at end of period	**–**	**–**	36,464	266.00p

Notes to the Financial Statements continued

22 Share-based payments continued

Range of exercise prices	2016 Weighted average exercise price	2016 Number of shares	2016 Weighted average remaining life (years) Expected	2016 Weighted average remaining life (years) Contractual	2015 Weighted average exercise price	2015 Number of shares	2015 Weighted average remaining life (years) Expected	2015 Weighted average remaining life (years) Contractual
Nil	**–**	**26,128**	**2.2**	**2.2 to 9.2**	–	120,000	0.3	7.3
£2.01 – 3.00	**–**	**–**	**–**	**–**	266p	36,464	0.0	0.5
£10.01 – 11.00	**1,022p**	**27,496**	**2.5**	**3.0**	–	–	–	–
£12.01 – 13.00	**$16.49**	**117,330**	**1.5**	**1.5**	–	–	–	–

23 Other reserves

	Capital redemption reserve $'000	Cumulative translation differences $'000	Total $'000
Balance at 28 December 2014	369	4,642	5,011
Currency translation differences	–	417	417
Balance at 2 January 2016	369	5,059	5,428
Currency translation differences	–	992	992
Balance at 31 December 2016	**369**	**6,051**	**6,420**

The capital redemption reserve arose on the redemption of preference shares in 2000. The currency translation difference represents the accumulated exchange movements on non US dollar functional currency subsidiaries from 29 December 2003 (transition date to IFRS) to the balance sheet date.

24 Cash generated from operations

	2016 $'000	2015 $'000
Operating profit	**34,696**	31,963
Adjustments for:		
Depreciation charge	**1,890**	1,449
Amortisation of intangibles	**499**	510
Profit on disposal of fixed assets	**–**	(81)
Exceptional non-cash items	**2,772**	610
Decrease in exceptional accrual/provisions	**(4)**	(63)
Share option charges	**425**	222
Defined benefit pension administration charge	**311**	394
Contributions to defined benefit pension scheme	**(17,354)**	(825)
Changes in working capital:		
Decrease/(increase) in inventories	**280**	(107)
Decrease/(increase) in trade and other receivables	**1,933**	(5,676)
Increase in trade and other payables	**3,667**	1,401
Cash generated from operations	**29,115**	29,797

25 Financial commitments

At 31 December 2016, the Group was committed to make payments in respect of non-cancellable operating leases in the following periods:

	2016		2015	
	Land and buildings $'000	**Other $'000**	Land and buildings $'000	Other $'000
In one year	**1,444**	**181**	1,399	182
In two to five years	**3,282**	**341**	4,743	529
	4,726	**522**	6,142	711

26 Contingent liabilities

The Group has no known contingent liabilities (2015: none).

27 Capital commitments

The Group had no capital commitments contracted for but not provided for in the financial statements at 31 December 2016 for property, plant and equipment (2015: $nil).

28 Related party transactions

The Group did not participate in any related party transactions.

Key management compensation is disclosed in note 3.

Independent Auditors' Report

to the Members of 4imprint Group plc

Report on the Company financial statements

Our opinion

In our opinion, 4imprint Group plc's Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its cash flows for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the Company balance sheet as at 31 December 2016;
- the Company cash flow statement for the period then ended;
- the Statement of changes in Company Shareholders' equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law, and as applied in accordance with the provisions of the Companies Act 2006.

Other required reporting

Consistency of other information and compliance with applicable requirements

Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

Under International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' Remuneration Report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 40, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the Group financial statements of 4imprint Group plc for the 52 week period ended 31 December 2016.

Ian Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
8 March 2017

Company Balance Sheet

at 31 December 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Property, plant and equipment	B	**38**	49
Investments	C	**104,182**	104,182
Deferred tax assets	D	**4,088**	2,961
Other receivables	E	**255,965**	60,733
		364,273	167,925
Current assets			
Other receivables	E	**421**	594
Cash and cash equivalents		**3,527**	9,537
		3,948	10,131
Current liabilities			
Other payables	F	**(1,149)**	(1,512)
Net current assets		**2,799**	8,619
Non-current liabilities			
Retirement benefit obligations	G	**(15,679)**	(15,597)
Provisions for other liabilities and charges	H	**(108)**	(108)
Amounts due to subsidiary companies	J	**(130,050)**	(60,733)
		(145,837)	(76,438)
Net assets		**221,235**	100,106
Shareholders' equity			
Share capital	L	**10,802**	10,756
Share premium reserve		**38,575**	38,575
Capital redemption reserve		**208**	208
Retained earnings	M	**171,650**	50,567
Total equity		**221,235**	100,106

Company's income statement

Under Section 408 of the Companies Act 2006 an income statement for the Company is not presented. Profit after tax and before external dividends payable for the period of £138,720,000 (2015: £10,264,000) is included in the financial statements of the Company.

The financial statements on pages 76 to 85 were approved by the Board of Directors on 8 March 2017 and were signed on its behalf by:

Kevin Lyons-Tarr
Chief Executive Officer

David Seekings
Chief Financial Officer

Statement of Changes in Company Shareholders' Equity

for the 52 weeks ended 31 December 2016

	Share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Retained earnings: Own shares £'000	Retained earnings: Profit and loss £'000	Total equity £'000
Balance at 28 December 2014	10,756	38,575	208	(945)	46,911	95,505
Profit for the period					10,264	10,264
Other comprehensive income/(expense)						
Re-measurement gains on post-employment obligations					501	501
Deferred tax relating to post-employment obligations					(102)	(102)
Effect of change in UK tax rate					(154)	(154)
Total comprehensive income					10,509	10,509
Proceeds from options exercised					578	578
Own shares purchased				(480)		(480)
Own shares utilised				970	(970)	–
Share-based payment charge					145	145
Dividends					(6,151)	(6,151)
Balance at 2 January 2016	10,756	38,575	208	(455)	51,022	100,106
Profit for the period					**138,720**	**138,720**
Other comprehensive income/(expense)						
Re-measurement losses on post-employment obligations					**(9,554)**	**(9,554)**
Deferred tax relating to post-employment obligations					**(165)**	**(165)**
Deferred tax relating to losses					**807**	**807**
Effect of change in UK tax rate					**(174)**	**(174)**
Total comprehensive income					**129,634**	**129,634**
Shares issued	**46**					**46**
Proceeds from options exercised					**97**	**97**
Own shares purchased				**(377)**		**(377)**
Own shares utilised				**496**	**(496)**	**–**
Share-based payment charge					**314**	**314**
Deferred tax relating to losses					**154**	**154**
Dividends					**(8,739)**	**(8,739)**
Balance at 31 December 2016	**10,802**	**38,575**	**208**	**(336)**	**171,986**	**221,235**

Company Cash Flow Statement
for the 52 weeks ended 31 December 2016

	Note	2016 52 weeks £'000	2015 53 weeks £'000
Cash flows from operating activities			
Cash used in operations	K	**(14,634)**	(1,891)
Finance income		**6,441**	4,755
Finance costs		**(5,699)**	(4,731)
Net cash used in operating activities		**(13,892)**	(1,867)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(13)**	–
Net cash used in investing activities		**(13)**	–
Cash flows from financing activities			
Proceeds from issue of shares		**46**	–
Dividends received		**16,588**	13,188
Dividends paid to Shareholders		**(8,739)**	(6,151)
Net cash generated from financing activities		**7,895**	7,037
Net movement in cash and cash equivalents		**(6,010)**	5,170
Cash and cash equivalents at beginning of the period		**9,537**	4,367
Cash and cash equivalents at end of the period		**3,527**	9,537

Analysis of cash and cash equivalents		
Cash at bank and in hand	**1,505**	820
Short-term deposits	**2,022**	8,717
	3,527	9,537

Notes to the Company's Financial Statements

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. The Company's financial statements are presented in Sterling. Numbers are shown in pounds thousands.

Accounting policies
The principal accounting policies adopted in the preparation of these financial statements are the same as those adopted in the consolidated financial statements on pages 51 to 55 except for the investments policy noted below. These policies have been consistently applied to all the periods presented.

Basis of preparation
The financial statements have been prepared under the historical cost convention in accordance with IFRS 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 at the time of preparing these statements (March 2017).

After making enquiries, the Directors have reasonable expectations that the Company has adequate resources to continue to operate for a period of not less than twelve months from the date these financial statements were approved. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Use of assumptions and estimates
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical accounting policies
Critical accounting policies are those that require significant judgement or estimates and potentially result in materially different results under different assumptions or conditions. Management considers the following to be the only critical accounting policy of the Company.

Pensions
As disclosed in note 17 on pages 65 to 67, the Company sponsors a closed defined benefit scheme. Year 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, 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.

Investments
Investments in subsidiaries are stated at cost. Impairment reviews are carried out if there is some indication that the carrying value of the investments may have been impaired. Where, in the opinion of the Directors, an impairment of the investment has arisen, provisions are made in accordance with IAS 36 "Impairment of Assets".

Notes to the Company's Financial Statements continued

A. Employees

	2016 £'000	2015 £'000
Wages and salaries	**795**	972
Social security costs	**97**	110
Pension costs – defined contribution plans	**19**	18
Share option charges	**285**	117
Social security (credit)/charges in respect of share options	**(21)**	21
	1,175	1,238

The average number of people, including Executive Directors, employed by the Company during the period was 5 (2015: 6).

B. Property, plant and equipment

	Fixtures & fittings £'000
Cost:	
At 28 December 2014	261
Additions	–
At 2 January 2016	261
Additions	13
At 31 December 2016	**274**
Depreciation:	
At 28 December 2014	191
Charge for the period	21
At 2 January 2016	212
Charge for the period	24
At 31 December 2016	**236**
Net book value at 31 December 2016	**38**
Net book value at 2 January 2016	49

C. Investments

	Shares in subsidiary undertakings £'000
Cost:	
At 2 January 2016 and 31 December 2016	**104,182**

Subsidiary undertakings

The subsidiaries at 31 December 2016 are set out below. All of these subsidiaries are wholly-owned and have ordinary share capital only, apart from 4imprint USA Limited and 4imprint US Group Inc, which also have preference shares.

Company	Country of incorporation and operation	Business
4imprint, Inc.	USA	Promotional products
4imprint Direct Limited	England	Promotional products
4imprint UK Holdings Limited	England	Holding company
4imprint USA Limited	England	Holding company
4imprint North America Limited	England	Holding company
4imprint US Group Inc.	USA	Holding company
4imprint Limited	England	Dormant
Cavendish Place Newco No.1 Limited	England	Dormant
4imprint Pension Trustee Company Limited	England	Dormant
4imprint 2016 Pension Trustee Company Limited	England	Dormant

The dormant companies are exempt from statutory audit. There is no requirement, in the USA, for statutory audits of the US subsidiaries.

The registered address of all subsidiaries registered in England is 7/8 Market Place, London W1W 8AG. The registered address of 4imprint, Inc. is 101 Commerce Street, Oshkosh, WI 54901, USA and for 4imprint US Group Inc. is 103 Foulk Road, Suite 202, Wilmington, DE19803, USA.

D. Deferred tax assets

	2016 £'000	2015 £'000
At start of period	**2,961**	3,081
Income statement credit	**505**	136
Deferred tax credited/(charged) to other comprehensive income	**622**	(256)
At end of period	**4,088**	2,961

The Company's deferred tax relates to the defined benefit pension scheme and carried forward tax losses.

The deferred income tax credited/(charged) to other comprehensive income is as follows:

	2016 £'000	2015 £'000
Tax relating to post-employment obligations	**(165)**	(102)
Effect of change in UK tax rate	**(174)**	(154)
Tax relating to losses	**961**	–
	622	(256)

Notes to the Company's Financial Statements continued

E. Other receivables

	2016 £'000	2015 £'000
Amounts due from subsidiary companies	**256,154**	61,105
Other receivables	**180**	167
Prepayments and accrued income	**52**	55
	256,386	61,327
Less non-current portion: Amounts due from subsidiary companies	**(255,965)**	(60,733)
	421	594

Current amounts due from subsidiary companies are repayable on demand. The amounts are not interest-bearing.

Non-current amounts due from subsidiary companies are due after five years. All amounts are interest-bearing at market rates of interest.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2016 £'000	2015 £'000
Sterling	**126,217**	301
US dollars	**130,169**	61,026
	256,386	61,327

F. Other payables – current

	2016 £'000	2015 £'000
Other payables	**191**	206
Other tax and social security	**33**	39
Amounts due to subsidiary companies	**516**	705
Accruals	**409**	562
	1,149	1,512

The amounts due to subsidiary companies are not interest-bearing and are repayable on demand.

G. Retirement benefit obligations

The amount recognised in the balance sheet represents the net liability in respect of the closed defined benefit scheme. Full details of the defined benefit scheme are contained in note 17 on pages 65 to 67.

The Sterling analysis of the balance sheet amount is as follows:

	2016 £'000	2015 £'000
Present value of funded obligations	**(27,926)**	(93,965)
Fair value of scheme assets	**12,247**	78,368
Net obligations recognised in the balance sheet	**(15,679)**	(15,597)

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 28 December 2014	(99,562)	84,128	(15,434)
Administration costs paid by the scheme	(258)	–	(258)
Exceptional items – buy-out and flexible retirement option costs paid by the scheme	(399)	–	(399)
Interest (expense)/income	(3,419)	2,872	(547)
Return on scheme assets (excluding interest income)	–	(3,161)	(3,161)
Re-measurement gain due to changes in demographic assumptions	2,827	–	2,827
Re-measurement gain due to changes in financial assumptions	835	–	835
Contributions by employer	–	540	540
Benefits paid	6,011	(6,011)	–
Balance at 2 January 2016	(93,965)	78,368	(15,597)
Administration costs paid by the scheme	**(230)**	**–**	**(230)**
Exceptional items – buy-out costs paid by the scheme	**(975)**	**–**	**(975)**
– past service costs	**(1,072)**	**–**	**(1,072)**
Interest (expense)/income	**(3,068)**	**2,683**	**(385)**
Return on scheme assets (excluding interest income)	**–**	**2,454**	**2,454**
Re-measurement gain due to scheme experience	**42**	**–**	**42**
Re-measurement gains due to changes in demographic assumptions	**1,247**	**–**	**1,247**
Re-measurement loss due to changes in financial assumptions	**(13,297)**	**–**	**(13,297)**
Contributions by employer	**–**	**12,134**	**12,134**
Benefits paid	**6,329**	**(6,329)**	**–**
Liabilities/(assets) removed on settlement	**77,063**	**(77,063)**	**–**
Balance at 31 December 2016	**(27,926)**	**12,247**	**(15,679)**

H. Provisions for other liabilities and charges

	2016 £'000	2015 £'000
At start of period	**108**	147
Utilised	**–**	(39)
At end of period	**108**	108

Analysis of provisions

	2016 £'000	2015 £'000
Current	**–**	–
Non-current	**108**	108
Total	**108**	108

The provisions relate to dilapidation costs in respect of property leases and are expected to be paid within one to two years.

J. Amounts due to subsidiary companies – non-current

The amounts due to subsidiary companies of £130,050,000 (2015: £60,733,000) are due after five years. The loans are interest-bearing at market rates of interest.

Notes to the Company's Financial Statements continued

K. Cash generated from operations

	2016 £'000	2015 £'000
Operating loss	**(4,644)**	(2,537)
Adjustments for:		
Depreciation charge	**24**	21
Exceptional non-cash items	**2,047**	399
Decrease in exceptional accrual	**(3)**	(41)
Share option charges	**314**	145
Defined benefit pension administration charge	**230**	258
Contributions to defined benefit pension scheme	**(12,134)**	(540)
Changes in working capital:		
(Increase)/decrease in trade and other receivables	**(190)**	124
Decrease in trade and other payables	**(272)**	(226)
(Decrease)/increase in payables to subsidiary undertakings	**(6)**	506
Cash used in operations	**(14,634)**	(1,891)

The exceptional non-cash items relate to pensioner buy-out costs of £975,000 (2015: £399,000, including flexible retirement option costs) paid by the pension scheme and a past service charge of £1,072,000 in respect of equalisation of the Guaranteed Minimum Pension for pensioner members of the defined benefit pension scheme.

L. Share capital

	2016 £'000	2015 £'000
Allotted and fully paid		
28,085,530 (2015: 27,965,530) ordinary shares of $38^{6}/_{13}$p each	**10,802**	10,756

During the period 120,000 ordinary shares were issued (2015: nil) for a consideration of £46,000 to satisfy options exercised under the Performance Share Plan.

The options that have been granted and were outstanding under the Company's share option schemes at the year end are shown in note 21 on pages 69 and 70. Full details of the share option schemes are given in note 22 on pages 70 to 72.

Employees of the Company had interests in 5,828 SAYE options (2015: 14,208).

M. Distributable reserves

The profit and loss reserve of £171,650,000 in the Company includes £125,915,000, which is non-distributable.

N. Financial commitments

The Company had financial commitments for leases of land and buildings of £62,000 at 31 December 2016 (2015: £109,000). These are payable as follows: within one year £48,000 (2015: £48,000); in two to five years £14,000 (2015: £61,000).

O. Contingent liabilities

The Company had no known contingent liabilities at 31 December 2016 (2015: none).

P. Related party transactions

During the period the Company has been party to a number of transactions with fellow subsidiary companies:

	2016 £'000	2015 £'000
Income statement		
Finance income due from subsidiary companies	**6,424**	4,731
Finance costs due to subsidiary companies	**5,699**	4,731
Balance sheet		
Interest-bearing loans due from subsidiary companies at end of period	**255,965**	60,733
Interest-bearing loans due to subsidiary companies at end of period	**130,050**	60,733

Key management compensation, comprising remuneration of the Directors based in the UK, charged to the Company's income statement was:

	2016 £'000	2015 £'000
Salaries, fees and short-term employee benefits	**465**	641
Social security costs	**58**	82
Pension contributions	**–**	7
Share option charges	**1**	2
	524	732

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

ADDITIONAL INFORMATION

Five Year Financial Record

In 2014 the presentational currency was changed to US dollars and prior periods have been restated. The SPS business was classified as a discontinued operation in 2013 and the 2012 comparatives have been restated. In addition, 2012 has also been restated for amendments to IAS 19 and to include income from delivery receipts and other activities in revenue.

Income statement	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Revenue	**558,223**	497,219	415,773	332,936	290,813
Underlying operating profit	**38,377**	33,519	27,759	19,494	14,506
Defined benefit pension scheme administration costs	**(311)**	(394)	(544)	(748)	(694)
Share option related charges	**(430)**	(304)	(666)	(2,493)	(1,030)
Exceptional items	**(2,940)**	(858)	(2,407)	(397)	(938)
Operating profit	**34,696**	31,963	24,142	15,856	11,844
Finance income	**22**	37	107	88	315
Finance costs	**(46)**	(7)	(7)	(27)	(249)
Net pension finance charge	**(521)**	(836)	(903)	(1,445)	(1,824)
Profit before tax	**34,151**	31,157	23,339	14,472	10,086
Taxation	**(9,672)**	(8,462)	(6,982)	(3,857)	(3,253)
Profit from continuing operations	**24,479**	22,695	16,357	10,615	6,833
Profit/(loss) from discontinued operations	**–**	–	1,381	(4,825)	14,796
Profit for the period	**24,479**	22,695	17,738	5,790	21,629
Basic earnings per ordinary share	**87.27c**	81.26c	59.73c	40.11c	26.00c
Dividend per share – paid and proposed	**52.50c**	38.89c	32.41c	27.56c	23.55c

Balance sheet	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Non-current assets (excluding deferred tax)	**20,020**	19,365	10,403	10,152	21,472
Deferred tax assets	**5,030**	4,388	4,794	6,324	10,147
Net current assets	**25,299**	28,781	23,186	29,850	36,767
Net assets held for sale	**–**	–	–	9,460	–
Retirement benefit obligations	**(19,290)**	(23,114)	(24,015)	(27,398)	(36,985)
Other liabilities	**(1,734)**	(968)	(298)	(719)	(9,122)
Shareholders' equity	**29,325**	28,452	14,070	27,669	22,279
Net cash	**21,683**	18,381	18,301	25,990	17,251

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