

1st December 2008

St Ives plc - Interim Management Statement

At its Annual General Meeting, to be held at 11.00 a.m. today, St Ives plc will make the following announcement, which will comprise its Interim Management Statement referring to the period from 2 August 2008 to the present.

Total sales for the 13 week period to 31 October 2008 were 3.0% greater than the comparable period for the previous year. Underlying sales, after adjusting for currency movements and the disposal of the Dutch music and multimedia business, showed growth of 4.7%. Overall, the results for the first quarter were broadly in line with the expectations outlined on 21 October 2008 in our preliminary results statement.

Since 2 August 2008, demand for books has remained steady and we continue to benefit from our market leading position and reputation for delivering unrivalled customer service. Magazine volumes remain extremely volatile as paginations are under pressure due to reductions in advertising spend, leading to a squeeze on pricing and margins. We have, to a degree, been able to offset this effect through winning new titles and continued efficiency improvements.

Demand for point-of-sale products continues to be buoyant with activity levels increasing in the run up to Christmas. Demand for direct response and commercial and also exhibitions and outdoor media remains volatile and projects have been subject to short notice cancellations reflecting their discretionary nature. Partially countering these effects are the benefits being gained from our recent Royal Mail and Sainsbury's contract wins along with our continued success with cross-selling to existing group customers.

The US business continues to face significant challenges due to volatile demand within an oversupplied market. Improved efficiencies and cost reductions are offsetting some of these pressures.

There has been no significant change in the company's financial position since 1 August 2008 and cash flow remains robust.

Overall, the economic outlook remains uncertain, visibility is extremely short and rising input costs coupled with volatility in demand is increasing the pressure on margins. Our strategy of selling the whole range of the Group's services to both new and existing customers and our continued focus on costs is partially mitigating the effect of these volume fluctuations but some of this incremental volume is at significantly lower prices.

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