

20th June 2008

St Ives plc - Interim Management Statement

St Ives is today publishing its Interim Management Statement covering the period since its half yearly statement to 1 February 2008 issued on 31 March 2008.

Total sales for the 43 week period from 4 August 2007 to 30 May 2008, on a continuing business basis, were 4.6% greater than the equivalent period for the previous year. Sales from Service Graphics, acquired in November 2006, accounted for 9.5% of the total sales (prior year the sales for the 30 week period from acquisition were 7% of the total sales). Underlying sales, after adjusting for currency movements, showed growth of 1.6%.

Overall market conditions have been more challenging than we had expected when we issued our half yearly statement but we continue to seek ways of reducing cost and increasing revenues to mitigate the effect.

Since 1 February 2008, demand for books has remained steady. Although we continue to win new magazine titles, paginations have been unpredictable, and generally below the corresponding period last year, making effective utilisation a challenge. Demand for music and multimedia products has reduced.

Demand for point of sale products increased in the spring, but visibility remains short. Volume increases in exhibitions and outdoor media have been modest and the market is increasingly price sensitive. As expected, direct response and commercial continues to face extremely tough market conditions with overcapacity causing price and margin pressure.

Similar conditions exist in our US business and although year to date volume is some 20% lower than the same period last year, the returns have improved following the consolidation of our Florida plants at the end of our last financial year.

The transition of work under the Royal Mail contract (announced in October 2007) will be completed by the beginning of July 2008. As expected, the contribution from this work will not be significant until the transition has been completed.

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

The economic outlook remains uncertain and pressure on margins continues, the effect of which is being partially offset by incremental volume, albeit at lower prices. However, 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 helping to mitigate the effect of volume fluctuations and price pressure.

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