4imprint Group plc

Accelerating growth

Annual Report and Accounts
2017

About 4imprint Group

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.

Find out more online:
investors.4imprint.com

In this report

Highlights

Operational

Continued organic revenue growth in 2017

- 1,185,000 total orders processed in the year (12% up over 2016)
- 252,000 new customers acquired; retention rates remained stable

Strong financial position

- 99% conversion of underlying operating profit to underlying operating cash flow
- $30.8m cash balance at year end
- US Tax Reform to benefit EPS and cash from 2018 onwards
- Supplementary dividend of 60c per share

Evolution of Group strategy

- $1bn revenue target by 2022
- Investment in adding brand awareness component to marketing portfolio from 2018
- Revised capital allocation and funding guidelines introduced

Financial

Revenue

$627.52m +12%

2016: $558.22m

Underlying* profit before tax

$42.46m +11%

2016: $38.35m

Profit before tax

$40.66m +19%

2016: $34.15m

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

Underlying* basic EPS (cents)

108.02c +9%

2016: 99.01c

Basic EPS (cents)

103.15c +18%

2016: 87.27c

Proposed total dividend per share (cents)

58.10c +11%

2016: 52.50c

Proposed total dividend per share (pence)

42.58p +2%

2016: 41.82p

Proposed supplementary dividend (cents)

60.00c

2016: nil

Proposed supplementary dividend (pence)

43.17p

2016: nil

4imprint at a Glance

Accelerating growth

We are the leading direct marketer of promotional products in North America, the UK and Ireland. We have consistently delivered market-beating organic revenue growth.

What we do

We make it easy for our customers to promote their service, product or event. Our customers know that promotional products from 4imprint's extensive range along with personal, expert service on every order will ensure that their name – and brand – looks great in front of their target audience.

Where we do it

We operate in two primary geographical markets:

North America

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

Employees

914

December 2017

Revenue

UK and Ireland

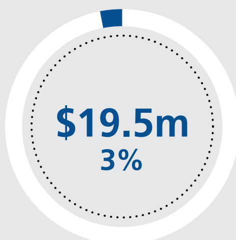
Customers in the UK and Irish markets are served from an office in Manchester, UK.

Employees

39

December 2017

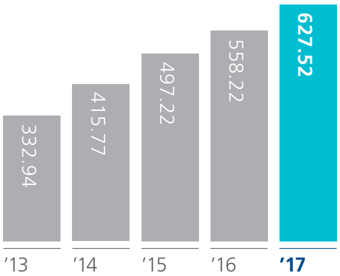
Revenue



Five year growth

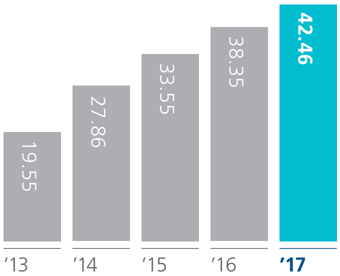
Revenue ($m)

$627.52m
+12%



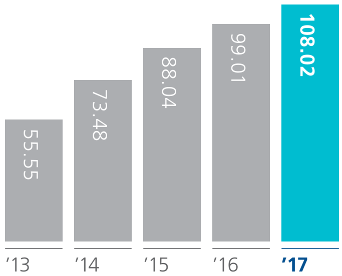
Underlying profit before tax ($m)

$42.46m
+11%



Underlying earnings per share (c)

108.02c
+9%



How we do it

Our business operations are focused around a highly developed direct marketing business model.

1 Reaching our customers

Innovative marketing allows us to introduce millions of potential customers to tens of thousands of customised products.

2 Looking after our customers

We have an exceptional culture revolving around the delivery of remarkable customer service, and an industry-leading customer guarantee.

3 Our product range

Our merchandisers work closely with our suppliers to continuously update and curate our extensive product range.

4 Application of technology

Our appetite for technology delivers an efficient order processing platform and sophisticated data-driven analytics.

Our objective

Our aim is to drive further organic revenue growth by expanding our market leadership and share in the fragmented markets in which we operate. Our target is to achieve $1bn in Group revenue by 2022.

Chairman's Statement

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

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

Paul Moody

Chairman

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

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

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

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

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

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

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

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

Paul Moody
Chairman
7 March 2018

An Evolving Strategy

Our business operations are firmly established in attractive markets. The Group is financially strong and we have exciting plans for the future.”

Paul Moody

2012 to 2016

Focus on Direct Marketing as the Group’s core business
- Attractive market opportunity
- Effective business model: organic revenue growth driven by innovative marketing
- Target to double revenue achieved (17% average annual growth)

De-risk legacy defined benefit pension scheme
- Use proceeds from disposal of non-core businesses and increasing free cash flow generated by operations
- Culminating in full pensioner buy-out in 2016

Capital allocation
- Pension de-risking clear first priority
- Regular dividends growing in line with increasing profitability

2017

Refine strategic priorities moving forward
- Set strategic plan for further development of the business
- Funding and capital allocation priorities reassessed
- Shareholder returns: Supplementary dividend announced

Establish foundation for the next phase
- Reaffirm focus on organic revenue growth
- Wrap-up of pension de-risking exercise
- Confirm unencumbered financial base for the future

2018 to 2022

Continued focus on organic revenue growth and market leadership
- Existing markets still fragmented and attractive
- Diversify marketing portfolio adding brand awareness component establishing clear position as market leader
- Revenue target of $1bn by 2022

Profitability and cash generation
- Initial investment phase to test new brand awareness initiatives
- Marketing projects evaluated based on multi-year revenue/return
- Business remains highly cash generative throughout

Funding
- Maintain stable and secure balance sheet through the cycle
- Cash ‘buffer’ to retain financial and operational flexibility

Capital allocation
- Prioritise organic growth projects
- Commitment to progressive regular dividends
- Residual legacy pension funding
- Mergers and acquisitions
- Further Shareholder distributions as appropriate

Chief Executive's Review

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

Kevin Lyons-Tarr

Chief Executive Officer

Performance in 2017

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

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

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

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

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

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

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

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

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

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

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

Revenue

$627.52m
+12%

Total orders

1,185,000
+12%

Looking ahead

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

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

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

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

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

Our Strategic Objectives

Objectives	Key enablers	Risks (see pages 18–23)

Market leadership driving organic revenue growth
— To be the leading direct marketer of promotional products in the markets in which we operate
— To expand share in fragmented markets through investment in organic growth
— To establish 4imprint as the recognised brand for promotional products within our target audience
— To achieve $1bn in Group revenue by 2022
	— Competitive advantage through continuous development of and sustained investment in:
	  — Marketing
	  — People
	  — Technology
	— Differentiation through operational excellence:
	  — Customer service
	  — Merchandising and supply
	  — Efficient processing of individually customised, time-sensitive orders at scale
		— Macroeconomic conditions
		— Competition
		— Business facility disruption
		— Disruption to product supply chain or delivery service
		— Disturbance in established marketing techniques
		— Reliance on key personnel
		— IT failure/interruption
		— Failure to adapt to new technology

Cash generation and profitability
— To deliver reliable and increasing free cash flow over the medium to longer term
— To balance short-term profitability with marketing investment opportunities leading to sustainable long-term free cash flow and EPS growth
	— Reinvestment of cash generated from operations into organic growth initiatives based on multi-year revenue/return projections
	— Disciplined approach to investment:
	  — Marketing investment based on our assessment of both prevailing market conditions and a combination of current and future customer-centric metrics, including prospecting yield curves, retention patterns and lifetime revenue profiles
	  — Capital investment evaluated based on cash payback and DCF parameters
	— Direct marketing ‘drop-ship’ business model, facilitating efficient working capital management
	— Low capital intensity of the business
		— Macroeconomic conditions
		— Competition
		— Currency exchange
		— Business facility disruption
		— Disruption to product supply chain or delivery service
		— Disturbance in established marketing techniques
		— Reliance on key personnel
		— IT failure/interruption
		— Security of customer data

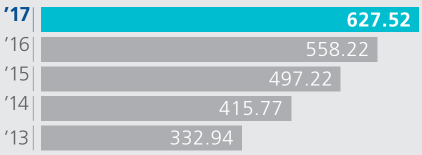
Effective capital structure — To maintain a stable and secure balance sheet aligned with the Group’s growth objectives — To have the flexibility to be able to continue investing in the business through different economic cycles — To enable the Group to act swiftly when investment opportunities arise — To maintain commitment to making regular dividend payments through an economic downturn — To meet pension contributions as they become due	— Conservative balance sheet funding approach — Capital allocation priorities in line with strategic objectives	— Macroeconomic conditions — Currency exchange — Ultimately all other risks above relating to revenue, profitability and cash generation

Shareholder value
— To deliver increasing Shareholder value through execution of the Group’s growth strategy
	— Financial discipline in evaluation of investment opportunities
	— Clear priorities in capital allocation:
	  — Organic growth initiatives
	  — Regular dividend payments
	  — Residual legacy pension funding
	  — M&A opportunities
	  — Other Shareholder distributions
		— Currency exchange
		— Reliance on key personnel
		— Security of customer data
		— Ultimately all other risks above relating to revenue, profitability and cash generation

KPIs

Revenue growth ($m)

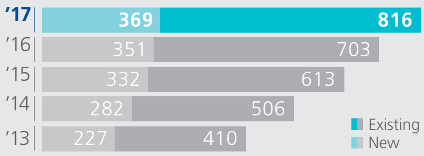
$627.52m +12%



Organic revenue growth is the cornerstone of our strategic framework. Year-over-year revenue growth gives the clearest measure of progress towards our target of $1bn in Group revenue by 2022.

Number of orders received (000s)

1,185 +12%



Orders received statistics are collated on a daily, weekly and monthly basis to evaluate performance against the targets in our operational plan for both new and existing customers. Analysis of order patterns offers a clear and immediate measure of operational performance, particularly in a business characterised by relatively stable average order size and gross margins.

24 month customer retention (%)

42.5%

The 24 month retention rate offers visibility as to the broad stability and strength of a growing customer file. It will vary year-to-year to some degree based on a variety of factors (e.g. timing of when a new customer is acquired in their first year, and timing of retention marketing), and as such performance should be viewed relative to an acceptable bandwidth.

Revenue per marketing dollar ($)

$5.67

Revenue per marketing dollar provides a measure of the productivity of our marketing investment. We measure performance relative to in-year targets as opposed to historical trend in accordance with our strategic objectives for organic growth, profitability and cash generation.

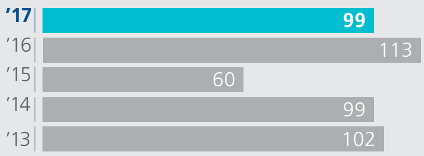
Underlying operating margin (%)

6.79%

This KPI shows the profitability of the Group's trading operations. In recent years our financial strategy has been to maintain a broadly constant operating margin. In 2018 marketing investment in brand awareness may impact operating margin in the near term; we believe this will strengthen our position in the market allowing recovery in operating margin in subsequent years.

Cash conversion (%)

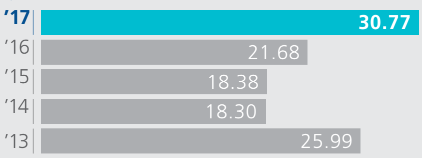
99%



Cash conversion measures the efficiency of the 4imprint business model in the conversion of our operating profits into operating cash flow. A high percentage reflects good working capital management and disciplined capital investment.

Net cash balance ($m)

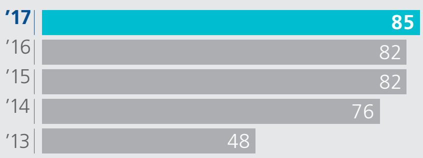
$30.77m



Our balance sheet funding policy calls for the business to aim for a target cash balance at the end of each financial year. The net cash balance KPI shows the Group's performance in managing its cash resources relative to its capital allocation priorities.

Return on average capital employed (%)

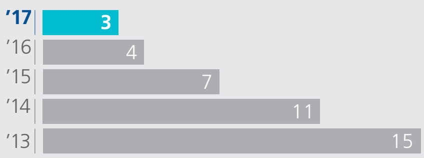
85%



This provides a measure of the Group's efficiency in the use of its capital resources. We aim to maintain or improve this KPI via increased profitability, strong working capital management and productive capital investment, along with disciplined adherence to clear capital allocation principles. Our definition of ROACE excludes the net pension deficit from the calculation.

Pension deficit/market capitalisation (%)

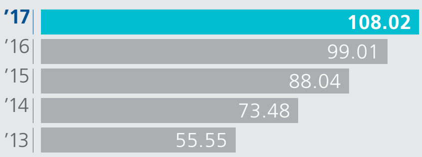
3%



Dealing with the Group's legacy defined benefit pension liability has been the primary call on the Group's capital in recent years. This KPI quantifies the substantial efforts made so far in de-risking the liability, and will chart future progress in moving towards our aim of full funding.

Underlying earnings per share (c)

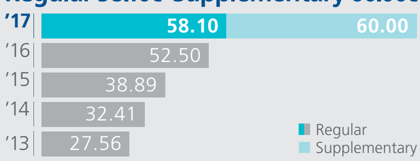
108.02c



Underlying earnings per share growth over time gives a clear indication of the health of the business and is a key component in the delivery of Shareholder value.

Dividends per share (c)

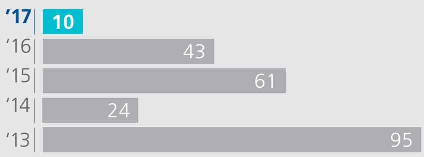
Regular 58.10c Supplementary 60.00c



The DPS number provides a tangible measure of the delivery of Shareholder value. The supplementary dividend evidences the distribution to Shareholders of excess cash in accordance with our capital allocation principles.

Total Shareholder return (% in year)

10%



Our aim is to deliver consistent performance and attractive TSR. It is anticipated that the supplementary dividend proposed in 2017 and payable in 2018 will result in a beneficial movement in this KPI in 2018.

Market Opportunity

4imprint, FOR CERTAIN℠

Our customers can be certain that our team and our products will meet their expectations, every time.

Whether raising awareness, sponsoring events, acquiring customers, recruiting new employees or supporting causes, our customers know that promotional products from 4imprint will ensure that their name – and brand – looks great in front of their target audience.

Our 360° Guarantee® and our personal, expert service on every order take away the worry, making 4imprint the trusted right hand minding the details every step of the way.

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 $25bn in annual revenue. We serve this market from a centralised base in Oshkosh, Wisconsin.

UK and Ireland

The UK and Irish promotional product market size is estimated at around $1.4bn per year. Our office serving these markets is in Manchester, UK.

The marketplace for promotional products is fragmented. Our largest market, the USA, is served by an estimated 23,000 distributors, of whom more than 20,500 have annual revenue of less than $2.5m. The distribution structure is similar in the Canadian and UK/Irish markets. 4imprint is the largest direct marketer of promotional products in each market.

Market leadership driving organic revenue growth is the cornerstone of our strategic framework. We aim to establish 4imprint as "the" recognised brand for promotional products, driving our continued ability to grow at a rate significantly higher than the overall growth rate of the industry.

Our customers

Promotional products are purchased by a wide range of individuals within all types of businesses and organisations. These products have many uses: as an integral part of sales and marketing campaigns; for recruitment or recognition activities; to promote health and safety initiatives; and for any other method of making a connection between our 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. Our customer base is widely dispersed geographically, by size of business/organisation and across commercial, governmental, educational, charitable and religious segments.

Our target customer will typically be working at an organisation of 25 or more employees. No single customer comprises a material part of 4imprint's overall revenue.

Products available for 24 Hour shipment

5,000+

Exclusive products

600+

Top product categories

1. Apparel
2. Bags
3. Drinkware
4. Writing
5. Technology
6. Stationery
7. Tradeshows & signage
8. Outdoor & leisure
9. Auto, home & tools
10. Awards & office

Our products

We sell an extensive range of promotional products – merchandise that is custom printed with the logo or name of an organisation with the aim 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, enabling our customers to find the perfect product for their promotion and their brand. This range is carefully curated by an experienced merchandising team.

Product trends

Our merchandisers track market trends to identify the products customers are looking for:

Vacuum tumblers

Were among the top ten hottest items in 2017, with double-wall construction and other insulating advances proving very popular with customers.

Retail brands

Under Armour®, The North Face®, Nike®, Thermos®, Camelbak® and many others lend instant credibility and staying power to our customers' brands.

Technology

This was a productive category in 2017, with power banks leading the way. Demand was also strong for Bluetooth® speakers, ear buds and other items driven by the increased use of mobile devices.

Competitive advantage

Exclusive product

Over 600 products are exclusive to 4imprint's customers, reflecting strong partnerships with our trusted supplier partners.

4imprint "own label" brands

Are an increasingly important part of the mix, again reflecting deep relationships between our merchandisers and our suppliers. The existing Crossland® apparel brand saw further expansion, and 2017 saw the addition of the reFresh® drinkware line.

24 Hour

4imprint has the largest 24 Hour product offering in the industry, with over 5,000 items available to order today, ship tomorrow.

Business Model

Our business is the distribution of promotional products. Our commercial operations are built around a direct marketing business model designed to introduce millions of potential customers to tens of thousands of customised promotional products.

Key strengths

Our people

- Strong company culture
- Highly trained, long-tenured team members
- Empowered to 'do the right thing'

Reaching our customers

- Expanding and productive customer file
- Marketing 'engine' able to attract new and retain existing customers
- Long tradition of excellence in customer service

Our platform

- Proprietary, scalable IT system
- Reliable and resilient supplier network

Financial strength

- Strong balance sheet
- Investment in the business
- Highly cash generative model driving self-financed growth

What we do

Customer proposition

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

- Online or over the phone
- 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

Application of technology

- Websites, mobile, customer-facing
- Proprietary order processing platform
- Sophisticated database analytics

- Mature, scalable systems
- Efficient order processing
- Supplier integration
- Data-driven marketing
- Innovative web and back office technology

'Drop-ship' from suppliers

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

- Supplier holds the inventory
- Supplier prints the product
- Order shipped direct to customer
- Merchandisers work closely with suppliers
- Product range continually updated and curated

Innovative marketing

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

- New customer acquisition
- Growing customer file
- Existing customer retention
- Blue Box™

Stakeholder outcomes

Shareholders

Strong cash generation permits us to reinvest into the continued growth of the business, and to reward our Shareholders through dividend payments and share price appreciation.

See pages 8 and 9

Customers

Promotional products work: they help our customers achieve their marketing goals, promote their safety initiatives and recognise their employees, amongst many other uses.

See page 10

Team members

We are committed to a culture that encourages the training, development, wellbeing and personal fulfilment of every team member.

See pages 24 and 25

Suppliers

We have productive relationships with our trusted supplier partners. Our suppliers can expect to be treated in accordance with the 4imprint "Golden Rule" and to be paid on time.

See page 26

Community

Our team members are actively engaged in our communities, including charitable giving and volunteering activities.

See page 27

Financial Review

David Seekings

Chief Financial Officer

Supplementary dividend

60.00c

Underlying earnings per share

108.02c
+9%

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

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

Operating result

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

A commentary on the year's trading highlights is included in the Chief Executive's Review on pages 6 to 7.

Foreign exchange

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

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

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

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

Share option charges

The Group charged $0.55m (2016: $0.43m) in respect of IFRS 2, 'Share-based Payments'. This charge contains an element from the 2015 Incentive Plan, approved at the 2015 AGM, and amounts relating to the 2016 UK SAYE and US ESPP plans.

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

Exceptional items

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

Net finance expense

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

Taxation

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

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

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

Earnings per share

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

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

Dividends

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

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

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

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

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

Defined benefit pension plan

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

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

The change in deficit is analysed as follows:

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

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

A full actuarial valuation was performed in respect of the plan in September 2016. Following this valuation a new deficit recovery contribution schedule was agreed with the Trustee. Under this agreement, contributions of £2.25m per annum are payable by the Company. These contributions commenced on 1 July 2017. This amount rises by 3% per annum, with the first increase applicable in July 2018. The agreement is for a period of 5 years 7 months until 31 January 2023, at which point the funding shortfall is expected to be eliminated. In addition, and consistent with previous practice, an annual allowance of £0.25m will be paid to the plan towards the costs of its administration and management.

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

Financial Review continued

Cash flow

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

Cash flow in the period is summarised as follows:

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

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

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

Balance sheet and Shareholders' funds

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

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

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

Balance sheet funding

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

These funding guidelines aim to provide operational and financial flexibility:

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

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

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

Capital allocation

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

Organic growth investments

- Either capital projects or those expensed in the income statement
- Market share opportunities in existing markets

Interim and final dividend payments

- Increasing broadly in line with earnings per share through the cycle
- Aim to at least maintain dividend per share in a downturn

Residual legacy pension funding

- In line with agreed deficit recovery funding schedule
- Further de-risking initiatives, if viable

Mergers & acquisitions

- Not a near term priority
- Opportunities that would support organic growth

Other Shareholder distributions

- Quantified by reference to cash over and above balance sheet funding requirement
- Supplementary dividends most likely method; other methods may be considered

In keeping with these capital allocation priorities, and taking into account both the cash generative nature of business operations and the Group's investment plans for 2018 and beyond, the Board has recommended a return to Shareholders of around $16.8m by way of a supplementary dividend of 60.00c per share, payable in May 2018.

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

The Group has $20.5m of working capital facilities with its principal US bank. The interest rate is US$ LIBOR plus 1.5%, and the facilities expire on 31 May 2019 ($20.0m US facility) and 31 August 2018 ($0.5m Canadian facility). In addition, an overdraft facility of £1.0m, with an interest rate of bank base rate plus 2.0%, is available from the Group's principal UK bank, Lloyds Bank plc.

Critical accounting policies
Critical accounting policies are those that require significant judgments 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 27).
- The financial position of the Group, its principal risks and uncertainties, its cash flows, net cash position, borrowing facilities and policies for managing financial risk, which are described in this Financial Review and Principal Risks & Uncertainties on pages 14 to 23.

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 UK Corporate Governance Code 2016, 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 13 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 18 to 23. In 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 maintained at 2017 levels or higher. 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 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 that 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 Group's 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 below are the current principal potential risks and uncertainties 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.

Economic and market risks

Macroeconomic conditions

Description of risk

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.

Potential impact

- Customer acquisition and retention 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.

Mitigating activities

- 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.

Link to strategy
- Organic revenue growth
- Cash generation and profitability

Direction

On a broad level market conditions to date have remained quite stable

Increased

Unchanged

Economic and market risks continued

Competition

Description of risk

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.

Potential impact

- 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.

Mitigating activities

- 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 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.

Link to strategy
- Market leadership
- Organic revenue growth
- Cash generation and profitability

Direction

The competitive landscape to date has been relatively consistent in our main markets

Currency exchange

Description of risk

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 dividends 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.

Potential impact

- The financial results of trading operations, and therefore overall profitability, may be negatively affected.
- The financial condition and cash position of the Group may differ materially from expectations. In an extreme scenario, the Group's strategic objectives around capital structure and regular dividend commitments could be disrupted.

Mitigating activities

- 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, giving some certainty of amounts receivable in Sterling.

Link to strategy
- Cash generation and profitability
- Capital structure
- Shareholder value

Direction

Political instability and Brexit concerns have created more volatile currency markets

Principal Risks & Uncertainties continued

Operational risks

Business facility disruption

Description of risk

The business model means that operations are concentrated in centralised offices 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.

Potential impact

- 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.

Mitigating activities

- Back-up and business continuity procedures, including remote customer service capability, are in place to ensure that customer service disruption is minimised.
- Websites are cloud-based, and data is backed up immediately to off-site servers.
- Relationships are maintained with third party embroidery contractors to provide backup in the event of facility unavailability.

Link to strategy

- Market leadership
- Organic revenue growth
- Cash generation and profitability

Direction

No significant change in the nature of these risks

Disruption to the product supply chain or delivery service

Description of risk

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.

Potential impact

- Inability to fulfil customer orders would lead to lost revenue and a negative impact on customer acquisition and retention statistics.
- Reputation for excellent service may be damaged.

Mitigating activities

- 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 in place with alternative parcel carriers.

Link to strategy

- Market leadership
- Organic revenue growth
- Cash generation and profitability

Direction

Some risk in increasing supplier concentration, offset by further development of supplier compliance initiatives

Operational risks continued

Disturbance in established marketing techniques

Description of risk

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 could be adversely affected if the search engines were to modify their algorithms or otherwise make substantial changes to their practices.

Potential impact

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 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.

Mitigating activities

- *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.

Link to strategy

- Market leadership
- Organic revenue growth
- Cash generation and profitability

Direction

There has not been a major movement in these risk factors during the year

Principal Risks & Uncertainties continued

Operational risks continued

Reliance on key personnel

Description of risk

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, financial and general management skills that are key to the continued successful operation of the business.

Potential impact

— 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.

Mitigating activities

— 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.

Link to strategy

— Market leadership/revenue growth

— Cash generation and profitability

— Shareholder value

Direction

The business has been able to attract and retain appropriate talent

Technological risks

Failure or interruption of information technology systems and infrastructure

Description of risk

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.

Potential impact

— In the short term, orders would be lost and delivery deadlines missed, decreasing the efficiency of marketing investment and impacting customer acquisition and retention.

— Revenue and profitability are directly related to order flow and would be adversely affected as a consequence of a major IT failure.

— Depending on the severity of the incident, longer term reputational damage could result.

Mitigating activities

— 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 immediate replication of data at an alternative site.

— Cloud-based hosting for eCommerce and other back end functionality.

Link to strategy

— Market leadership

— Organic revenue growth

— Cash generation and profitability

Direction

The IT platform performance has been efficient and resilient

Technological risks continued

Failure to adapt to new technological innovations

Description of risk

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.

Potential impact

— If the business fails to adapt to new technologies and therefore falls behind in the marketplace, it may fail to capture the number of new customers and retain existing customers at the rate required to deliver the growth rates called for in the Group's strategic plan.

Mitigating activities

— 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.

Link to strategy

— Market leadership

— Organic revenue growth

Direction

Innovation remains a priority

Security of customer data

Description of risk

Unauthorised access to and misappropriation of customer data could lead to reputational damage and loss of customer confidence.

Potential impact

— 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 significant expense, impacting the Group's ability to meet its strategic objectives.

Mitigating activities

— The business employs IT staff who are appropriately trained to mitigate IT security violations. In particular, emerging cyber risks are proactively monitored.

— 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.

Link to strategy

— Cash generation and profitability

— Shareholder value

Direction

The general incidence and awareness of cyber crime has increased significantly

Our People and Culture

A great place to work

Our strategic objectives specifically identify 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. We run an employee wellness programme, including an on-site medical clinic in the US operation. In addition, many workplace perks are available, and our team members organise fun events based around themes such as Customer Service Week, making the Great Places To Work list, and celebrating new orders received records.

Group employees

● Female	**75%**
● Male	**25%**

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.

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 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 allow them to retrain for suitable alternative work.

The Group employs over 950 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 30 December 2017 the Board had no female members, and one of six Board members (16%) is a non-UK national.

We are proud of the fact that 2017 was the tenth consecutive year that the North American operation has been included on the prestigious Great Places To Work list of the 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.

Our values

- Honesty
- Curiosity
- Collaboration
- Flexibility
- Accountability
- Empathy
- Positive attitude
- Humility

INVESTORS IN PEOPLE

Small & Medium
GREAT PLACE TO WORK®
2017
Best Workplaces™

For Women
GREAT PLACE TO WORK®
2017
Best Workplaces™

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 mind-set 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 remain 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.

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 to the manufacturers of the base product across the globe. 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 this policy is to set broad guidelines within which 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 Organization's "Declaration on Fundamental Principles and Rights at Work" and the Fair Labor Association's (FLA) "Principles of Fair Labor and Responsible Sourcing". The 4imprint Supply Chain Code of Conduct was updated during 2017 to be fully aligned with the FLA's Workplace Code of Conduct, including the new code element on Fair Compensation. 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 Supplier Factory & Product Compliance", signature of which reaffirms the supplier's commitment to these principles within their own organisation and supply base. In addition, 4imprint representatives are actively involved in our US trade association, Promotional Product Association International, in particular with its leadership and training programme in supply chain management.

In support of our supply chain expectations, our product sourcing professionals schedule regular visits to both domestic supplier facilities and to the overseas factories where the base product is manufactured. In addition, we conduct a programme of independent audits of overseas 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.

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.

Active involvement in our communities

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 2017, there were 3,641 applicants, with 828 grants awarded. The total value of "one by one®" grants awarded was more than $400,000. On top of this we made over 3,200 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 good causes.

Environment

The Board recognises its obligations to protect the environment and is committed both to achieving the 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. Sustainability, energy consumption and waste management are key areas of focus.

Printed marketing materials such as catalogues use paper sourced from sustainable forests, conforming to Forestry Stewardship Council (FSC) requirements.

In 2017 a major capital project was the installation of a LED lighting system at our distribution centre in Oshkosh. The new LED fixtures use 50% less energy than the fluorescent bulbs they replaced. LED is essentially maintenance-free and the fixtures will last at least five times longer than fluorescent. In addition, LED has a much smaller impact on the environment compared to fluorescent bulbs which are hazardous due to mercury and phosphor. We have received very positive feedback from our team members who appreciate the brighter working environment (equivalent to daylight) which makes it easier to colour match, helping with quality in our embroidery operation. Finally, we were able to repurpose the fluorescent fixtures that we removed by donating them to small businesses and workshops who were able to upgrade from even older, less efficient lighting solutions than the fluorescent bulbs we replaced.

During the year, a committee on sustainability was formed in the US business under the acronym SMART – (Sustainability. Making A Renewable Tomorrow). This initiative kicked off with a major upgrade in the recycling of waste materials across the business, taking advantage of advanced single stream recycling capability. The initial results of this have been very positive, and the SMART programme has been well received across the business, particularly in forums on our in-house social media platform. Further sustainability initiatives are planned for 2018 and beyond.

The Strategic Report was approved by the Board on 7 March 2018.

Kevin Lyons-Tarr
Chief Executive Officer

David Seekings
Chief Financial Officer

Board of Directors

P.S. Moody
Non-Executive Chairman

Appointed as Non-Executive Director in February 2016 then became Non-Executive Chairman in December 2016.

Skills and experience
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 of these 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

Appointed as Executive Director in June 2012 then became Chief Executive Officer in March 2015.

Skills and experience
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

Appointed as Corporate Services Director and Legal Counsel in November 2004.

Skills and experience
Andrew 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

Appointed as Chief Financial Officer in March 2015.

Skills and experience
David 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

Appointed as Non-Executive Director in June 2012.

Skills and experience
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 its major pension issues.

Committees
Audit Committee (Chairman)
Remuneration Committee
Nomination Committee

C.J. Brady
Independent Non-Executive Director

Appointed as Non-Executive Director in June 2015.

Skills and experience
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).

Committees
Audit Committee
Remuneration Committee (Chairman)
Nomination Committee (Chairman)

Directors' Report

The Directors present their report and the audited consolidated and Company financial statements for the period ended 30 December 2017. The Company's Statement on Corporate Governance is included in the Corporate Governance section on pages 32 to 37 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, converted at the exchange rate at the time the dividend is determined.

An interim dividend of 18.10c (13.80p) per ordinary share was paid on 14 September 2017 and the Directors recommend a final dividend of 40.00c (28.78p) per share. The proposed final dividend, if approved, will be paid on 11 May 2018 in respect of shares registered at the close of business on 3 April 2018.

The Directors also recommend a supplementary dividend of 60.00c (43.17p). This proposed supplementary dividend, if approved, will be paid on 11 May 2018 in respect of shares registered at the close of business on 3 April 2018.

The total distribution paid and recommended for 2017 on the ordinary shares is $31.1m or 118.10c (85.75p) per share (2016: $14.71m or 52.50c (41.82p) per share).

Cross-reference to Strategic Report

The Strategic Report is set out on pages 6 to 27 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 Our People and Culture section and the Corporate & Social Responsibility Report which are included within the Strategic Report contain information in respect of the Group's approach to social and ethical responsibility, the environment, health & 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 28 and 29.

The interests of the Directors in the shares of the Company are shown on page 48.

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 ended 30 December 2017 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 2017 and up to 7 March 2018 in respect of Mr. A.J. Scull. Since 2008 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 to the Board of Directors.

Shares held in trust for employee share schemes

The trustees of the 4imprint 2012 Employee Benefit Trust may vote or abstain from voting on shares held in the trust in any way they consider appropriate.

Significant agreements

There are no agreements containing provisions entitling a 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 pages 40 to 44.

Purchase of own shares

Following approval at the 2017 AGM of Resolution 14, the Company is authorised, generally and without conditions to make market purchases, as defined in the Companies Acts, of its ordinary shares of 38 $^{6}/_{13}$ pence subject to the provisions set out in such Resolution. This authority applies from 9 May 2017 until the earlier of the end of the 2018 AGM or 8 August 2018 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 the employee benefit trust purchased 56,675 shares.

Waiver of dividends

The dividend income in respect of the 72,186 shares (2016: 19,980 shares) held in the 4imprint 2012 Employee Benefit Trust has been waived.

Greenhouse gas emissions report

Global greenhouse gas (GHG) emissions data for the period	Tonnes of carbon dioxide equivalent	
	2017	2016
Combustion of fuel and operation of facilities (Scope 1)	**7**	7
Electricity, heat, steam and cooling purchased for own use (Scope 2)	**3,261**	2,306
Emissions intensity per thousand dollars of revenue	**0.005**	0.004

The emissions data set out above relates to the operations of the Group for the period ended 30 December 2017.

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 2017, except for electricity usage in the USA where EPA conversion factors were used for 2017. If 2016 had been prepared on the same basis, the Scope 2 result would have been 3,409 tonnes of carbon dioxide equivalent.

Political donations

No political donations were made in the period ending 30 December 2017 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 independent 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 independent 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
7 March 2018

Statement on Corporate Governance

The disclosures required by company law in respect of the Takeover Directive in relation to the Group's capital structure are included in the Directors' Report on page 30.

During 2017, the Group has complied with the provisions of The UK Corporate Governance Code (2016) (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 12 December 2017. 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 ending 30 December 2017 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 described in the Principal Risks and Uncertainties section on pages 18 to 23.

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 17.

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 34 to 40.

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 2017 included:

— review and approval of full year and half year results;

— review and approval of 2018 budget and the three year plan;

— review of dividend policy and approval of dividends to be paid in respect of 2017;

— review of 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, Nomination and Audit Committees;

— site visits to the Oshkosh and Manchester operations; and

— strategic review and development of balance sheet funding and capital allocation guidelines.

The current Non-Executive Directors have letters of appointment for three years from 28 May 2016 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 12 December 2017 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 during the five years ending 31 December 2016 were undertaken, internally, through a process conducted by the Non-Executive Directors, assisted by the Company Secretary. The questions asked during the process were based on matters set out in the Code and topics considered included the composition of the Board and its Committees, the effectiveness of Board and Committee Meetings, strategy, leadership and succession. The results of those evaluations highlighted the particular significance of strategic development and delivery, succession planning and strengthening of the senior management team in preparation for the continued growth of the business. Those issues have been addressed in 2017 and will be kept under review. Against that background, no internal or external evaluation was undertaken during 2017, but the programme of evaluation is scheduled to continue in 2018.

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(i)	Nomination Committee meetings
Mr. P.S. Moody	7	2*	2*	1*
Mr. K. Lyons-Tarr	7	2*	2*	1*
Mr. A.J. Scull	7	2*	2*	1*
Mr. D.J.E. Seekings	7	2*	2*	1*
Mr. C.J. Brady	7	2	2	1
Mr. J.A. Warren	7	2	2	1

* By invitation.

(i) None of the Executive Directors were present at the time at which the Remuneration Committee considered and made decisions regarding the remuneration of the Executive Directors.

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 30 December 2017 the Company had been notified of the following interests in the issued ordinary share capital of the Company:

	Number of shares	%
BlackRock Inc.	3,454,361	12.29
Standard Life Aberdeen Plc	3,445,743	12.26
JPMorgan Asset Management Holdings	1,787,900	6.37
The Estate of Mr. K.J. Minton	1,619,488	5.77
FIL Limited	1,385,578	4.93
AXA Investment Managers	907,857	3.23
Invesco Perpetual Asset Management	847,147	3.02

The Company has received notifications of changes in holdings since 30 December 2017 from Montanaro Asset Management who now hold 968,802 shares (3.45%), FIL Limited who now hold 1,433,108 shares (5.10%) and BlackRock Inc. who now hold 3,316,376 shares (11.80%). In addition, the Estate of Mr. K.J. Minton has advised that its holding is now below 3%.

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 30.

Going concern

The going concern statement is on page 17.

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 the 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 12 December 2017. 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. The Chairman of the Company is usually invited to attend formal meetings of the Committee. Executive Directors may be invited to attend meetings of the Nomination Committee, as may the Corporate Services Director 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 30 December 2017 there was one meeting of the Nomination Committee.

C.J. Brady
Chairman of the Nomination Committee
7 March 2018

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 12 December 2017. 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 in particular 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. The Chairman of the Company and the Chief Financial Officer are normally invited to attend meetings of the Audit Committee as are, from time to time, the Chief Executive Officer, the Corporate Services Director and 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 2017.

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 judgment 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.

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. The matter is then referred to the Audit Committee for approval, prior to commissioning.

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.

During 2017, the Group's auditors provided no non-audit services to the Group.

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.

Statement on Corporate Governance continued

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 judgments;
— 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 30 December 2017

During the period ended 30 December 2017, 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 judgment 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 75 and the sensitivities on page 76.

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 judgments 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.

Financial statements

The Committee considered, and was satisfied, with management's presentation of the financial statements for the period ended 30 December 2017 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 2016 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.

However, the Committee has noted the guidance from the Financial Reporting Council and changes in the EU to the regulatory framework and, accordingly, has commenced a tender process with a view to appointing new auditors for the 2019 financial period. There are no contractual obligations restricting the Company's choice of external auditor.

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.

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 for the period ending 29 December 2018.

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 2018 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 32 and 33 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 2017 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 60.

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
7 March 2018

Annual Statement by the Chairman of the Remuneration Committee

The Company'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 business 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 strategy of the Group, including 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.

During 2017, further 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 2017 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 2017, the share price used in the determination was that on 31 December 2016.

In respect of the period ended 30 December 2017, the Remuneration Committee has approved an annual bonus for those participating in the Plan equal to 50% of base salary in respect of the beneficiaries based in North America and 30% of base salary in respect of the beneficiary based in the UK. 50% of that annual bonus will be deferred under the terms of the Plan. Given a share price of £19.00 on 31 December 2017, this is expected to result in the award of a total of 16,937 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.

2017 performance targets

In respect of the Chief Executive Officer and the Chief Financial Officer, the performance targets for the period ended 30 December 2017 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 8% growth to a maximum of 17% growth. Examples of different scenarios under the grid are as follows:

- 8% revenue growth, at 7.3% return on sales: nil bonus (floor).
- 15% revenue growth, at 7.5% return on sales: 100% bonus, split half cash and half deferred shares (ceiling).
- 12% revenue growth, at 7.5% return on sales: 50% 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 2017 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 2017 was 12.5% revenue growth at a 7.5% return on sales. According to the performance grid this resulted in a bonus payable to the Chief Executive Officer, the Chief Financial Officer and five US-based senior managers of 50% of base salary, split 50% in cash and 50% in deferred shares. The UK-based participant received a bonus of 30% of base salary, split 50% in cash and 50% in deferred shares.

2018 performance targets

The performance targets for 2018 have been agreed by the Committee based on the principles set out in the Plan. As for 2017, 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 is Chief Executive Officer of the Group. In January 2018 the Remuneration Committee awarded him a bonus of 50% 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 4,514.

Mr. D. J. E. Seekings is Chief Financial Officer of the Group. In January 2018 the Remuneration Committee awarded him a bonus of 50% 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 3,009.

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. In January 2018 the Remuneration Committee awarded him a bonus of 25% of annual salary, payable in cash, for 2017.

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 2017 Annual General Meeting the Remuneration Report was approved by 95.96% of Shareholders who voted (which excluded 1,230 votes withheld).

C.J. Brady
Chairman of the Remuneration Committee
7 March 2018

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 8 May 2018.

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) and Mr. J.A. Warren. 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 all of the Group's 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).

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.

Remuneration Committee activities in the period ended 30 December 2017

The Remuneration Committee met twice during the period ended 30 December 2017 and the following matters were considered:

Salaries

Approving the salaries of the Executive Directors for 2017 and monitoring and reviewing the level and structure of salaries for senior management for 2017.

In the case of the Chief Executive Officer and the Chief Financial Officer, the increases in basic annual salary in 2017 were 3%.

At its meeting on 15 January 2018, the Remuneration Committee awarded a 2018 basic annual salary increase of 3% to the Chief Executive Officer, the Chief Financial Officer and the Corporate Services Director, this being in line with the increase in 2018 basic annual salary for all employees.

Bonuses

Approving the bonuses for the Executive Directors for 2017 and monitoring and reviewing the level of bonuses for senior management for 2017.

Approving the structure of the bonus criteria for Executive Directors and monitoring and reviewing the level and structure of bonuses for senior management for 2018.

Statement of voting at general meeting

At the Annual General Meeting held on 9 May 2017, the Directors' Remuneration Report received the following votes from Shareholders: For 95.96%; Against 4.04% and 1,230 votes withheld.

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 strategy of the Group, including 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 2018 AGM Shareholders will be asked to approve the Remuneration Policy, which is shown below. The current Remuneration Policy can be found on the corporate website at http://investors.4imprint.com/investors/shareholder-information/agm-company-documents until the new policy is approved.

Remuneration Policy for approval at the 2018 AGM

Principles of Remuneration Policy

4imprint Group plc (the "Company") has a well-established and clear remuneration policy which, in the view of the Remuneration Committee (the "Committee"), has made an important contribution to the success of the Company over a sustained period.

The guiding principles underlying the policy are:

(i) remuneration should be competitive when compared to that in organisations of similar size, complexity and type;
(ii) packages should be structured so that remuneration is aligned to both the strategy of the Company and long-term growth in Shareholder value;
(iii) each element of the remuneration package should be clear, easy to understand and motivating;
(iv) the overall package should be designed to take account of the performance of the business, to respond to regulatory changes but not to promote undesirable behaviour or to encourage unacceptable risk taking; and
(v) packages should be structured to avoid reward for failure.

This section describes the Remuneration Policy, which, subject to Shareholder approval at the 2018 Annual General Meeting, will take effect from 8 May 2018 and will be effective until the Annual General Meeting held in 2021, unless a further policy is proposed by the Company and approved by Shareholders in the meantime.

Executive Director Remuneration

Fixed component: **Base Salary**

Purpose	This is the basic element of pay, reflecting the individual's role, position, location and responsibility within the Company. Base salary is set at an appropriate level in order to attract and retain the quality of management required to further the Board's objectives.
Application	Base salaries are considered against those paid in organisations of similar size, complexity and type in order to attract and retain the required quality of executives to deliver the Board's strategy. While the Committee applies judgment rather than setting by reference to a fixed percentile position, its general approach when considered in conjunction with variable pay and long-term incentives is to constrain base salaries to levels it believes to be within an acceptable market range in the context of total remuneration.
Opportunity	While base salaries are reviewed each year, the Company's policy is not automatically to award an inflationary increase. Adjustments reflect various factors, including: increases for other employees across the rest of the 4imprint business; individual and Company performance; changes in responsibilities; and general market movements.
Performance measures	Not applicable.
Recovery provisions	No clawback or recovery provisions apply.

Fixed component: **Pension**

Purpose	To provide a competitive level of retirement benefit in order to attract and retain executives of the required quality to meet the Board's objectives.
Application	All Executive Directors are eligible either (i) to participate in a Company-sponsored defined contribution pension plan, or (ii) to receive a salary supplement in lieu of pension contributions, (which is not taken into account as salary for calculation of annual bonus, or other benefits).
Opportunity	The maximum entitlement is 15% of base salary.
Performance measures	Not applicable.
Recovery provisions	No clawback or recovery provisions apply.

Remuneration Report continued

Fixed component: **Benefits in kind**

Purpose	To provide other benefits valued by the recipient to assist in attracting and retaining executives of the required quality to meet the Board's objectives.
Application	The benefits package is designed to be competitive and to reflect the circumstances and domicile of the individual Director. Benefits typically provided may include: (i) company car or car allowance paid in cash; (ii) private medical insurance for the executive and his/her family; (iii) life assurance of up to four times base salary; (iv) income protection insurance; and (v) access to independent professional advice when necessary.
Opportunity	No Executive Director received benefits in kind totalling more than 10% of base salary over the three previous financial years, and it is not anticipated that the value of benefits provided will exceed 10% of base salary for the duration of this Policy. The Committee reserves discretion to approve a higher level of benefits in what it determines are exceptional circumstances, (for example relocation expenses) when such higher level of benefit is judged by the Committee to be in the best interests of the Company and its Shareholders.
Performance measures	Not applicable.
Recovery provisions	No clawback or recovery provisions apply.

Variable component: **Deferred Annual Bonus Scheme ("DABS") plan**

Purpose	To provide a single, clear and understandable variable incentive remuneration framework designed to focus the Executive Directors on achieving demanding annual Company performance targets, at the same time incentivising delivery of sustained Shareholder value over the longer term.
Application	The plan is administered in accordance with the 2015 Incentive Plan, which was approved by Shareholders at the 2015 AGM. Awards in relation to each financial year's performance are comprised of a cash amount ("cash amount") which is divided into two equal components: — An annual cash component, comprising 50% of the cash amounts, which is typically paid after finalisation of the audit in March of the following year. This component is intended to focus attention specifically on annual performance targets. — A deferred share component, comprising 50% of the cash amounts, which is awarded in the form of either a nil cost option or a conditional share award, usually after finalisation of the audit in March of the following year. The number of nil cost options or conditional share awards is fixed at the time the award is made, and is determined by dividing the amount of the deferred share component of the annual award by the price of a share on 31 December of the financial year to which the award relates. Ordinarily, deferred share awards will not vest earlier than three years from the date of grant and will normally be conditional on the participant remaining in the Company's employment during 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-rata basis). This component addresses the longer term intention of the award, aligning the interests of both the Company and the recipient in maximising long-term growth in Shareholder value.
Opportunity	The maximum potential award relating to performance in a single financial year is 100% of base salary. Once approved by the Committee, this award amount is split and applied: — 50% to the annual cash component. — 50% to the deferred share component.
Performance measures	Performance targets are set by the Committee each year. The targets are aligned with the annual budget approved by the Board, and may include elements of profitability, revenue growth, cash generation, improvement in financial performance over prior year and other specific corporate objectives designed to deliver the Board's strategy and long-term growth in Shareholder value. The performance targets can evolve along with the strategic objectives of the Company, and the Committee retains the discretion to adjust or set different performance measures if events occur, (e.g. a change in strategy, material acquisition, divestment or change in prevailing market conditions) which cause it to determine that previous targets are no longer appropriate. Details of the performance targets attached to the awards made in respect of any particular year will be provided retrospectively in the Remuneration Report in the Annual Report and Accounts relating to that year. Once awarded, the deferred component of the annual award will not be subject to further performance conditions, other than continued employment with the Company.
Recovery provisions	The awards are subject to a "malus" provision, such that if, prior to the date on which deferred shares vest, the annual award 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 in the award.

Variable component: **Share plans available to all employees in which Executive Directors are able to participate**

Purpose	To encourage share ownership by employees allowing participation in the long-term success of the Company.
Application	Periodic employee share option plans open to all employees are operated in the 4imprint Group. These take the form of HMRC approved SAYE schemes in the UK, and equivalent plans in the USA. Employees (including Executive Directors) may save an agreed monthly amount, and options are normally granted at a discount of up to 20% to current share price.
Opportunity	Savings are capped at an agreed monthly contribution rate, and the option price is set at the outset of the plan.
Performance measures	Not applicable.
Recovery provisions	No clawback or recovery provisions apply.

Variable component: **Share ownership**

Purpose	To encourage share ownership by the Executive Directors, thereby aligning long-term interests with those of Shareholders.
Application	Executive Directors are expected to hold shares to the value of at least 100% of annual base salary. Executive Directors are expected to retain at least 50% of any vesting share awards (net of tax) in order to accumulate the recommended personal shareholding. All Executive Directors currently have shareholdings significantly in excess of 100% of their base salary using a share price average for 2017.
Performance measures	Not applicable.
Recovery provisions	Not applicable.

Executive Director Recruitment Remuneration

The Company's recruitment remuneration policy aims to secure the appointment, retention and promotion of high-calibre executives to strengthen the Board and secure the appropriate skills to deliver the Company's strategic objectives.

The following represents guidelines considered reasonable by the Committee:

- The starting point for the Committee will be to look at the general remuneration policy for Executive Directors as set out in this policy document and to structure a package in accordance with that policy;
- For external appointments, the Committee reserves the right to make payments outside this policy, but only in exceptional circumstances. The Committee would only use this right where it believes that to do so would be in the best interests of the Company and when it would be disproportionate to seek specific approval from a general meeting. Any use of this discretion would be disclosed to Shareholders in the Remuneration Report in the Annual Report and Accounts relating to the year of recruitment of the Executive Director;
- For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses and legal fees as it considers to be appropriate. Assistance will be subject to reasonable clawback for service of less than 24 months;
- It is not envisaged that, ignoring any special recruitment arrangements which may prove to be necessary, any annual bonus or long-term incentive compensation arrangements will operate differently (including the maximum award levels) than for the predecessor of any newly appointed executive; and
- All awards for external appointments, whether under any long-term incentive plan, or otherwise, will take account of the nature, time-horizons and performance requirements for any remuneration relinquished by the individual when leaving a previous employer, and will be appropriately discounted to ensure that the Company does not, in the opinion of the Committee, over-pay. Any such awards would not be considered in calculating any other element of remuneration.

Remuneration Report continued

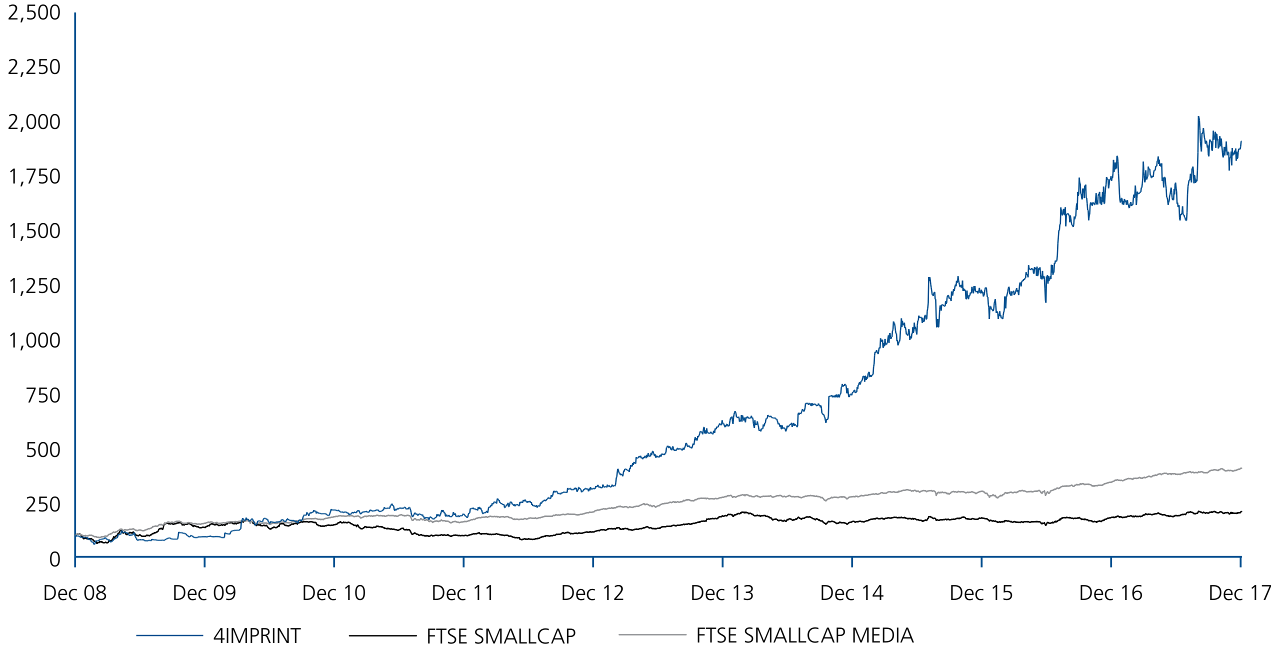
Non-Executive Director Remuneration

Fixed component: **Fees**

Purpose	To attract and retain high quality and experienced Non-Executive Directors, with fees reflecting the time commitments and responsibilities of the roles.
Application	The fees paid to the Non-Executive Directors aim to be competitive with other listed companies of equivalent size, complexity and type. Fee levels are periodically reviewed by the Board.
Opportunity	The Company does not adopt a quantitative approach to pay positioning and exercises judgment as to what it considers to be reasonable in all the circumstances as regards quantum.
Performance measures	Not applicable.
Recovery provisions	Not applicable.

Total Shareholder Return

The graph below illustrates the Company's Total Shareholder Return performance relative to the FTSE SmallCap and FTSE SmallCap media indices 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	**2017 £'000**
K. Lyons-Tarr							326	481	**564**
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	**564**
Annual variable award									
Percentage versus max opportunity	n/a	100%	n/a	n/a	n/a	100%	60%	40%	**50%**
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 2017 and 2016.

	Percentage increase in remuneration in 2017 compared with remuneration in 2016	
	Chief Executive Officer	Average pay based on all employees
Salary	3%	2%
Benefits	-3%	-6%
Annual bonus	29%	21%

The average pay increases shown in the table above for all employees are distorted by new employees starting in the period being principally at junior staff levels. Existing employees typically received a 2 to 3% salary increase in 2017 and benefits were unchanged.

Relative importance of spend on pay

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

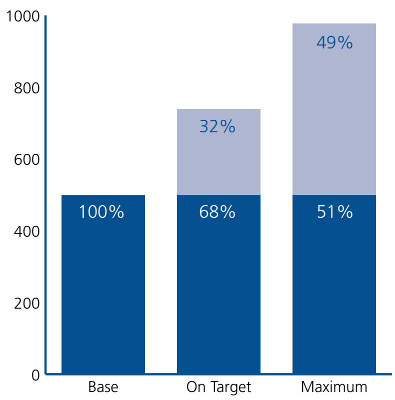
	2017 $m	2016 $m	Percentage change
Wages and salaries	**43.86**	40.23	9%
Dividends paid	**15.85**	12.14	31%

Dividends paid in 2017 reflect a one-off rebasing. This one-off adjustment was to take into account expected increases in future cash flows of the business following the reduction of contributions to the pension scheme after the pension buy-out. The consequence of the adjustment was to increase the 2016 final dividend, paid in May 2017, by 35%.

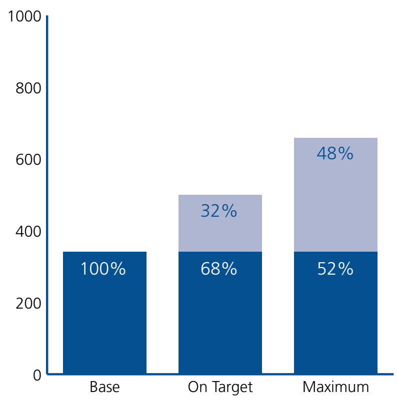
Reward scenarios

The chart below shows how the composition of the Executive Directors' remuneration packages for 2018 may vary at different levels of performance under the policy set out in this report as a percentage of total remuneration opportunity.

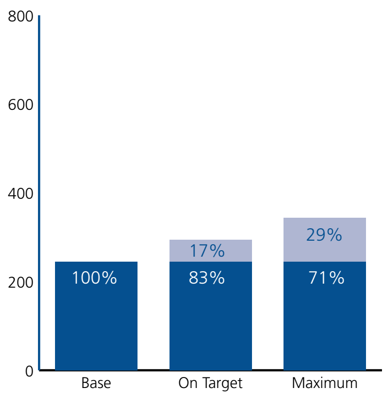
Kevin Lyons-Tarr ($'000)



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 2018. Pension contributions or pay in lieu of pension contributions are a fixed percentage of base salary and benefits in kind are based on 2017 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 25% 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 which is capped at 50% of base salary is payable in cash. The Corporate Services Director does not participate in the 2015 Incentive Plan.

Remuneration Report continued

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 47 to 48 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 below.

Directors' remuneration – single total figure

2017	Basic salary/fee £	Benefits in kind £	Annual Bonus (a) £	Total emoluments £	Employers pension contributions/ pay in lieu (b) £	Total remuneration 2017 £
Executive						
K. Lyons-Tarr	358,081	16,949	179,846	554,876	9,422	564,298
A.J. Scull	190,550	19,516	47,637	257,703	28,583	286,286
D.J.E. Seekings	238,721	15,072	119,898	373,691	7,316	381,007
Non-Executive						
P.S. Moody	120,000	–	–	120,000	–	120,000
J.A. Warren	35,000	–	–	35,000	–	35,000
C.J. Brady	35,000	–	–	35,000	–	35,000
Total	**977,352**	**51,537**	**347,381**	**1,376,270**	**45,321**	**1,421,591**

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 £28,583 (2016: £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.

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

2017	Basic salary/fee $	Benefits in kind $	Annual bonus $	Total emoluments $	Employers pension contributions $	Total remuneration $
K. Lyons-Tarr	**461,424**	**21,841**	**231,750**	**715,015**	**12,141**	**727,156**
D.J.E. Seekings	**307,615**	**19,423**	**154,500**	**481,538**	**9,428**	**490,966**
2016						
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

Remuneration Report continued

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 30 December 2017	Holding at 31 December 2016
P.S. Moody	**5,000**	Nil
K. Lyons-Tarr	**251,827**	251,827
A.J. Scull	**70,000**	100,000
D.J.E. Seekings	**176,269**	176,269
J.A. Warren	**5,000**	5,000
C.J. Brady	**1,000**	Nil

There has been no change in the Directors' interests in the share capital of the Company since 30 December 2017 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 31 Dec 2016	Granted during the year	Exercised	Holding at 30 Dec 2017	Date of grant	Exercise price	Exercisable From	Exercisable To
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
– 2015 Incentive Plan	–	**4,121**	**–**	**4,121**	30 Mar 2017	nil	30 Mar 2020	30 Mar 2020
A.J. Scull								
– SAYE	1,761	**–**	**–**	**1,761**	11 May 2016	£10.22	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
– 2015 Incentive Plan	–	**2,747**	**–**	**2,747**	30 Mar 2017	nil	30 Mar 2020	30 Mar 2020

During 2017 the middle-market value of the share price ranged from £15.50 to £20.15 and was £19.00 at the close of business on 30 December 2017.

During the period 6,868 awards of conditional shares were made under the Plan, in respect of 2016 bonus awards made to the US-based Executive Directors. The intention is to make awards in 2018 in accordance with the rules of the Plan, in respect of 2017 bonus awards.

Details of share options granted by 4imprint Group plc as at 30 December 2017 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
7 March 2018

Statement of Directors' Responsibilities

in respect of the Financial Statements

The Directors are responsible for preparing the Annual 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 and the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

The Directors 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 28 and 29 confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report and Directors' Report contained on pages 6 to 31 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.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

By order of the Board

Andrew Scull
Company Secretary
7 March 2018

Independent Auditors' Report

to the members of 4imprint Group plc

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Group's and of the Company's affairs as at 30 December 2017 and of the Group's profit and the Group's and the Company's cash flows for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and, as regards the Company's financial statements, 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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Group and Company Balance Sheets as at 30 December 2017; the Group Income Statement for the 52 weeks ended 30 December 2017; the Group Statement of Comprehensive Income for the 52 weeks ended 30 December 2017; the Group and Company Cash Flow Statements for the 52 weeks ended 30 December 2017, the Group Statement of Changes in Shareholders' Equity for the 52 weeks ended 30 December 2017, and the Statement of Changes in Company Shareholders' Equity for the 52 weeks ended 30 December 2017; and the notes to the Group and Company financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

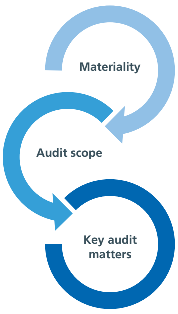
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

We have not provided any non-audit services to the Group or the Company in the period from 1 January 2017 to 30 December 2017.

Our audit approach

Overview



- Overall Group materiality: $2,000,000 (2016: $1,850,000), based on 5% of profit before tax and exceptional items.
- Overall Company materiality: £739,000 (2016: £550,000), based on the lower of component and statutory materiality (statutory materiality based on 1% of total assets).

- We conducted audit work over 4imprint Group plc (the Parent Company of the Group), 4imprint, Inc. and 4imprint Direct Limited which accounted for 100% of revenue and profit before tax and exceptional items.

- Accounting for defined benefit pension scheme liabilities (Group and Company).
- Accounting for supplier arrangements (Group).

The scope of our audit

As part of designing our audit, we determined materiality and assessed 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.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and Company financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules, UK tax legislation and USA tax legislation. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, review of correspondence with the regulators and enquiries of management. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Accounting for defined benefit pension scheme liabilities **Group and Company** Refer to page 36 of the Statement on Corporate Governance, page 63 of the accounting policies, note 17 to the Group Financial Statements and note G to the Company's Financial Statements. The Group operates a defined benefit pension scheme which is closed to future accrual and entrants and had a deficit of \$18.1m (2016: \$19.3m) as at 30 December 2017. The Group engages 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 30 December 2017. 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.

Independent Auditors' Report continued

Key audit matter	How our audit addressed the key audit matter
Accounting for supplier arrangements **Group** Refer to page 36 of the Statement on Corporate Governance and page 61 of the 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. All supplier agreements are coterminous with the Group's year end. 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 a sample of cash and credit notes received subsequent to the year end and considered the recoverability of the remaining balance. This testing included a look back test to confirm the cash and credit notes received during 2017 in relation to the 2016 amount receivable. We 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 structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

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 in aggregate on the financial statements as a whole.

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

	Group financial statements	Company financial statements
Overall materiality	$2,000,000 (2016: $1,850,000).	£739,000 (2016: £550,000).
How we determined it	5% of profit before tax and exceptional items.	Based on the lower of component and statutory materiality (statutory materiality based on 1% of total assets).
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 believe that calculating statutory materiality based on 1% of total assets is appropriate as total assets is a typical primary measure for users of the financial statements of holding companies, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $100,000 and $1,800,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $100,000 (Group audit) (2016: $90,000) and $50,000 (Company audit) (2016: $34,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to going concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 30 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

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

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 32 of the Annual Report 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.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 32 of the Annual Report 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 to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and 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 UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

Independent Auditors' Report continued

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 49, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 35 to 37 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company 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.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 16 June 1992 to audit the financial statements for the year ended 2 January 1993 and subsequent financial periods. The period of total uninterrupted engagement is 25 years, covering the years ended 2 January 1993 to 30 December 2017.

Ian Marsden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
7 March 2018

Group Income Statement

for the 52 weeks ended 30 December 2017

	Note	2017 $'000	2016 $'000
Revenue	1	**627,518**	558,223
Operating expenses	2	**(586,234)**	(523,527)
Operating profit before exceptional items		**41,738**	37,636
Exceptional items	4	**(454)**	(2,940)
Operating profit	1	**41,284**	34,696
Finance income		**3**	22
Finance costs		**(125)**	(46)
Pension finance charge		**(503)**	(521)
Net finance cost	5	**(625)**	(545)
Profit before tax		**40,659**	34,151
Taxation	6	**(11,734)**	(9,672)
Profit for the period		**28,925**	24,479

		Cents	Cents
Earnings per share			
Basic	7	**103.15**	87.27
Diluted	7	**102.84**	87.02
Underlying basic	7	**108.02**	99.01

Group Statement of Comprehensive Income

for the 52 weeks ended 30 December 2017

	Note	**2017 $'000**	2016 $'000
Profit for the period		**28,925**	24,479
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to the income statement:			
Currency translation differences	23	**(559)**	992
Items that will not be reclassified subsequently to the income statement:			
Re-measurement gains/(losses) on post-employment obligations	17	**88**	(16,261)
Return on pension scheme assets (excluding interest income)	17	**343**	3,323
Tax relating to components of other comprehensive income		**495**	869
Effect of change in UK tax rate		**17**	(235)
Total other comprehensive income/(expense) net of tax		**384**	(11,312)
Total comprehensive income for the period		**29,309**	13,167

Group Balance Sheet

at 30 December 2017

	Note	2017 $'000	2016 $'000
Non-current assets			
Property, plant and equipment	9	**18,829**	18,938
Intangible assets	10	**1,138**	1,082
Deferred tax assets	11	**5,912**	5,030
		25,879	25,050
Current assets			
Inventories	12	**5,356**	4,179
Trade and other receivables	13	**46,309**	39,766
Current tax debtor		**472**	34
Cash and cash equivalents	14	**30,767**	21,683
		82,904	65,662
Current liabilities			
Trade and other payables	15	**(47,675)**	(40,363)
Provisions for other liabilities	19	**(146)**	–
		(47,821)	(40,363)
Net current assets		**35,083**	25,299
Non-current liabilities			
Retirement benefit obligations	17	**(18,106)**	(19,290)
Deferred tax liability	18	**(763)**	(1,601)
Provisions for other liabilities	19	**–**	(133)
		(18,869)	(21,024)
Net assets		**42,093**	29,325
Shareholders' equity			
Share capital	21	**18,842**	18,842
Share premium reserve		**68,451**	68,451
Other reserves	23	**5,869**	6,420
Retained earnings		**(51,069)**	(64,388)
Total Shareholders' equity		**42,093**	29,325

The financial statements on pages 55 to 81 were approved by the Board of Directors on 7 March 2018 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 30 December 2017

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

Group Cash Flow Statement

for the 52 weeks ended 30 December 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Cash generated from operations	24	**40,901**	29,450
Net tax paid		**(12,751)**	(9,423)
Finance income		**3**	23
Finance costs		**(125)**	(46)
Net cash generated from operating activities		**28,028**	20,004
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,844)**	(2,903)
Purchases of intangible assets		**(518)**	(383)
Net proceeds from sale of property, plant and equipment		**3**	19
Net cash used in investing activities		**(2,359)**	(3,267)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	21	**–**	65
Proceeds from share options exercised	21	**19**	142
Purchase of own shares		**(1,378)**	(477)
Dividends paid to Shareholders	8	**(15,845)**	(12,141)
Net cash used in financing activities		**(17,204)**	(12,411)
Net movement in cash and cash equivalents		**8,465**	4,326
Cash and cash equivalents at beginning of the period		**21,683**	18,381
Exchange gains/(losses) on cash and cash equivalents		**619**	(1,024)
Cash and cash equivalents at end of the period		**30,767**	21,683

	Note	2017 $'000	2016 $'000
Analysis of cash and cash equivalents			
Cash at bank and in hand	14	**28,709**	19,196
Short-term deposits	14	**2,058**	2,487
		30,767	21,683

Notes to the Group 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 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 is of the opinion that a US dollar presentation gives a more meaningful view of the Group's financial performance and position.

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.

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 2018).

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 judgments, 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 judgments 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 judgments 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.

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.

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.

Notes to the Group Financial Statements continued

Other accounting policies continued

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.

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.

Notes to the Group Financial Statements continued

Other accounting policies continued

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 these standards is noted below.

The impact of IFRS 15, if applied to the 2017 full year results, would have been to reduce revenue by $0.7m and operating profit by $0.2m. However, on implementation in the 2018 financial statements, the 2017 results will not be restated, instead there will be a net opening adjustment to reduce equity by $1.3m (2016:$1.1m).

IFRS 16 will result in an increase to both assets and liabilities in the balance sheet, but have 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 2017 both the assets and liabilities would have increased by around $3.5m.

Management does not believe the impact of adopting the other new or amended standards and interpretations, including IFRS 9, 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 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)*
IFRIC 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019)*
IFRS 17 'Insurance Contracts' (effective 1 January 2021)*

* Not yet endorsed by the EU.

1 Segmental reporting

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

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

Revenue

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

Profit

	Underlying		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
4imprint Direct Marketing	45,639	42,282	45,639	42,282
Head Office	(3,059)	(3,905)	(3,059)	(3,905)
Underlying operating profit	42,580	38,377	42,580	38,377
Exceptional items (note 4)			(454)	(2,940)
Share option related charges (note 22)			(551)	(430)
Defined benefit pension scheme administration costs (note 17)			(291)	(311)
Operating profit	42,580	38,377	41,284	34,696
Net finance expense (note 5)	(122)	(24)	(122)	(24)
Pension finance charge (note 5)			(503)	(521)
Profit before tax	42,458	38,353	40,659	34,151
Taxation	(12,167)	(10,580)	(11,734)	(9,672)
Profit after tax	30,291	27,773	28,925	24,479

Other segmental information

	Assets		Liabilities		Capital expenditure		Depreciation		Amortisation	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
4imprint Direct Marketing	71,371	63,757	(46,987)	(39,476)	2,361	3,267	(2,020)	(1,858)	(464)	(499)
Head Office items	6,645	5,272	(19,703)	(21,911)	1	18	(28)	(32)	–	–
Cash	30,767	21,683	–	–	–	–	–	–	–	–
	108,783	90,712	(66,690)	(61,387)	2,362	3,285	(2,048)	(1,890)	(464)	(499)

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

Notes to the Group Financial Statements continued

1 Segmental reporting continued

Geographical analysis of revenue and non-current assets

2017	North America $'000	UK $'000	All other countries $'000	Total $'000
Total revenue by destination	**608,127**	**18,256**	**1,135**	**627,518**
Property, plant and equipment	**17,698**	**1,131**	**–**	**18,829**
Intangible assets	**1,074**	**64**	**–**	**1,138**

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

2 Operating expenses

	Note	**2017 $'000**	2016 $'000
The following items have been charged/(credited) in arriving at operating profit:			
Purchase of goods for resale and consumables		**389,962**	344,610
Changes in inventories		**(1,176)**	280
(Decrease)/Increase in stock provision	12	**(95)**	74
Increase in trade receivables provision	13	**47**	6
Staff costs	3	**48,982**	44,895
Marketing expenditure (excluding staff costs)		**103,460**	90,338
Depreciation of property, plant and equipment		**2,048**	1,890
Amortisation of intangible assets		**464**	499
Operating lease payments		**1,866**	1,774
Exceptional items	4	**454**	2,940
Defined benefit pension scheme administration costs	17	**291**	311
Net exchange losses		**132**	375
Other operating expenses		**39,799**	35,535
		586,234	523,527

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

	2017 $'000	2016 $'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	**176**	203
Fees payable to the Company's auditors and its associates for other services:		
– the audit of Company's subsidiaries pursuant to legislation	**13**	20
– pensions advice	**–**	126
	189	349

The 4imprint defined benefit pension scheme has incurred fees from the Group's auditors of $22,099 (2016: $17,670) for audit services.

3 Employees

Staff costs	Note	2017 $'000	2016 $'000
Wages and salaries		**43,855**	40,234
Social security costs		**3,415**	3,153
Pension costs – defined contribution plans	17	**1,161**	1,078
Share option charges	22	**545**	425
Social security costs in respect of share options	22	**6**	5
		48,982	44,895

Average monthly number of people (including Executive Directors) employed

	2017 Number	2016 Number
Distribution and production	**306**	272
Sales and marketing	**435**	414
Administration	**171**	166
	912	852

Key management compensation

	2017 $'000	2016 $'000
Salaries, fees and short-term employee benefits	**1,810**	1,715
Social security costs	**107**	110
Pension costs – defined contribution plans	**22**	16
Share option charges	**145**	91
Social security costs in respect of share options	**2**	4
	2,086	1,936

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

Directors' remuneration

	2017 $'000	2016 $'000
Aggregate emoluments	**1,810**	1,715
Pension costs – defined contribution	**22**	16

4 Exceptional items

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

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

Notes to the Group Financial Statements continued

5 Net finance income and costs

	2017 $'000	2016 $'000
Finance income/(costs)		
Bank and other interest receivable	3	22
Bank interest payable	(51)	(46)
Other interest payable	(74)	–
	(122)	(24)
Pension finance charge (note 17)	(503)	(521)
Net finance costs	(625)	(545)

6 Taxation

	2017 $'000	2016 $'000
Current tax		
UK tax – current	–	–
Overseas tax – current	12,326	10,037
Overseas tax – prior periods	(12)	40
Total current tax	12,314	10,077
Deferred tax		
Origination and reversal of temporary differences	(664)	(401)
Adjustment in respect of prior periods	84	(4)
Total deferred tax (notes 11 and 18)	(580)	(405)
Taxation	11,734	9,672

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

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

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

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

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

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

7 Earnings per share

Basic, diluted and underlying

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

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

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

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

	2017 $'000	2016 $'000
Profit before tax	**40,659**	34,151
Adjustments:		
Share option charges (note 22)	**545**	425
Social security costs in respect of share options (note 22)	**6**	5
Exceptional items (note 4)	**454**	2,940
Defined benefit pension scheme administration costs (note 17)	**291**	311
Pension finance charge (note 17)	**503**	521
Underlying profit before tax	**42,458**	38,353
Taxation (note 6)	**(11,734)**	(9,672)
Tax relating to above adjustments	**(433)**	(908)
Underlying profit after tax	**30,291**	27,773

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

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

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

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

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

Notes to the Group Financial Statements continued

8 Dividends

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

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

9 Property, plant and equipment

	Freehold land and buildings $'000	Plant, machinery, fixtures & fittings $'000	Computer hardware $'000	Total $'000
Cost:				
At 1 January 2017	13,260	12,194	1,755	27,209
Additions	115	1,392	337	1,844
Disposals	–	(12)	(417)	(429)
Exchange difference	76	72	5	153
At 30 December 2017	**13,451**	**13,646**	**1,680**	**28,777**
Depreciation:				
At 1 January 2017	1,300	5,784	1,187	8,271
Charge for the period	375	1,309	364	2,048
Disposals	–	(9)	(415)	(424)
Exchange difference	5	45	3	53
At 30 December 2017	**1,680**	**7,129**	**1,139**	**9,948**
Net book value at 30 December 2017	**11,771**	**6,517**	**541**	**18,829**

Freehold land with a value of $745,000 (2016: $721,000) has not been depreciated.

No assets are held under finance leases (2016: nil).

	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 difference	(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 difference	(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

10 Intangible assets

Computer software	2017 $'000	2016 $'000
Cost:		
At start of period	2,736	2,931
Additions	518	383
Disposals	(508)	(538)
Exchange difference	19	(40)
At end of period	**2,765**	2,736
Amortisation:		
At start of period	1,654	1,720
Charge for the period	464	499
Disposals	(506)	(536)
Exchange difference	15	(29)
At end of period	**1,627**	1,654
Net book value at end of period	**1,138**	1,082

The average remaining life of intangible assets is 2.4 years (2016: 2.2 years).

11 Deferred tax assets

	2017 $'000	2016 $'000
At start of period	5,030	4,388
Income statement (charge)/credit	(251)	684
Deferred tax credited to other comprehensive income	495	871
Deferred tax credited to equity	110	208
Effect of change in UK tax rate – other comprehensive income	17	(235)
Exchange difference	511	(886)
At end of period	**5,912**	5,030

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.

$0.2m (2016: $0.4m) of the deferred tax asset is expected to reverse within the next twelve months.

The movement in the deferred tax asset during the period is shown in the following table:

Deferred tax analysis

	Depreciation/ capital allowances $'000	Pension $'000	Losses $'000	Total $'000
At start of period	1	3,453	1,576	5,030
Income statement (charge)/credit	2	(482)	229	(251)
Deferred tax credited/(charged) to other comprehensive income	–	(83)	578	495
Deferred tax credited to equity	–	–	110	110
Effect of change in tax rates	–	17	–	17
Exchange difference	1	311	199	511
At end of period	**4**	**3,216**	**2,692**	**5,912**

Notes to the Group Financial Statements continued

11 Deferred tax assets continued

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 $29.0m (2016: $31.0m). These losses have no expiry date and may be available for offset against future profits in these companies.

12 Inventories

	2017 $'000	2016 $'000
Finished goods and goods for resale	**5,356**	4,179

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 $180,000 (2016: $275,000).

During the period a net amount of $92,000 has been charged in the income statement in respect of provisions for slow-moving and obsolete stock (2016: $74,000).

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

13 Trade and other receivables

	2017 $'000	2016 $'000
Trade receivables	**29,730**	25,425
Less: Provision for impairment of trade receivables	**(194)**	(147)
Trade receivables – net	**29,536**	25,278
Other receivables	**13,168**	11,840
Prepayments and accrued income	**3,605**	2,648
	46,309	39,766

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 $193,000 (2016: $6,000). 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	2017 $'000	2016 $'000
Up to 3 months	**6,106**	3,858
3 to 6 months	**444**	440
	6,550	4,298

The ageing of impaired trade receivables is as follows:

Time past due date	2017 $'000	2016 $'000
Up to 3 months	**–**	–
3 to 6 months	**–**	–
Over 6 months	**194**	147
	194	147

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

	2017 $'000	2016 $'000
Sterling	**2,621**	2,014
US dollars	**40,780**	35,385
Euros	**63**	34
Canadian dollars	**2,845**	2,333
	46,309	39,766

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

	2017 $'000	2016 $'000
At start of period	**147**	167
Utilised	**(147)**	(23)
Provided	**193**	6
Exchange difference	**1**	(3)
At end of period	**194**	147

14 Cash and cash equivalents

	2017 $'000	2016 $'000
Cash at bank and in hand	**28,709**	19,196
Short-term deposits	**2,058**	2,487
	30,767	21,683

15 Trade and other payables – current

	2017 $'000	2016 $'000
Trade payables	**40,635**	33,223
Other tax and social security payable	**1,837**	1,224
Other payables	**112**	244
Accruals	**5,091**	5,672
	47,675	40,363

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 30 December 2017 (31 December 2016: no drawdown).

The Group had the following undrawn committed borrowing facilities available at 30 December 2017:

	Floating rate	
Borrowing facilities	**2017 $'000**	2016 $'000
Expiring within one year	**1,851**	1,730
Expiring in more than one year	**20,000**	20,000

Facilities comprised an unsecured US$20.0m line of credit, for 4imprint, Inc., which expires on 31 May 2019, an unsecured Canadian facility of US$0.5m, which expires on 31 August 2018, and an unsecured UK overdraft facility of £1.0m, for the Company, which expires on 31 December 2018.

Notes to the Group Financial Statements continued

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:

	2017 $'000	2016 $'000
Defined contribution plans – employers' contributions (note 3)	**1,161**	1,078

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

The amounts recognised in the income statement are as follows:

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

The amounts recognised in the balance sheet comprise:

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

The funds of the scheme are held in trust and administered by a corporate Trustee to meet pension liabilities for around 408 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 30 September 2016 in accordance with the scheme funding requirements of the Pensions Act 2004. This actuarial valuation showed a deficit of £14.9m. A recovery plan has been signed under which the Company agreed a schedule of contributions with the Trustee. The recovery plan period is 5 years 7 months and under the plan contributions of £2.25m per annum are payable by the Company. These contributions commenced on 1 July 2017. This amount rises annually by 3%. In addition an annual allowance of £0.25m is payable towards costs of administration of the scheme.

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

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

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

The mortality assumptions adopted at 30 December 2017 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:

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

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

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

Notes to the Group Financial Statements continued

17 Employee pension schemes continued

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

	2017		2016	
	$'000	**%**	$'000	%
Global absolute returns funds	**6,475**	**34.8**	5,749	38.2
Liability-driven investments	**11,597**	**62.2**	7,597	50.4
Cash	**561**	**3.0**	1,721	11.4

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%	4.8%
Rate of inflation	Increase of 0.25%	2.0%
Rate of mortality	Increase in life expectancy of one year	3.7%

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 30 December 2017 is 20 years.

18 Deferred tax liability

	2017 $'000	2016 $'000
At start of period	**1,601**	808
(Credited)/charged to the income statement	**(433)**	289
Prior period adjustment	**84**	(4)
Deferred tax (credited)/debited to equity	**(33)**	516
Effect of change in tax rates – income statement	**(482)**	(6)
Effect of change in tax rate – equity	**25**	–
Exchange difference	**1**	(2)
At end of period	**763**	1,601

The movement in the net deferred tax liability (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	Other $'000	Total $'000
At start of period	2,099	(498)	1,601
Income statement debit/(credit)	232	(665)	(433)
Prior period adjustment	–	84	84
Deferred tax credited to equity	–	(33)	(33)
Effect of change in tax rates – income statement	(880)	398	(482)
Effect of change in tax rate – equity	–	25	25
Exchange difference	1	–	1
At end of period	**1,452**	**(689)**	**763**

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 none are expected to reverse within the next twelve months.

19 Provisions for other liabilities

Leases	**2017 $'000**	2016 $'000
At start of period	**133**	160
Exchange difference	**13**	(27)
At end of period	**146**	133

Analysis of provisions

	2017 $'000	2016 $'000
Current	**146**	–
Non-current	**–**	133
Total	**146**	133

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

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 30 December 2017 the Group had no forward currency contracts.

The movement in the exchange rates compared to prior period increased profit after tax by $0.21m and decreased net assets by $0.57m. Closing rate was US$1.35 (2016: US$1.23) and the average rate used to translate profits was US$1.29 (2016: US$1.35).

A strengthening in the Sterling exchange rate by 10% (the approximate range of movement of the exchange rate during the year) would reduce profit in the period by $0.45m and net assets at period end by $1.69m.

Notes to the Group Financial Statements continued

20 Financial risk management continued

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:

	2017 $'000	2016 $'000
Financial assets at amortised cost		
Trade and other receivables (excluding prepayments)	**42,704**	37,118
Cash and cash equivalents	**30,767**	21,683
Financial liabilities at amortised cost		
Trade and other payables (excluding non-financial liabilities)	**(47,675)**	(40,363)

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:

	2017 Rating	2017 Deposit $'000	2016 Rating	2016 Deposit $'000
Lloyds Bank plc	**Aa3**	**4,759**	A1	4,877
JPMorgan Chase Bank, N.A.	**Aa2**	**25,991**	Aa2	16,793
Other		**17**		13
		30,767		21,683

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 30 December 2017 the net cash position (note 14) of the Group was $30.77m (2016: $21.68m).

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 2017 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 two years.

21 Share capital

	2017 $'000	2016 $'000
Issued and fully paid		
28,085,530 (2016: 28,085,530) ordinary shares of $38^{6}/_{13}$p each	**18,842**	18,842

All shares have the same rights.

The Company issued no ordinary shares in the period (2016: 120,000 shares for $65,000). Share option exercises were satisfied by transfer of shares from an employee benefit trust.

At 2017 the following options have been granted and were outstanding under the Company's share option schemes:

Scheme	Date of grant	Number of ordinary shares 2017	Number of option holders 2017	Number of ordinary shares 2016	Subscription price	Date exercisable From	To
US ESPP	11/05/16	**106,981**	**410**	117,330	$16.49	July 2018	July 2018
UK SAYE	11/05/16	**27,496**	**34**	27,496	£10.22	July 2019	Dec 2019
2015 Incentive Plan	09/03/16	**24,027**	**8**	26,128	nil	Mar 2019	Mar 2026
2015 Incentive Plan	30/03/17	**14,907**	**8**	–	nil	Mar 2020	Mar 2027
Total		**173,411**		170,954			

The weighted average exercise price for options outstanding at 30 December 2017 was £9.15 (2016: £10.84).

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 six 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 16,937 options or conditional shares, with a total fair value of $435,000, will be awarded in respect of the 2017 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.

	2017 $'000	2016 $'000
Charge resulting from spreading the fair value of options	**545**	425
Social security costs in respect of share options	**6**	5
Total	**551**	430

Notes to the Group Financial Statements continued

22 Share-based payments continued

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	£13.61	£13.61
Exercise price	$16.49	£10.22
Number of employees	410	34
Shares under option	106,981	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	£3.10	£4.03

In respect of the 2015 Incentive Plan the fair value of the awards of options or conditional shares made in 2016 and 2017 are based on the share price at 31 December 2015 and 31 December 2016 respectively. The option life is from date of first notification of the Plan at the end of March 2015 until expected exercise in March 2019 for the 2016 awards and from January 2016 to March 2020 for the 2017 awards. The fair value of the expected awards of 16,937 options or conditional shares in respect of 2017 is based on the share price at 31 December 2017 and the option life is from January 2017 to March 2021.

A reconciliation of option movements over the period to 30 December 2017 is shown below:

	2017		2016	
	Number of shares	**Weighted average exercise price (£)**	Number of shares	Weighted average exercise price (£)
Outstanding at start of period	**170,954**	**10.84**	156,464	0.62
Granted	**16,150**	**0.00**	178,984	9.54
Forfeited/cancelled	**(9,186)**	**12.80**	(8,030)	11.81
Exercised	**(4,507)**	**3.46**	(156,464)	0.62
Outstanding at end of period	**173,411**	**9.15**	170,954	10.84
Exercisable at end of period	**–**	**–**	–	–

	2017				2016			
			Weighted average remaining life (years)				Weighted average remaining life (years)	
Range of exercise prices	**Weighted average exercise price**	**Number of shares**	**Expected**	**Contractual**	Weighted average exercise price	Number of shares	Expected	Contractual
Nil	**0.00**	**38,934**	**1.6**	**1.2 to 9.2**	0.00	26,128	2.2	2.2 to 9.2
£10.01–11.00	**£10.22**	**27,496**	**1.5**	**2.0**	£10.22	27,496	2.5	3.0
£12.01–13.00	**$16.49**	**106,981**	**0.5**	**0.5**	$16.49	117,330	1.5	1.5

23 Other reserves

	Capital redemption reserve $'000	Cumulative translation differences $'000	Total $'000
Balance at 3 January 2016	369	5,059	5,428
Currency translation differences	–	992	992
Balance at 31 December 2016	369	6,051	6,420
Currency translation differences	–	(559)	(559)
Balance at 30 December 2017	**369**	**5,492**	**5,861**

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

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

25 Financial commitments

At 30 December 2017, the Group was committed to make payments in respect of non-cancellable operating leases in the following periods:

	2017		2016	
	Land and buildings $'000	**Other $'000**	Land and buildings $'000	Other $'000
In one year	**1,419**	**181**	1,444	181
In two to five years	**1,862**	**166**	3,282	341
	3,281	**347**	4,726	522

26 Contingent liabilities

The Group has no known contingent liabilities (2016: none).

27 Capital commitments

The Group had no capital commitments contracted for but not provided for in the financial statements at 30 December 2017 for property, plant and equipment (2016: $nil).

28 Related party transactions

The Group did not participate in any related party transactions.

Key management compensation is disclosed in note 3.

Company Balance Sheet

at 30 December 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Property, plant and equipment	B	**17**	38
Investments	C	**104,182**	104,182
Deferred tax assets	D	**4,376**	4,088
Other receivables	E	**244,346**	255,965
		352,921	364,273
Current assets			
Other receivables	E	**572**	421
Cash and cash equivalents		**3,013**	3,527
		3,585	3,948
Current liabilities			
Other payables	F	**(1,127)**	(1,149)
Provisions for other liabilities	H	**(108)**	–
		(1,235)	(1,149)
Net current assets		**2,350**	2,799
Non-current liabilities			
Retirement benefit obligations	G	**(13,402)**	(15,679)
Provisions for other liabilities	H	**–**	(108)
Amounts due to subsidiary companies	J	**(118,431)**	(130,050)
		(131,833)	(145,837)
Net assets		**223,438**	221,235
Shareholders' equity			
Share capital	L	**10,802**	10,802
Share premium reserve		**38,575**	38,575
Capital redemption reserve		**208**	208
Retained earnings*	M	**173,853**	171,650
Total equity		**223,438**	221,235

***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 £14,160,000 (2016: £138,720,000) is included in retained earnings of the Company.

The financial statements on pages 82 to 91 were approved by the Board of Directors on 7 March 2018 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 30 December 2017

	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 3 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
Profit for the period					**14,160**	**14,160**
Other comprehensive income/(expense)						
Re-measurement gains on post-employment obligations					**335**	**335**
Deferred tax relating to post-employment obligations					**(64)**	**(64)**
Deferred tax relating to losses					**449**	**449**
Effect of change in UK tax rate					**13**	**13**
Total comprehensive income					**14,893**	**14,893**
Proceeds from options exercised					**15**	**15**
Own shares purchased				**(1,058)**		**(1,058)**
Own shares utilised				**79**	**(79)**	**–**
Share-based payment charge					**422**	**422**
Deferred tax relating to losses					**85**	**85**
Dividends					**(12,154)**	**(12,154)**
Balance at 30 December 2017	**10,802**	**38,575**	**208**	**(1,315)**	**175,168**	**223,438**

Company Cash Flow Statement

for the 52 weeks ended 30 December 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Cash used in operations	K	**(4,795)**	(14,354)
Finance income		**20,172**	6,441
Finance costs		**(9,988)**	(5,699)
Net cash generated from/(used) in operating activities		**5,389**	(13,612)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1)**	(13)
Net cash used in investing activities		**(1)**	(13)
Cash flows from financing activities			
Proceeds from issue of shares		**–**	46
Proceeds from share options exercised		**15**	97
Own shares purchased		**(1,058)**	(377)
Dividends received		**7,295**	16,588
Dividends paid to Shareholders		**(12,154)**	(8,739)
Net cash (used in)/generated from financing activities		**(5,902)**	7,615
Net movement in cash and cash equivalents		**(514)**	(6,010)
Cash and cash equivalents at beginning of the period		**3,527**	9,537
Cash and cash equivalents at end of the period		**3,013**	3,527

Analysis of cash and cash equivalents		
Cash at bank and in hand	**1,490**	1,505
Short-term deposits	**1,523**	2,022
	3,013	3,527

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.

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 2018).

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

Critical accounting policies

Critical accounting policies are those that require significant judgment 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 74 to 76, 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.

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 61 to 64 except for the investments policy noted below. These policies have been consistently applied to all the periods presented.

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

	2017 £'000	2016 £'000
Wages and salaries	**754**	795
Social security costs	**97**	97
Pension costs – defined contribution plans	**12**	19
Share option charges	**389**	285
Social security credit in respect of share options	**–**	(21)
	1,252	1,175

The average number of people, including Executive Directors, employed by the Company during the period was 5 (2016: 5).

B. Property, plant and equipment

	Fixtures & fittings £'000
Cost:	
At 3 January 2016	261
Additions	13
At 31 December 2016	274
Additions	1
At 30 December 2017	**275**
Depreciation:	
At 3 January 2016	212
Charge for the period	24
At 31 December 2016	236
Charge for the period	22
At 30 December 2017	**258**
Net book value at 30 December 2017	**17**
Net book value at 2 January 2016	38

C. Investments

	Shares in subsidiary undertakings £'000
Cost:	
At 31 December 2016 and 30 December 2017	**104,182**

Subsidiary undertakings

The subsidiaries at 30 December 2017 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, DE 19803, USA.

D. Deferred tax assets

	2017 £'000	2016 £'000
At start of period	**4,088**	2,961
Income statement (debit)/credit	**(195)**	505
Deferred tax credited to other comprehensive income	**398**	468
Deferred tax credited to equity	**85**	154
At end of period	**4,376**	4,088

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:

	2017 £'000	2016 £'000
Tax relating to post-employment obligations	**(64)**	(165)
Effect of change in UK tax rate	**13**	(174)
Tax relating to losses	**449**	807
	398	468

Notes to the Company's Financial Statements continued

E. Other receivables

	2017 £'000	2016 £'000
Amounts due from subsidiary companies	**244,698**	256,154
Other receivables	**164**	180
Prepayments and accrued income	**56**	52
	244,918	256,386
Less non-current portion: Amounts due from subsidiary companies	**(244,346)**	(255,965)
	572	421

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 in two to 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:

	2017 £'000	2016 £'000
Sterling	**126,357**	126,217
US dollars	**118,561**	130,169
	244,918	256,386

F. Other payables – current

	2017 £'000	2016 £'000
Other payables	**76**	191
Other tax and social security	**33**	33
Amounts due to subsidiary companies	**650**	516
Accruals	**368**	409
	1,127	1,149

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 74 to 76.

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

	2017 £'000	2016 £'000
Present value of funded obligations	**(27,194)**	(27,926)
Fair value of scheme assets	**13,792**	12,247
Net obligations recognised in the balance sheet	**(13,402)**	(15,679)

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

	Present value of obligations £'000	Fair value of scheme assets £'000	Net obligation £'000
Balance at 3 January 2016	(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)
Administration costs paid by the scheme	**(226)**	**–**	**(226)**
Exceptional items – buy-out costs paid by the scheme	**(293)**	**–**	**(293)**
Interest (expense)/income	**(730)**	**340**	**(390)**
Return on scheme assets (excluding interest income)	**–**	**266**	**266**
Re-measurement gain due to scheme experience	**474**	**–**	**474**
Re-measurement loss due to changes in financial assumptions	**(406)**	**–**	**(406)**
Contributions by employer	**–**	**2,852**	**2,852**
Benefits paid	**1,913**	**(1,913)**	**–**
Balance at 30 December 2017	**(27,194)**	**13,792**	**(13,402)**

H. Provisions for other liabilities

	2017 £'000	2016 £'000
At start of period	**108**	108
Utilised	**–**	–
At end of period	**108**	108

Analysis of provisions

	2017 £'000	2016 £'000
Current	**108**	–
Non-current	**–**	108
Total	**108**	108

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

J. Amounts due to subsidiary companies – non-current

The amounts due to subsidiary companies of £118,431,000 (2016: £130,050,000) are due in two to five years. The loans are interest bearing at market rates of interest.

Notes to the Company's Financial Statements continued

K. Cash used in operations

	2017 £'000	2016 £'000
Operating loss	**(2,733)**	(4,644)
Adjustments for:		
Depreciation charge	**22**	24
Exceptional non-cash items	**293**	2,047
Increase/(decrease) in exceptional accrual	**15**	(3)
Share option charges	**422**	314
Defined benefit pension administration charge	**226**	230
Contributions to defined benefit pension scheme	**(2,852)**	(12,134)
Changes in working capital:		
(Increase)/decrease in trade and other receivables	**(41)**	90
Decrease in trade and other payables	**(118)**	(272)
Decrease in payables to subsidiary undertakings	**(29)**	(6)
Cash used in operations	**(4,795)**	(14,354)

The exceptional non-cash items relate to pensioner buy-out costs of £293,000 (2016: £975,000) paid by the pension scheme and, in 2016, 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

	2017 £'000	2016 £'000
Allotted and fully paid		
28,085,530 (2016: 28,085,530) ordinary shares of $38^{6}/_{13}$p each	**10,802**	10,802

During the period no ordinary shares were issued (2016: 120,000 for a consideration of £46,000 to satisfy options exercised under the Performance Share Plan). Share option exercises were satisfied by transfer of shares from an employee benefit trust.

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 page 79. Full details of the share option schemes are given in note 22 on pages 79 to 80.

Employees of the Company had interests in 5,828 SAYE options (2016: 5,828).

M. Distributable reserves
The profit and loss reserve of £173,853,000 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 £12,000 at 30 December 2017 (2016: £62,000). These are payable as follows: within one year £12,000 (2016: £48,000); in two to five years nil (2016: £14,000).

O. Contingent liabilities
The Company had no known contingent liabilities at 30 December 2017 (2016: none).

P. Related party transactions

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

	2017 £'000	2016 £'000
Income statement		
Finance income due from subsidiary companies	**20,162**	6,424
Finance costs due to subsidiary companies	**9,978**	5,699
Balance sheet		
Interest-bearing loans due from subsidiary companies at end of period	**244,346**	255,965
Interest-bearing loans due to subsidiary companies at end of period	**118,431**	130,050

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

	2017 £'000	2016 £'000
Salaries, fees and short-term employee benefits	**476**	465
Social security costs	**60**	58
Pension contributions	**–**	–
Share option charges	**2**	1
	538	524

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

Five Year Financial Record

In 2014 the presentational currency was changed to US dollars and prior periods have been restated.

Income statement

	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Revenue	**627,518**	558,223	497,219	415,773	332,936
Underlying operating profit	**42,580**	38,377	33,519	27,759	19,494
Defined benefit pension scheme administration costs	**(291)**	(311)	(394)	(544)	(748)
Share option related charges	**(551)**	(430)	(304)	(666)	(2,493)
Exceptional items	**(454)**	(2,940)	(858)	(2,407)	(397)
Operating profit	**41,284**	34,696	31,963	24,142	15,856
Finance income	**3**	22	37	107	88
Finance costs	**(125)**	(46)	(7)	(7)	(27)
Net pension finance charge	**(503)**	(521)	(836)	(903)	(1,445)
Profit before tax	**40,659**	34,151	31,157	23,339	14,472
Taxation	**(11,734)**	(9,672)	(8,462)	(6,982)	(3,857)
Profit from continuing operations	**28,925**	24,479	22,695	16,357	10,615
Profit/(loss) from discontinued operations	**–**	–	–	1,381	(4,825)
Profit for the period	**28,925**	24,479	22,695	17,738	5,790
Basic earnings per ordinary share	**103.15c**	87.27c	81.26c	59.73c	40.11c
Dividend per share – paid and proposed	**118.10c**	52.50c	38.89c	32.41c	27.56c

Balance sheet

	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Non-current assets (excluding deferred tax)	**19,967**	20,020	19,365	10,403	10,152
Deferred tax assets	**5,912**	5,030	4,388	4,794	6,324
Net current assets	**35,083**	25,299	28,781	23,186	29,850
Net assets held for sale	**–**	–	–	–	9,460
Retirement benefit obligations	**(18,106)**	(19,290)	(23,114)	(24,015)	(27,398)
Other liabilities	**(763)**	(1,734)	(968)	(298)	(719)
Shareholders' equity	**42,093**	29,325	28,452	14,070	27,669
Net cash	**30,767**	21,683	18,381	18,301	25,990

Registered Office and Company Advisers

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