

16 June 2011

St Ives plc

Interim Management Statement

St Ives is today publishing its Interim Management Statement covering the period from 29 January 2011 to date.

For the seventeen week period to 27 May 2011, total sales from continuing operations were £98.0 million, approximately 4% higher than for the equivalent period in the previous financial year.

We are pleased to report that, as expected, our performance continues to improve compared to last year. The Group is benefiting from the actions taken to reposition the business and reduce our exposure to commoditised print markets whilst increasing our focus on more attractive digital and marketing services activities.

Print

Our Books business remains strong and we continue to win market share, which will help offset the impact of some volume migrating to eBook formats. The uncertainty surrounding the future of the Waterstones book chain will have a one-off negative impact on sales in the second half of the year.

In our Exhibition and Events business, we have moved our principal manufacturing operation to our new Chessington plant, with margin progression expected after a period of disruption during the period of the move. We expect to continue to make progress in this business next year and, in particular, to benefit from the extra activity generated by the London Olympics.

Activity within the Point of Sale market remains strong and the management team continues to improve the performance of the business. However, the market for Direct Response and Commercial print remains challenging and we will continue to keep the cost base of this business under close scrutiny with a view to taking swift further action should this become necessary.

Marketing Services

Tactical Solutions, our recently acquired field marketing business, has been successfully integrated. We are delighted with our early cross selling initiatives, having successfully introduced its services into one of the Group's major existing Point of Sale clients.

We have invested in resource and IT infrastructure within Occam, the database marketing business acquired in June 2010, to enhance and support the sales growth which we are targeting for next year.

We continue to seek opportunities to develop our activities within this segment both through organic growth and further acquisition.

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Group

The relocation of our Head Office in London to new leasehold offices, with a more functional and efficient layout, has been completed successfully. In addition, we are pleased to have completed the sale of a surplus property in Edenbridge, on 6 May 2011, for £1.5 million.

Our balance sheet remains strong and we expect to be cash positive by the end of our financial year.

We are confident that the actions taken to date, with our ongoing attention to costs and strong focus on broadening our service offering, will ensure that the Group continues to make progress both with regard to financial performance and strategic development.

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