

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000.**

**Your attention is drawn to the risk factors set out in Part II of this document.**

If you have sold or otherwise transferred all your St Ives plc Shares, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Rothschild, which is regulated in the United Kingdom by the Financial Services Authority, is acting for St Ives plc and no-one else in connection with the Disposal and will not be responsible to anyone other than St Ives plc for providing the protections afforded to clients of Rothschild or for providing advice in relation to the Disposal.

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## **ST IVES PLC**

### **Proposed Disposal of the Magazine Group**

**(comprising St Ives Peterborough Limited, St Ives Plymouth Limited, St Ives Roche Limited and St Ives Web Limited)**

**(being a class 1 transaction)**

**and**

### **Notice of General Meeting**

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**This document should be read as a whole. Your attention is drawn to the letter from your Chairman which is set out on pages 3 to 7 of this document and which recommends you vote in favour of the Resolution to be proposed at the General Meeting referred to below.**

Notice of a General Meeting of St Ives plc to be held at 9:00 a.m. on 6 April 2011 at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS is set out at the end of this document. A Form of Proxy for use at this General Meeting is enclosed. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon to the Company's registrar, Capita Registrars, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as to arrive not later than 48 hours before the time fixed for the start of the meeting.

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## EXPECTED TIMETABLE OF EVENTS

Latest time and date for receipt of Forms of Proxy from Shareholders	9:00 a.m. on	4 April 2011
General Meeting	9:00 a.m. on	6 April 2011
Expected date of Completion of the Disposal		6 April 2011

**PART I**  
**LETTER FROM THE CHAIRMAN**

14 March 2011

*To: St Ives plc Shareholders and, for information only, St Ives plc optionholders*

Dear Shareholder,

**PROPOSED DISPOSAL OF THE MAGAZINE GROUP**

**1. Introduction**

Your Board announced today that St Ives plc ("St Ives" or the "Company") has conditionally agreed the proposed Disposal of the Magazine Group to Walstead Newco3 Limited ("Walstead Newco3"), a wholly owned subsidiary of Walstead Investments Limited ("Walstead"). The total consideration for the Disposal on a debt-free, cash-free basis, will be £20.0 million, comprising £15.0 million in cash payable on Completion and the £5.0 million non-interest bearing Secured Loan Note, payable in 24 monthly instalments commencing 30 days after Completion. Due to its size the Disposal is conditional on the approval of Shareholders under the Listing Rules. The principal terms of the Disposal, including the principal terms of the Secured Loan Note, are described in more detail in paragraph 4 of this letter and Part V of this document.

I am writing to give you further details of the proposed Disposal, including the background to and reasons for it, to explain why your Board considers it to be in the best interests of Shareholders as a whole, and accordingly why they believe that you should vote in favour of the Resolution at the General Meeting.

**2. Background to and reasons for the Disposal**

St Ives has a clear strategy of focusing on non-commoditised markets where, in addition to printed products, it is able to supply value-added services including complex logistical, fulfilment and marketing requirements. The Company continues to move away from the commoditised end of the print market, which is differentiated only by price, and to grow a portfolio of added value products and services to help our customers maximise returns from their investment in marketing and print.

St Ives consistently keeps all areas of its business under review and remains committed to the development and growth of the business for the benefit of Shareholders. As set out in the Company's interim management statement, released on 30 November 2010, St Ives has continued to experience particularly tough conditions in the Magazine Group's markets where excess capacity within the magazine printing market continues to exert significant downward price pressure, resulting in poor levels of profitability. These markets also face structural challenges as advertising and content migrate into digital formats. The Magazine Group has been loss making for the last two financial years. The Board has therefore decided to dispose of the Magazine Group in order to focus on the development of its remaining businesses and the development of new marketing related services.

**3. Information on the Magazine Group**

The Magazine Group is the web offset printing division of St Ives, offering magazine printing capabilities to firms across the UK. The division is responsible for the production of weekly,

monthly and specialist magazine titles. The Magazine Group has manufacturing sites in Peterborough, Plymouth and Roche.

The division currently has approximately 670 full time equivalent employees. As at 30 July 2010, the Magazine Group had gross assets of £54.8 million and in the financial year ended 30 July 2010 generated £70.5 million of revenue and a loss before tax of £5.1 million. Your attention is drawn to Part III of this document, which contains historical profit and loss information for the Magazine Group companies.

#### **4. Principal terms and conditions of the Disposal**

Under the terms of the Disposal Agreement, St Ives has conditionally agreed to sell the Magazine Group to Walstead Newco3. The obligations of Walstead Newco3 are guaranteed by Walstead which is also a party to the Disposal Agreement. The aggregate consideration for the Disposal will be, £20.0 million, comprising (i) a cash payment at Completion of £15.0 million; and (ii) the issue at Completion of the Secured Loan Note.

Under the Disposal Agreement, St Ives has agreed: (i) not to carry on a competing business within the United Kingdom to print magazines, directories and supplements using the lithographic heat set web offset printing process (subject to a number of exceptions); and (ii) not to solicit any orders for the production or supply of magazines from any persons who have been customers of the Magazine Group at any time during the 12 months up to and including Completion, in each case for a period of three years from Completion.

The Disposal Agreement contains representations, warranties and indemnities by St Ives that are customary for a transaction of this nature.

St Ives will retain ownership of the freehold estate in each of the Properties currently occupied by the Magazine Group in Peterborough, Plymouth and Roche but will lease them on revised terms to the Magazine Group. The Peterborough lease will be for a term of ten years with a tenant only break at the end of the fifth year. The Roche and Plymouth leases will each be for a term of one year. These leases will contain an option for the lessee to renew either or both of them for an additional term of nine years. Where either or both of these options are exercised, there will be a lessee only break at the end of the fourth year of such renewed leases. All of the leases will be on full repairing and insuring terms except that the repairing obligations of the respective Magazine Group companies, as lessee, will be qualified by reference to a schedule of condition to be prepared immediately after Completion. The leases provide for an initial market rental per annum (after an initial three month rent free period) of £1,261,000 in aggregate.

Completion of the Disposal is conditional upon approval by St Ives's Shareholders and Completion is expected to occur on 6 April 2011, after completion of the General Meeting.

St Ives and Walstead entered into a heads of terms document relating to the proposed Disposal on 21 January 2011. The heads of terms include binding provisions in relation to transaction costs. Under the heads of terms if St Ives's Shareholders fail to approve the Disposal at the General Meeting, St Ives is bound to reimburse Walstead for all third party costs reasonably incurred by it in connection with the Disposal subject to a cap of £200,000 plus VAT. Under the terms of the Disposal Agreement, if the Directors change their recommendation because St Ives receives a higher offer for the Magazine Group and St Ives's Shareholders fail to approve the Disposal, the cap is increased to £1,000,000 (inclusive of any VAT payable, except to the extent that the VAT is recoverable by St Ives) (being approximately one per cent. of St Ives's market capitalisation as at the close of business on 11 March 2011).

A summary of the principal terms of the Disposal Agreement and key Ancillary Documents is set out in Part V of this document.

## **5. Financial effects of the Disposal and use of proceeds**

Part IV of this document contains a pro forma statement of the net assets of the Continuing Group as at 30 July 2010 as if the Disposal had been undertaken at this date. The Company has made arrangements for the settlement of existing bank debt of £26.0 million (as at 30 July 2010), within the Magazine Group, from cash balances elsewhere in the Group prior to Completion of the Disposal. Overall the Disposal is expected to be earnings accretive for the Continuing Group in the first full year post Completion. As illustrated by the pro forma statement of net assets, had the Disposal occurred on that date, the net assets of the Continuing Group would have been £114.8 million.

The net proceeds of the Disposal payable at Completion, being £14.3 million (after costs and taxation), will be used to strengthen further the Continuing Group's balance sheet, and to provide additional flexibility to invest to improve its business.

A further £5.0 million is receivable under the terms of the Secured Loan Note, payable in 24 monthly instalments commencing 30 days after Completion.

Financial information set out in this paragraph 5 has been extracted without material adjustment from the unaudited pro forma statement of net assets set out in Part IV.

## **6. Current trading and prospects**

In its interim management statement released on 30 November 2010 the Company stated the following:

"Sales for the 13 week period ending 29 October 2010 were broadly in line with those for the corresponding period in the prior year and were achieved despite tough market conditions, ongoing price pressure and the removal of uneconomic capacity within our magazine and commercial web offset businesses. We have grown underlying volumes and are confident that our investment in additional sales and marketing resources will support our strategy to improve margins and help reposition the business away from commoditised print.

The recently acquired Occam business has been successfully integrated; we are encouraged by some early successes in both winning new business and cross selling Occam's services into the St Ives Group's existing customer base. We continue to invest in extending the range of services and solutions we provide and to seek opportunities to add value and complementary services to our print offering.

We have secured the sale of our head office building in London for cash proceeds of £6.3 million and will move into more suitable leased premises nearby by March 2011. The plans to relocate our main Exhibition and Events business, from its current premises in Wandsworth to a new facility in Chessington, are progressing well and are on schedule to complete by January 2011. We are investing in a new financial reporting system across the St Ives Group due for implementation during 2011.

Our book business remains robust and is benefitting from steady demand, its market leading position and the investment that we have made in the latest digital technology. Excess capacity within the magazine sector continues to exert downward price pressure but we have benefited from some new business wins and increases in pagination as advertising expenditure starts to increase, albeit from a low base.

The market for direct response and commercial remains very tough and, following the closure of our Edenbridge facility, additional outwork costs have been incurred during the installation of the transferred press into the Peterborough plant, leading to further short term margin pressure.

Activity remains strong in the Point Of Sale market and the new management team is winning new business, improving operational efficiencies and strengthening the sales team.

The exhibition and events market continues to improve and volumes are increasing. Margins are being impacted by the disruption associated with relocating the main production facility and the inefficiencies inherent with our current premises. The move, and investment in additional capacity and IT infrastructure, will position the business well for what will be a significant increase in activity leading up to and during the Olympics.

The St Ives Group's financial position remains strong and we continue to keep our cost base under close review. The economic climate is challenging and whilst there is some improvement in underlying volumes, margins remain under pressure. Our strategic focus is to continue to move away from the commoditised end of the print market and to grow a portfolio of added value products and services to help our customers maximise returns from their investment in print. Whilst visibility is poor, we are confident that the St Ives Group will make further progress during the current financial year."

The Directors' expectations for the financial and trading prospects for the Continuing Group, for at least the current financial year, remain unchanged from the date of the interim management statement. The move to a new head office is on track for the end of March 2011 and the move of our Exhibition and Events business to Chessington has been completed successfully.

The Company also announced, on 9 February 2011, the acquisition of 90 per cent. of the issued share capital of Tactical Solutions UK Limited ("Tactical Solutions") for: (i) an initial consideration of £15.0 million paid as a combination of cash and shares in St Ives plc; and (ii) a maximum deferred consideration of £9.0 million. Tactical Solutions is one of the UK's leading and fastest growing field sales and marketing companies. The Board believes that the acquisition represents a further step in the implementation of St Ives plc's strategy to provide products and services in addition to print which will enable the Group to add further value to existing and new clients.

Half year results for the twenty six weeks ended 28 January 2011 are due to be announced on 15 March 2011.

## **7. Risk factors**

Shareholders should consider fully and carefully the risk factors associated with the Continuing Group, the Magazine Group and the Disposal. Your attention is drawn to the risk factors set out in Part II of this document.

## **8. General Meeting**

Set out on page 33 of this document is a notice convening a General Meeting to be held at 9:00 a.m. on 6 April 2011 at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS at which the Resolution to approve the Disposal will be proposed. The Resolution is set out in full at the end of this document in the notice of the General Meeting.

## **9. Action to be taken**

If you are a Shareholder, you will find enclosed with this document a Form of Proxy for use at the General Meeting. **Whether you intend to be present at the General Meeting or not, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and to return it to the Company's registrar, Capita Registrars, (whose address is The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU) as soon as possible and, in any event, so as to arrive not later than 9:00 a.m. on 4 April 2011.** The completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so.

## **10. Further information**

Your attention is drawn to the additional information set out in Parts II to VI of this document. You are advised to read the whole document and not merely rely on the key or summarised information in this letter.

**11. Recommendation**

**The Board, which has been advised by Rothschild, considers that the Disposal and the Resolution are in the best interests of Shareholders as a whole. In providing advice to the Board, Rothschild has taken into account the Board's commercial assessment of the Disposal.**

**The Board unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting, as they intend to do in respect of their own beneficial shareholdings, which amount in aggregate to 269,084 Ordinary Shares, representing approximately 0.25 per cent. of the existing issued share capital of St Ives as at 11 March 2011, (being the latest practicable date prior to publication of this document).**

Yours sincerely

Miles Emley

Chairman

## **PART II**

### **RISK FACTORS**

The Group's business, financial condition and/or results of operations could be materially and adversely affected by any of the risks described below. Shareholders should carefully consider these factors, in the context of the proposed transaction and alongside all other information contained in this Circular, when deciding what action to take in relation to the Disposal.

Additional risks and uncertainties not presently known to St Ives, or that St Ives currently deems immaterial, may also have an adverse effect on the Continuing Group and/or the Magazine Group. St Ives considers the following risks to the Continuing Group, the Magazine Group and the Disposal, to be the most significant for Shareholders to consider and all the material risks known at the present time. The risks are not set out in order of priority.

#### **SECTION A: RISKS ASSOCIATED WITH THE CONTINUING GROUP**

##### *Dependence on key personnel and relationships with customers*

St Ives's future operating performance is considerably dependent on the continued services and continued contribution of its Directors, senior management and other key personnel. The loss of services of any of the Directors of the Continuing Group or other key employees could have a material adverse impact on the business. The Continuing Group has long term and strong relationships with many of its customers that are continuously supported by the Continuing Group's key employees. Further, the future performance of the Continuing Group depends on the ability of key personnel to maintain relationships with existing clients and to continue attracting new clients. Operations of the Continuing Group could be negatively impacted through loss of key clients due to the departure of key personnel of the Continuing Group.

##### *Competitive nature of St Ives's industry*

The Continuing Group continues to face significant competition, both actual and potential, in the print services markets in which it operates. Competition in the industry is based upon: range and quality of services offered; pricing; reputation; and client relationships. Whilst the Directors of St Ives consider that the range of services provided, quality of services, reputation and client relationships will allow the Continuing Group to compete effectively in its market and to maintain its position as a leading provider of print and marketing services in the UK, there is clearly no assurance that increased competition will not have an impact on St Ives's progress, particularly during difficult economic periods.

##### *Loss of a major customer*

St Ives's top ten customers accounted for approximately 45 per cent. of turnover in the year ended 30 July 2010 with no single customer accounting for more than ten per cent of turnover. It is not anticipated that any of these customers (or any other major customer) will cease to be a customer of St Ives either as a result of ceasing trade or choosing to source all its printing product and marketing services from a competitor of St Ives. However, in the event that a major customer was materially lost, the revenues and associated profitability of the Continuing Group would be adversely affected which in turn could have a material adverse effect on the Continuing Group's business, results of operations and overall financial condition.

##### *Fluctuations of revenues, expenses and operating results*

The Continuing Group's revenues, expenses and operating results could vary considerably on a periodical basis due to a number of factors some of which are outside of the control of the Continuing Group. These factors include general economic conditions, market specific trends, seasonal volatility of the revenues, impact of the volatile pricing of input costs and capital expenditure. In particular, the current economic environment has led to a reduction in advertising expenditure which has in turn led to a decrease in business. In order to remain competitive in the

current market environment, the Continuing Group may need to make certain pricing or service decisions that could have an adverse impact on its results.

#### *Possible volatility of share price*

A number of factors outside the control of St Ives may impact its share price performance. Such factors could include investor sentiment, local and international stock market conditions, divergence of the Continuing Group's results from analysts' expectations, changes in earnings estimates by analysts and changes in political sentiment. The price of St Ives's shares may be adversely affected by certain of these factors despite little change in the underlying performance of the Continuing Group.

#### *Pensions*

With effect from 31 August 2008, the Group closed its defined benefits scheme to future benefits accrual. As at 30 July 2010 the Group's defined benefits scheme had a deficit of £32.9 million, calculated on an IAS 19 basis. The defined benefits scheme is now closed to future benefits accrual with effect from 31 August 2008 and the Group has put in place funding arrangements amounting to contributions of £2.2 million per annum designed to address the deficit on the scheme. However, it is possible that the deficit may increase and that additional contributions may be required to address the deficit which may have an adverse effect on the Continuing Group's financial condition and results.

#### *Business continuity and IT systems*

St Ives regularly reviews its business continuity procedures and the potential responses to a catastrophic event. Such practice may serve to reduce the impact of any such events. However, there remains a risk of a material adverse impact being experienced by the Continuing Group in the event of an unforeseen catastrophic event occurring.

St Ives depends on the reliable and effective performance of its IT systems. A prolonged failure to maintain the integrity and efficiency of its IT systems may adversely affect the Continuing Group's business, financial condition and results of operations.

#### *Dividends*

The ability of St Ives to pay dividends to its Shareholders depends on its profitability, cashflow and the extent to which, as a matter of law, it has sufficient distributable reserves from which any proposed dividends may be paid. There can be no guarantee that the Continuing Group will be able to sustain its dividend policy in the future.

#### *Credit risk*

The Continuing Group's credit risk is primarily attributable to its trade receivables and the ability of its customers to meet their obligations. A deterioration of the credit markets may result in non-payment by Continuing Group debtors and lead to a negative impact on results. The Continuing Group, however, considers its credit risk to be relatively low as Continuing Group sales are with a large number of counterparties and credit insurance is maintained up to a maximum aggregate of claims in any one year of £7.0 million.

#### *Interest rate fluctuations and increases in bank lending margins*

The Continuing Group's interest costs in respect of its borrowing will increase in the event of rising interest rates. Rising interest rates may also have a more general effect on customer confidence, resulting in lower demand in the markets in which the Continuing Group is active and this could have a material adverse effect on the Continuing Group's business, results of operations and overall financial condition in the longer term.

### *Acquisitions and disposals*

The Continuing Group has undertaken a number of acquisitions and disposals in the last few years, most recently the acquisition of Tactical Solutions. Acquisitions and disposals involve a number of risks including possible adverse effects on the Continuing Group's operating results, diversion of management's attention, failure to retain key personnel, risks associated with unanticipated events or liabilities and difficulties in integrating or separating any acquired or disposed businesses. The outcome of any transaction may turn out to be less favourable than anticipated by management.

## **SECTION B: RISKS ASSOCIATED WITH THE MAGAZINE GROUP**

### *Competitive nature of and price pressure within the Magazine Group's industry*

The Magazine Group continues to face significant competition, both actual and potential, in the print services markets in which it operates. The magazine printing market is increasingly commoditised and is predominantly differentiated by price, with the range and quality of services offered being secondary factors. Excess capacity in the segment continues to exert significant downward price pressure resulting in poor levels of profitability. Further structural challenges will be faced as advertising and content migrates into digital formats.

### *Dependence on key personnel and relationship with customers*

The future operating performance of the Magazine Group is considerably dependent on the continued services and continued contribution of directors, senior management and other key personnel who are directly employed by the Magazine Group. The loss of services of any key employees could have a material adverse impact on the business. Further, the future performance of the Magazine Group depends on the ability of key personnel to maintain relationships with existing clients and to continue attracting new clients. The operations of the Magazine Group could therefore be negatively impacted through loss of its key clients due to the departure of the key personnel.

### *Fluctuations of revenues, expenses and operating results*

The Magazine Group's revenues, expenses and operating results could vary considerably on a periodical basis due to a number of factors some of which are outside the control of the Magazine Group. These factors include general economic conditions, market specific trends, seasonal volatility of the revenues, impact of the volatile pricing of input costs and capital expenditure. In particular, the current economic environment has led to a reduction in advertising expenditure which has in turn led to a decrease in business. In order to remain competitive in the current market environment, the Magazine Group may need to make certain pricing or service decisions that could have an adverse impact on its results.

### *Business continuity and IT systems*

The Magazine Group regularly reviews its business continuity procedures and the potential responses to a catastrophic event. Such practice may serve to reduce the impact of any such events, however, there remains a risk of a material adverse impact being experienced by the Magazine Group in the event of an unforeseen catastrophic event occurring.

The Magazine Group depends on the reliable and effective performance of its IT systems. A prolonged failure to maintain the integrity and efficiency of its IT systems may adversely affect the Magazine Group's business, financial condition and results of operations.

### *Credit risk*

The Magazine Group's credit risk is primarily attributable to its trade receivables and the ability of its customers to meet their obligations. The deterioration of the credit markets may result in non-payment by Magazine Group debtors and lead to a negative impact on results. The Magazine

Group, however, considers its credit risk to be relatively low as Magazine Group sales are with a large number of counterparties and is currently insured under St Ives's credit insurance for up to a maximum aggregate of claims in any one year of £7.0 million.

## **SECTION C: RISKS RELATED TO THE DISPOSAL**

### *The Disposal may not complete*

The Disposal is conditional upon approval by the Shareholders of St Ives plc and there can be no guarantee that Shareholders will approve the Resolution. The Board believes that the Disposal is in the best interests of the Shareholders and represents an attractive opportunity to realise value from the Magazine Group. If the Disposal does not complete, the Company will have incurred transaction related costs and may not be able to dispose of the Magazine Group on terms as favourable as those offered pursuant to the Disposal, or at all, in the future. The proposed Disposal may also have created uncertainty in the minds of customers of the Magazine Group which may have a negative impact on future business.

### *The Secured Loan Note may not be repaid*

The consideration for the Disposal includes £5,000,000 in a Secured Loan Note to be redeemed by cash payments in 24 equal monthly instalments commencing 30 days after Completion. Although security will be granted over the assets of the Magazine Group, the security is subject to the prior ranking security of RBSIF and NatWest. St Ives is only permitted to exercise its rights under the Security Document in accordance with the terms of the Inter-creditor Agreement. It is possible that Walstead Newco3 could fail to repay the instalments on the Secured Loan Note and that any legal rights of St Ives in relation to the failure of Walstead Newco3 to do so may be of limited value.

### *Obligations under the Disposal Agreement*

The Disposal Agreement contains customary warranties and undertakings given in favour of Walstead Newco3 which could cause the Continuing Group to incur liabilities and obligations to make payments which would not have arisen had the Disposal not taken place. In addition, the Disposal Agreement contains indemnities whereby St Ives agrees to indemnify Walstead Newco3 in respect of: (i) the potential partial repayment of a regional grant; (ii) certain pension liabilities; and (iii) matters relating to the workplace death of an employee. Further details of the warranties and undertakings given to Walstead Newco3 are set out in paragraph 5 of Part V of this document.

## PART III

### FINANCIAL INFORMATION OF THE MAGAZINE GROUP

#### 1. Nature of financial information

The following financial information represents the financial information relating to the Magazine Group, which has been extracted without material adjustment from the consolidation schedules which support the consolidated audited accounts for St Ives plc for the periods ended 1 August 2008, 31 July 2009 and 30 July 2010. Shareholders should read the whole of this document and not just rely on the information contained in this section.

The financial information in paragraphs 2 and 3 of this Part III does not constitute statutory accounts for the Company within the meaning of section 434 of the Companies Act. The statutory accounts for St Ives plc in respect of each of the financial periods ended 1 August 2008, 31 July 2009 and 30 July 2010 have been delivered to the Registrar of Companies. The auditors' reports in respect of the statutory accounts for the last three years were unqualified and did not contain statements under section 498 of the Companies Act. Deloitte LLP were the auditors of St Ives plc in respect of the three periods ended 30 July 2010.

The financial information in paragraphs 2 and 3 of this Part III has been prepared using the accounting policies used in the Group's annual report for the 52 week period ended 30 July 2010.

#### 2. Consolidated profit and loss accounts

	52 weeks ended 30 July 2010 £m	52 weeks ended 31 July 2009 £m	52 weeks ended 1 August 2008 £m
<b>Revenue</b>	70.5	75.1	85.4
Cost of sale	(61.9)	(67.0)	(67.7)
<b>Gross profit</b>	<u>8.6</u>	<u>8.1</u>	<u>17.7</u>
Selling costs	(1.9)	(2.0)	(2.0)
Administrative expenses	(9.5)	(10.6)	(10.1)
Other operating income	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
<b>Operating (loss) / profit before restructuring costs, provision releases and other one-off items</b>	(2.7)	(4.4)	5.7
Restructuring costs, provision releases and other one-off items	<u>(1.7)</u>	<u>(4.7)</u>	<u>0.3</u>
<b>Operating (loss) / profit after restructuring costs, provision releases and other one-off items</b>	(4.4)	(9.1)	6.0
Finance costs	(0.7)	(0.5)	(0.1)
<b>(Loss)/profit from continuing operations before tax</b>	<u>(5.1)</u>	<u>(9.6)</u>	<u>5.9</u>
Tax income / (expense)	<u>1.6</u>	<u>2.7</u>	<u>(1.6)</u>
<b>(Loss) / profit for the year</b>	<u>(3.5)</u>	<u>(6.9)</u>	<u>4.3</u>

Note:

Allocations of corporate costs and contributions to the St Ives defined benefit pension scheme, which will remain with the Continuing Group post Completion, have been excluded from the profit

and loss accounts for the Magazine Group above as it is not possible to provide a meaningful allocation of these costs.

### 3. Consolidated balance sheet

	As at 30 July 2010 £m
<b>Non-current assets</b>	
Intangible assets	0.1
Property, plant and equipment	37.2
	<u>37.3</u>
<b>Current assets</b>	
Inventories	2.7
Trade and other receivables	14.8
	17.5
<b>Total assets</b>	<u>54.8</u>
<b>Current liabilities</b>	
Trade and other payables	15.6
Bank overdrafts	26.0
Deferred income	0.3
Provisions	1.4
	<u>43.3</u>
<b>Non-current liabilities</b>	
Deferred tax liabilities	1.9
Deferred income	0.6
	<u>2.5</u>
<b>Total liabilities</b>	<u>45.8</u>
<b>Net assets</b>	<u>9.0</u>

**PART IV**  
**PRO FORMA STATEMENT OF NET ASSETS**  
**OF THE CONTINUING GROUP**

**1. Unaudited pro forma financial information**

The unaudited pro forma financial information for the Continuing Group set out in this Part IV has been prepared to illustrate the effect on the net assets of the Continuing Group that the Disposal would have had if it had occurred on 30 July 2010. The pro forma financial information is for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and does not, therefore, represent the Continuing Group's actual financial position or results. The pro forma financial information has been prepared on the basis set out in the notes below and in accordance with LR13.3.3 of the Listing Rules.

**2. Unaudited pro forma consolidated balance sheet of the Continuing Group**

	St Ives Group as at 30 July 2010 (note i) £m	Adjustments		Pro forma Continuing Group £m
		Magazine Group (note ii) £m	Use of proceeds and other adjustments (note iii, iv) £m	
<b>Non-current assets</b>				
Goodwill	54.4	-	-	54.4
Other intangible assets	4.7	(0.1)	-	4.6
Property, plant and equipment	107.4	(37.2)	-	70.2
Financial assets	3.5	-	4.2	7.7
Other non-current assets	1.6	-	-	1.6
	<u>171.6</u>	<u>(37.3)</u>	<u>4.2</u>	<u>138.5</u>
<b>Current assets</b>				
Inventories	10.1	(2.7)	-	7.4
Trade and other receivables	70.9	(14.8)	-	56.1
Financial assets	-	-	0.8	0.8
Cash and cash equivalents	10.5	-	15.0	25.5
	<u>91.5</u>	<u>(17.5)</u>	<u>15.8</u>	<u>89.8</u>
<b>Total assets</b>	<u>263.1</u>	<u>(54.8)</u>	<u>20.0</u>	<u>228.3</u>
<b>Current liabilities</b>				
Trade and other payables	79.9	(15.6)	-	64.3
Bank overdrafts	-	(26.0)	26.0	-
Deferred income	0.9	(0.3)	-	0.6
Provisions	3.8	(1.4)	-	2.4
	<u>84.6</u>	<u>(43.3)</u>	<u>26.0</u>	<u>67.3</u>
<b>Non-current liabilities</b>				
Bank borrowings	13.2	-	-	13.2
Retirement benefit obligations	32.9	-	-	32.9
Deferred tax liabilities	1.3	(1.9)	-	(0.6)
Deferred income	0.6	(0.6)	-	-
Provisions	0.7	-	-	0.7
	<u>48.7</u>	<u>(2.5)</u>	<u>-</u>	<u>46.2</u>
<b>Total liabilities</b>	<u>133.3</u>	<u>(45.8)</u>	<u>26.0</u>	<u>113.5</u>
<b>Net assets</b>	<u>129.8</u>	<u>(9.0)</u>	<u>(6.0)</u>	<u>114.8</u>

Notes:

- (i) The consolidated net assets of St Ives plc as at 30 July 2010 have been extracted without material adjustment from the audited financial statements of St Ives plc for the 52 weeks ended 30 July 2010.
- (ii) The net assets of the Magazine Group as at 30 July 2010 have been extracted without material adjustments from Part III of this document.
- (iii) Bank overdraft indebtedness will be settled by St Ives plc via contribution of capital to the Magazine Group prior to the Disposal.
- (iv) The consideration payable by Walstead Newco3 comprises £15.0 million payable in cash on Completion and the £5.0 million Secured Loan Note payable in 24 equal monthly instalments thereafter.
- (v) No account has been taken of the trading of the Continuing Group or the Magazine Group since 30 July 2010 or any other event or transaction.
- (vi) The impact of the acquisition of 90 per cent. of Tactical Solutions, which was announced by St Ives plc on 9 February 2011, is not reflected in the consolidated pro forma balance sheet of the Continuing Group above. The acquisition was for an initial consideration, on a cash and debt free basis, of approximately £15.0 million, subject to an adjustment to reflect the working capital position as at 31 December 2010. The initial consideration comprised £13.0 million of cash with the balance satisfied by the issue of 2,169,197 new St Ives plc ordinary shares. Further consideration may be payable in cash subject to the following performance criteria: a maximum first deferred payment of £4.0 million will be paid subject to Tactical Solutions achieving an underlying EBITDA of £4.5 million or more in the year to December 2011; and a maximum second deferred payment of £5.0 million will be paid subject to Tactical Solutions achieving an underlying EBITDA of £6.0 million or more in the year to December 2012. Each of these deferred consideration payments are covered by the loan notes issued at Completion with face values of £4.0 million and £5.0 million. The redemption value of each tranche of the Secured Loan Note will be reduced pro rata, should the growth target for that year not be met, with no deferred consideration payable if the underlying EBITDA in that year falls below £3.0 million. As at 31 December 2009, Tactical Solutions had gross assets of £2.6 million and net assets of £0.4 million.

### 3. Report by Deloitte on pro forma financial information

## **Deloitte.**

2 New Street Square  
London  
EC4A 3BZ

The Board of Directors  
On behalf of St Ives plc  
St Ives House  
Lavington Street  
London  
SE1 0NX

N. M. Rothschild & Sons Limited  
New Court  
St Swithin's Lane  
London  
EC4P 4DU  
14 March 2011

Dear Sirs,

#### **St Ives plc (the "Company")**

We report on the pro forma financial information (the "Pro forma financial information") set out in Part IV of the Class 1 circular dated 14 March 2011 (the "Investment Circular"), which has been prepared on the basis described that Part IV, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 30 July 2010. This report is required by Annex I item 20.2 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") as applied by Listing Rule 13.3.3R and is given for the purpose of complying with that requirement and for no other purpose.

#### **Responsibilities**

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro forma financial information in accordance with Annex I item 20.2 and Annex II items 1 to 6 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

It is our responsibility to form an opinion, in accordance with Annex I item 20.2 of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary shareholders as a result of the inclusion of this report in the Investment Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Investment Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

### **Opinion**

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

Deloitte LLP

Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see [www.deloitte.co.uk/about](http://www.deloitte.co.uk/about) for a detailed description of the legal structure of DTTL and its member firms.

**Member of Deloitte Touche Tohmatsu Limited**

## **PART V**

### **SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL AGREEMENT**

The following is a summary of the material terms of the Disposal Agreement and key Ancillary Documents. As set out in paragraph 11 of Part VI of this document, the Disposal Agreement is available for inspection by Shareholders.

#### **1. Parties and background**

The Disposal Agreement which was entered into on 13 March 2011, relates to the conditional sale of the Magazine Group from St Ives plc to Walstead Newco3. Walstead is acting as guarantor of Walstead Newco3's obligations and is also a party to the Disposal Agreement.

#### **2. Consideration**

The aggregate consideration for the Disposal is £20.0 million comprising: (i) a cash payment at Completion of £15.0 million; and (ii) the issue of the Secured Loan Note (further details of which are set out at paragraph 3 below). The consideration has been calculated using "locked box" accounts which were drawn up as at 28 January 2011, the effect of which is that, assuming that the Disposal is completed, the principal economic benefit and risk of the Magazine Group will pass from St Ives to Walstead Newco3 from 29 January 2011, subject to certain exceptions which are described in paragraphs 5 and 6 below.

#### **3. Secured Loan Note**

The Secured Loan Note being issued by Walstead Newco3 to St Ives at Completion will have a nominal value of £5.0 million and are to be redeemable by cash payments in 24 monthly instalments commencing 30 days after Completion. The obligations of Walstead Newco3 to St Ives under the Secured Loan Note will be guaranteed by Walstead and will be secured by second ranking fixed and floating security over the Magazine Group's business assets (prior ranking is to be granted to RBS, which is providing the finances to Walstead Newco3 in connection with the transaction and other finances to Walstead and to NatWest which also provides finances to the Walstead Group). The ranking of the debt in, and security over the Walstead Group (including the Magazine Group over which St Ives has security) is regulated by the Intercreditor Agreement to be signed on Completion between RBSIF, Cigala, DM & F Investments Limited, the companies (including Walstead Newco3) listed as original obligors therein, Walstead and St Ives. The debt owed to St Ives ranks behind that of RBSIF and NatWest but ahead of Cigala in respect of the Magazine Group. St Ives and the other subordinated creditors are restricted in taking enforcement action until the prior ranking debt has been discharged although St Ives retains the right to enforce its rights on the insolvency of a member of the Magazine Group where RBSIF has decided not to take action pursuant to its own rights.

#### **4. Conditions to Completion**

Completion is conditional upon: (i) approval of the Disposal by St Ives's Shareholders; and (ii) Walstead Newco3's bankers not advancing money under a new finance facility agreement (granted by RBSIF and dated 13 March 2011) for certain very limited circumstances. Completion is expected to occur on 6 April 2011, the same day as completion of the General Meeting.

## **5. Warranties and undertakings**

Under the Disposal Agreement, Walstead Newco3 and Walstead give standard warranties relating to their incorporation, capacity to contract and authority to enter the Disposal Agreement and the Ancillary Documents. They also both warrant that certain specified individuals are not aware of any facts or circumstances which they know will or they know are reasonably likely to be expected to give rise to a claim under the Disposal Agreement against St Ives.

St Ives gives standard commercial warranties which are usual for a transaction of this nature and include warranties concerning title to the shares in the Magazine Group and its capacity and authority to enter into the Disposal Agreement and the Ancillary Documents; accounts and financial matters; solvency; assets of the Magazine Group; contracts and commercial arrangements; employees, information technology; litigation; pensions; the Properties; and taxation. These warranties are given at the date of the Disposal Agreement. Claims under the non-tax warranties are subject to a time limit of 36 months; tax claims are subject to a seven year time limit and claims relating to the "locked box" accounts are subject to a 12 month time limit. Warranty claims are subject to a de minimis threshold of £30,000 and an aggregate threshold of £150,000. The aggregate amount which may be recovered for claims (other than claims in respect of the title and the indemnities described in the next paragraph) is limited to 100 per cent. of the consideration received for the Disposal.

Under the Disposal Agreement, St Ives agrees to indemnify Walstead Newco3 or the relevant Magazine Group company in respect of: (i) potential partial repayment of a regional grant; (ii) pension liabilities in respect of the Group's defined benefits scheme; (iii) certain matters in relation to the workplace death of a Magazine Group employee in October 2008; and (iv) liabilities in relation to the pre-sale asset transfer and lease-back arrangements described in paragraph 6 below.

## **6. Pre-Completion arrangements**

St Ives has agreed to ensure that the business of the Magazine Group will be carried on in the ordinary course and in substantially the same manner as it has been carried before the date of the Disposal Agreement and to protect the Magazine Group business and assets before Completion. The agreement also includes a number of specific obligations and restrictions in respect of the pre-Completion period including: (i) maintaining insurance policies; (ii) procuring that scheduled work by the Magazine Group for the Continuing Group will continue on the prevailing terms (subject to certain exceptions); (iii) procuring that no Magazine Group company will undertake any material transactions; and (iv) not dismissing, or amending the terms of, employment of any employee officer of any Magazine Group company.

St Ives will procure that for the period pre-Completion: (i) Walstead Newco3 is given reasonable access to the Magazine Group's senior managers; and (ii) Walstead Newco3 and certain named parties are given reasonable access to the Properties and to the relevant books, accounts and documents of the Magazine Group. Walstead Newco3 and a credit agency are also permitted to contact the Magazine Group's clients and suppliers directly.

There is an exception to the requirement to carry on the business in the ordinary course for certain pre-sale transactions carried out by St Ives and the Magazine Group which are intended to give a tax treatment for the Continuing Group similar to that which would be obtained on an asset sale, even though the Disposal is being effected through a share sale. On 7 March 2011, three Magazine Group companies sold the substantial majority of their tangible assets to St Ives who, simultaneously, leased the same assets back to the three Magazine Group companies. Prior to Completion the same three Magazine Group companies and St Ives will enter a second asset sale agreement to: (i) terminate the lease arrangement; and (ii) sell those assets back to the relevant Magazine Group company.

As per paragraph 2 of this Part V, consideration for the Disposal is calculated by reference to locked box accounts which were drawn up at 28 January 2011. In order to preserve the value in the business for Walstead Newco3, St Ives is required to pay Walstead Newco3, on demand, payments received by St Ives (or any of its affiliates, Directors, officers, employees and advisors) from any of the Magazine Group companies (other than payments which are permitted under the Disposal Agreement) during the period from 29 January 2011 to, and including the date of Completion.

St Ives is obliged to put the Magazine Group companies in funds to repay £26.0 million (as at 30 July 2010) of bank debt on or prior to Completion, which will be funded from cash balances elsewhere in the Group. Part of this money is being provided under the pre-sale asset transfer arrangements, with the balance being paid separately on or prior to Completion.

#### **7. Post-Completion arrangements**

Walstead Newco3 is obliged to ensure that, no more than six weeks after Completion, the names of the members of the Magazine Group are changed so that none of them use in any way the name or logo of "St Ives".

There are a number of contracts between St Ives and various counterparties which relate in whole or part to services and/or products provided to or from the Magazine Group. The Disposal Agreement contains provisions governing the continuation of those contracts, the assignment or replacement of them and performance of obligations by the Magazine Group for a transitional period of up to 180 days after Completion.

St Ives will retain the freehold interest of the Properties occupied by the Magazine Group in Peterborough, Plymouth and Roche. The Disposal Agreement provides that St Ives will enter into the Leases at Completion with the relevant Magazine Group company, which are appropriate for leases granted on a non-intra group basis. The Leases will be guaranteed by Walstead. The Peterborough lease will be for a term of ten years and there will be a break clause in favour of St Ives Peterborough Limited at the end of the fifth year. The Roche and Plymouth leases will each be for a term of one year. All three leases have: (i) a rent free period of three months commencing on completion of the lease; and (ii) provisions allowing the initial annual rent to be at market value (as determined by a jointly appointed surveyor). The Peterborough lease includes an upwards only rent review to be conducted at the end of the fifth year. The Roche and Plymouth leases each contain an option for the lessee to renew the lease for an additional nine year period commencing at the end of the original term. If such renewal options are exercised, there is a break clause in favour of the relevant Magazine Group company and an upward only rent review at the end of the fourth year (i.e. five years after Completion). The leases provide for an initial market rental per annum (after the initial rent free period) of £1,261,000 in aggregate.

In addition, St Ives, Walstead Newco3 and Walstead have entered a short term transitional services agreement in which St Ives agrees to provide services, primarily relating to the provision of IT services, to the Magazine Group for a period of up to three months following Completion.

#### **8. Non-compete obligations**

St Ives has agreed that for three years from Completion the Continuing Group will not carry on a competing business within the United Kingdom to print magazines, directories and supplements using the lithographic heat set web offset printing process subject to the exceptions that it may: (i) use the Continuing Group's remaining lithographic heat set web offset printing capacity located in Bradford; (ii) conduct any business using the Continuing Group's various existing sheet fed capacity; (iii) conduct any business using replacement machines in respect of the machines in (i) and (ii) provided that they do not materially increase the magazine lithographic heat set web offset printing capacity; (iv)

conduct a competing business using any magazine lithographic heat set web offset printing business acquired during the non compete period provided that the printing of magazines, directories and supplements using the lithographic heat set web offset printing production is not and does not become the predominant part of such business; and (v) hold up to ten per cent. of the listed securities of a competing business and up to 20 per cent. of the securities of a non-listed competing business.

St Ives also agrees not to solicit any orders for the production or supply of magazines from any persons who have been customers of the Magazine Group at any time during the 12 months up to and including the date of Completion.

The non-compete covenants given by St Ives under the Disposal Agreement (and described in this paragraph 8) will cease if Walstead Newco3 is in breach of its obligations under the Secured Loan Note.

## **9. Miscellaneous**

The Disposal Agreement will terminate if the Disposal has not been approved by St Ives's Shareholders by 30 April 2011 or such other date as the Parties may have agreed in writing. Either St Ives or Walstead Newco3 may also terminate the Disposal Agreement where the Completion date has been deferred due to: (i) the failure of the other to comply in all material respects with its Completion obligations; and (ii) at the deferred completion date the other party still fails to comply in all material respects with its Completion obligations.

The Disposal Agreement does not permit assignment by any party except that any party may assign its rights to its wholly owned subsidiaries (subject to certain restrictions). Walstead Newco3 may also assign the benefit of its rights to the bank or financial institution which provides Walstead Newco3 with finance for all or part of the consideration for the Disposal.

The Disposal Agreement also contains certain other customary provisions, such as mutual confidentiality obligations not to disclose any confidential information relating to the Disposal or any party to the Disposal Agreement or the Magazine Group.

On 21 January 2011, prior to execution of the Disposal Agreement, St Ives and Walstead entered into a largely non-binding heads of terms document setting out key details relating to the proposed Disposal. The heads of terms includes binding provisions relating to exclusivity, costs, confidentiality and governing law. The initial period of exclusivity granted to Walstead by St Ives in respect of its purchase of the Magazine Group lasted from the date of the heads of terms up until midnight on 25 February 2011. This period was extended in duration to 23.59 on 11 March 2011 by a supplemental side letter signed by St Ives and Walstead dated 18 February 2011. Under the heads of terms should St Ives's Shareholders fail to approve the Completion of the Disposal at the General Meeting, St Ives will reimburse Walstead for all third party costs reasonably incurred by it in connection with the Disposal subject to a cap of £200,000 plus VAT. Under the terms of the Disposal Agreement, if the Directors change their recommendation because St Ives receives a higher offer for the Magazine Group and St Ives's Shareholders fail to approve the Completion of the Disposal, the cap is increased to £1,000,000 (inclusive of any VAT payable, except to the extent that the VAT is recoverable by St Ives) (being approximately one per cent. of St Ives's market capitalisation as at the close of business on 11 March 2011).

The Disposal Agreement and the Ancillary Documents are governed by English law.

**PART VI**  
**ADDITIONAL INFORMATION**

**1. RESPONSIBILITY**

The Directors, whose names appear in paragraph 2 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**2. DIRECTORS AND REGISTERED OFFICE**

The Directors of St Ives and their functions are as follows:

<b>Name</b>	<b>Function</b>
Miles Emley	Chairman, Non-executive Director
Patrick Martell	Chief Executive
Matthew Armitage	Finance Director
Lloyd Wigglesworth	Group Managing Director – Commercial Products
Michael Butterworth	Non-executive Director
Simon Marquis	Non-executive Director
Richard Stillwell	Non-executive Director
Antony Stuart	Non-executive Director

The registered office of the Company is at St Ives House, Lavington Street, London SE1 0NX (telephone number 020 7928 8844).

St Ives is a public limited company incorporated under the laws of England and Wales. Its registered number is 1552113.

**3. DIRECTORS' INTERESTS**

The interests of the Directors of St Ives and of the persons connected with them (within the meaning of the Disclosure Rules) which would, if such connected persons were directors of St Ives, be required to be disclosed or notified under the Disclosure Rules as at 11 March 2011 (being the last practicable date prior to the date of this document), are as follows:

(i) Directors' shareholdings:

<b>Name of Director</b>	<b>Registered shareholder</b>	<b>Number of Shares</b>	<b>Percentage of issued Shares</b>
Miles Emley <sup>1</sup>	Rathbone Nominees Ltd (16,000)  Miles Emley (93,884)	109,884	0.11

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<sup>1</sup> 6,000 of Miles Emley's Shares as held by Rathbone Nominees Ltd are held beneficially for Tessa Emley (spouse of Miles Emley)

Name of Director	Registered shareholder	Number of Shares	Percentage of issued Shares
Patrick Martell	HSBC Global Custody Nominee UK Ltd (105,497) Patrick Martell (14,789)	120,286	0.12
Matthew Armitage <sup>2</sup>	HSBC Global Custody Nominee UK Ltd	74,752	0.07
Lloyd Wigglesworth	HSBC Global Custody Nominee UK Ltd (20,914) NWBrown ISA Nominees Ltd (10,000)	30,914	<0.03
Michael Butterworth	Michael Butterworth	11,000	0.01
Simon Marquis	Simon Marquis	3,000	<0.01
Richard Stillwell <sup>3</sup>	Barclays Stockbrokers	13,000	0.01
Antony Stuart	-	Nil	-

Other than the Directors there are no other individuals comprising members of the Group's administrative, management or supervisory bodies and/or any senior managers of the Group who are relevant to establishing that the Company has the appropriate expertise and experience for the management of the Group's business.

(ii) Directors' interests under the Share Option Scheme:

Director	Date of grant	Period during which exercisable	Number of Shares under option	Option price (p)
Patrick Martell	28/04/2008	28/04/2011 – 27/04/2018	152,000	236.75
	03/11/2009	03/11/2012 – 02/11/2019	<u>544,000</u>	66.17
			<b><u>696,000</u></b>	
Matthew Armitage	28/04/2008	28/04/2011 – 27/04/2018	110,800	236.75
	03/11/2009	03/11/2012 – 02/11/2019	<u>544,000</u>	66.17
			<b><u>654,800</u></b>	
Lloyd Wigglesworth	03/11/2009	03/11/2012 – 02/11/2019	<u>544,000</u>	66.17

All options were granted for nil consideration.

<sup>2</sup> All of Matthew Armitage's Shares are held beneficially for Jill Armitage (spouse of Matthew Armitage)

<sup>3</sup> All of Richard Stillwell's Shares are held beneficially for Jane Stillwell (spouse of Richard Stillwell)

(iii) Directors' interests under the LTIP 2010:

<b>Director</b>	<b>Date of grant</b>	<b>Period during which exercisable</b>	<b>Number of Shares under option</b>	<b>Option price (p)</b>
Patrick Martell	05/01/2011	05/01/2014 – 04/01/2021	410,500	Nil
Matthew Armitage	05/01/2011	05/01/2014 – 04/01/2021	232,600	Nil
Lloyd Wigglesworth	05/01/2011	05/01/2014 – 04/01/2021	232,600	Nil

#### **4. DIRECTORS' SERVICE AGREEMENTS**

(i) Executive Directors:

As at the date of this document, the executive Directors have service contracts with the Company as follows:

<b>Executive Director</b>	<b>Date of contract</b>	<b>Unexpired term / notice period</b>
Patrick Martell	1 August 2003	12 months
Matthew Armitage	1 June 2007	12 months
Lloyd Wigglesworth	11 February 2009	12 months

(ii) Non-executive Directors:

As at the date of this document, the non-executive Directors serve under letters of appointment on the following terms:

<b>Non-executive Director</b>	<b>Date of letter of appointment</b>	<b>Unexpired term / notice period</b>
Miles Emley	3 December 2007	3 months
Michael Butterworth	14 July 2010	1 month
Simon Marquis	5 December 2003	1 month
Richard Stillwell	11 August 2006	1 month
Antony Stuart	23 December 2010	1 month

None of the service contracts or letters of appointment includes specific provisions for compensation in the event of termination.

#### **5. SUBSTANTIAL SHAREHOLDINGS**

As at 11 March 2011 (being the latest practicable date prior to the publication of this document), so far as the Directors are aware no person other than those listed below was interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company:

<b>Name</b>	<b>Number of Shares</b>	<b>Percentage of issued Shares</b>
Silchester International Investors LLP	18,640,753	17.98
Aviva PLC and its subsidiaries	14,699,786	13.89
Prudential plc and its subsidiaries	6,628,182	6.40
Majedie Asset Management Limited	6,116,675	5.91
Schroder plc	6,028,004	5.82
Standard Life Investments Limited	5,588,218	5.39
State Teachers' Retirement System of Ohio	5,213,741	5.04
Sanderson Asset Management Ltd	4,058,234	3.92
Legal & General Group plc and its subsidiaries	3,979,783	3.84

The Company does not hold any Shares as Treasury Shares.

## **6. MATERIAL CONTRACTS**

### **(a) The Continuing Group**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Continuing Group in the last two years or have been entered into at any time and contain an obligation or entitlement which is material to the Continuing Group as at the date of this document:

#### *(i) The Disposal Agreement, and its Ancillary Documents*

As summarised in Part V of this document.

#### *(ii) The acquisition of Occam*

St Ives plc entered into an agreement dated 28 May 2010 to purchase the entire share capital of Occam DM Limited (a provider of database marketing management software and related services) and its subsidiaries from the nine corporate and seven individual shareholders of Occam DM Limited.

The consideration for the transaction was comprised of: (i) an initial payment at completion of £397,970 (comprised of cash (£377,776) and ordinary shares in St Ives plc (representing £20,194 in value); and (ii) deferred consideration (calculated by reference to a specific formula), of £11,315,958 of which £11,255,493 was settled in cash and £60,446 was settled by the issue of shares upon delivery of completion accounts and other ancillary deliverables. £9,802,029 of the cash consideration payable was applied to repay all of the financial debts owed by Occam DM Limited and its subsidiaries as at completion. St Ives plc also procured that an additional payment of £7,230.48 (based on a second specific formula) would be made by Occam DM Limited to Kevin Borley (one of the selling shareholders) at or immediately after completion in respect of monies owed by Occam DM Limited to him.

As further consideration, the corporate sellers entered into various post completion undertakings, of an 18 month duration, in relation to the protection of the business and goodwill of Occam DM Limited (including, but not limited to non compete, non supply, non solicitation of clients and suppliers and non poaching of key employee(s) undertakings).

The acquisition was announced on 1 June 2010.

(iii) *The acquisition of Tactical Solutions*

St Ives plc entered into an agreement dated 9 February 2011 to purchase 90 per cent. of the issued share capital of Tactical Solutions (a UK field sales and marketing company) from Lorna Davidson, the founder and majority shareholder of Tactical Solutions, and other members of her management team, David Bryant and Geoffrey Faulkner.

St Ives plc had agreed to pay approximately £15.0 million as an initial consideration for the transaction, subject to an adjustment to reflect the working capital position as at 31 December 2010. The initial consideration was comprised of £13.0 million of cash with the balance to be satisfied by the issue of 2,169,197 new St Ives plc ordinary shares.

Further consideration is payable in cash subject to the following performance criteria: (i) a maximum first deferred payment of £4.0 million will be paid subject to Tactical Solutions achieving an underlying EBITDA of £4.5 million or more in the year to December 2011, and; (ii) a maximum second deferred payment of £5.0 million will be paid subject to Tactical Solutions achieving an underlying EBITDA of £6.0 million or more in the year to December 2012. Each of these deferred consideration payments are covered by a loan notes issued at completion with face values of £4.0 million and £5.0 million. The redemption value of each tranche of loan notes will be reduced pro rata, should the growth target for that year not be met, with no deferred consideration payable if the underlying EBITDA in that year falls below £3.0 million.

St Ives plc had been granted a call option over the remaining ten per cent. of the issued share capital exercisable, at St Ives plc's sole discretion, from August 2013.

The acquisition was announced on 9 February 2011.

(iv) *The disposal of St Ives House, Lavington Street and entry into new lease at Tudor Street*

St Ives entered into an unconditional contract to sell its freehold premises known as St Ives House, Lavington Street London SE1 0NX to Dorrington Southside Limited on 12 October 2010. The sale price is £6.25 million excluding VAT and the contractual completion date is 24 June 2011. St Ives can require completion to take place earlier than this date by giving not less than one month's notice to the buyer provided that completion cannot take place earlier than 25 March 2011. The obligations of the buyer under the contract are guaranteed by Dorrington PLC.

On 15 November 2010 the Company entered into a lease of office premises comprising approximately 10,131 square feet situated on the 2nd floor of 1 Tudor Street London EC4Y 0AH. The lease is for a term of ten years expiring on 14 November 2020. The initial annual rent, which becomes payable after expiry of an initial rent free period is £425,502 excluding VAT subject to an upwards only rent review in 2015. The lease is otherwise on full repairing and insuring terms.

(v) *£70.0 million revolving credit facility*

On 8 September 2009 a revolving credit facility agreement, was entered into between: (1) St Ives plc as original borrower; (2) St Ives plc and certain subsidiaries listed thereunder as original guarantors; (3) HSBC Bank plc and RBS as mandated lead arrangers and original lenders; and (4) HSBC Bank plc as agent, relating to a £70.0 million multicurrency revolving loan facility. A number of amendments have been agreed since the agreement was entered into. The facility is to be used for general corporate purposes, financing any permitted acquisitions and for the

refinancing of a previous £80.0 million revolving credit facility dated 20 July 2007. Interest is payable at a rate per annum equal to the aggregate of: (i) LIBOR or EURIBOR (as applicable); (ii) mandatory costs (if any); and (iii) the variable margin (set initially at 2.50 per cent. with a maximum threshold of 2.75 per cent. and a minimum threshold of 2.25 per cent.). An arrangement fee and agency fee is payable in the amounts agreed between the relevant parties. A commitment fee is payable at 50 per cent. of the applicable margin on the relevant lender's available commitment for the availability period.

The revolving credit facility agreement contains representations, undertakings and events of default typical for facilities of this type.

The agreement also contains provisions for the establishment of ancillary facilities (including, without limitation, overdraft and foreign exchange facilities) to be provided by a lender on a bilateral basis up to an aggregate amount of £15.0 million. The following ancillary facilities were also entered into by St Ives plc and certain of its subsidiaries on 8 September 2009 on an on demand basis:

- (a) a £7.5 million collective sterling net overdraft and other facilities agreement with HSBC Bank plc;
- (b) a £7.5 million multi-currency overdraft facility and balance management arrangement with RBS; and
- (c) a US\$2.0 million forward exchange contracts and currency options agreement with HSBC Bank plc (although this forward exchange contract was not renewed in 2010).

The termination date of the revolving credit facility agreement is 31 October 2012.

(vi) *Tax planning sale and leaseback*

As summarised in the third paragraph of Paragraph 6 of Part V of this document.

(b) The Magazine Group

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Magazine Group companies in the last two years or have been entered into at any time and contain an obligation or entitlement which is material to the Magazine Group as at the date of this document:

(i) *The Disposal Agreement and its Ancillary Documents*

As summarised in Part V of this document.

(ii) *Tax planning sale and leaseback*

As summarised in the third paragraph of Paragraph 6 of Part V of this document.

## 7. LITIGATION

(a) The Continuing Group

Neither the Company nor any member of the Continuing Group is aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened), during the period of 12 months preceding the date of this document which may have, or have had in the recent past significant effects on the Company and/or the Continuing Group's financial position or profitability.

(b) The Magazine Group

Save as disclosed at paragraph (c) below, no member of the Magazine Group is aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened), during the period of 12 months preceding the date of this document which may have, or have had in the recent past significant effects on the Magazine Group's financial position or profitability.

- (c) On 6 October 2008, there was an accident at St Ives Peterborough Limited's facilities which resulted in the death of an employee. A coroner's inquest was held and recorded a verdict of accidental death. The Health and Safety Executive ("HSE") is currently investigating the incident. The HSE will generally prosecute companies if there has been a fatal accident, so although no prosecution has yet commenced, St Ives expects that the HSE will bring a prosecution in due course. This could result in St Ives Peterborough Limited being required to pay a fine. All or part of the costs of the HSE in connection with its investigation and the prosecution will be covered by insurance. As at the date of this document, the Company is not able to quantify the potential fine and/or costs in relation to this accident.

## **8. SIGNIFICANT CHANGES**

- (a) Save as disclosed at paragraph (c) below, there has been no significant change in the financial or trading position of the Continuing Group since 30 July 2010, the date of the Group's last audited financial information.
- (b) Save as disclosed at paragraph (c) below, there has been no significant change in the financial or trading position of the Magazine Group since 30 July 2010, the date to which the financial statements set out in Part III of this document have been drawn up.
- (c) As detailed in Paragraph 6 (iii) of this Part VI, on 9 February 2011 the Company announced the acquisition of 90 per cent. of the issued share capital in Tactical Solutions.

## **9. WORKING CAPITAL**

St Ives is of the opinion that, taking into account the cash proceeds of the Disposal payable at Completion, bank and other facilities available to the Continuing Group, the working capital available to the Continuing Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of this document.

## **10. CONSENTS**

- (a) Rothschild has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are included.
- (b) Deloitte has given and has not withdrawn its written consent to the inclusion in this document of its report, set out in Part IV of this document, in the form and context in which it is included.

## **11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Herbert Smith LLP (Exchange House, Primrose Street, London EC2A 2HS) from the date of this document up to and including the date of the General Meeting and for the duration of the General Meeting:

- (a) the Disposal Agreement;

- (b) the articles of association of the Company;
- (c) the consolidated audited accounts of the Group for the 52 weeks ended 1 August 2008, 31 July 2009 and 30 July 2010;
- (d) the report prepared by Deloitte relating to the pro forma financial information;
- (e) the written consents referred to in paragraph 10 above; and
- (f) this document.

Dated: 14 March 2011

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

<b>Ancillary Documents</b>	the Secured Loan Note, the transitional services agreement, the tax deed, the heads of terms and the Leases entered into or to be entered into by St Ives, Walstead, Walstead Newco3 and the Magazine Group companies (as applicable) in connection with the Disposal
<b>Board or Directors</b>	the directors of the Company, whose names are set out in paragraph 2 of Part VI of this document
<b>Cash Consideration</b>	the £15.0 million payable in cash at Completion, as described in paragraph 2 of Part V of this document
<b>Cigala</b>	Cigala LLP
<b>Companies Act</b>	Companies Act 2006 (as amended)
<b>Completion</b>	the time at which the actions described in paragraph 4 of Part V will occur
<b>Continuing Group</b>	the Company and its subsidiary undertakings (excluding the Magazine Group) following Completion
<b>Deloitte</b>	Deloitte LLP, the Company's auditors and reporting accountants
<b>Disclosure Rules</b>	the disclosure rules made by the UK Listing Authority under Part VI of the Financial Services and Market Act 2000
<b>Disposal</b>	the proposed disposal of the Magazine Group by way of a share sale which constitutes a class 1 transaction under the Listing Rules and requires the approval of Shareholders at a General Meeting of the Company
<b>Disposal Agreement</b>	the agreement described in Part V of this document
<b>Form of Proxy</b>	the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000 and all regulations promulgated thereunder, as amended from time to time
<b>General Meeting</b>	the General Meeting to be held at 9:00 a.m. on 6 April 2011, or any adjournment thereof
<b>Inter-creditor Agreement</b>	the inter-creditor agreement entered into between St Ives, Walstead Newco3, Walstead and RBSIF in connection with the security granted by Walstead Newco3 and Walstead to secure their obligations in connection with: (i) their obligations to RBSIF under their finance facility dated 13 March 2011; and (ii) their obligations to St Ives under the Secured Loan Note

<b>Leases</b>	the leases entered into at Completion under which St Ives leases the Properties to Walstead Newco3 for the rent (following an initial rent free period) which has been determined at £1,261,000 per annum in the aggregate
<b>Listing Rules</b>	the listing rules made by the Financial Services Authority in exercise of its functions as competent authority pursuant to Part VI of FSMA
<b>LTIP 2010</b>	The St Ives Long Term Incentive Plan 2010
<b>Magazine Group</b>	St Ives Peterborough Limited, St Ives Plymouth Limited, St Ives Roche Limited and St Ives Web Limited
<b>NatWest</b>	National Westminster Bank plc
<b>Occam</b>	Occam DM Limited (company number 05095081)
<b>Properties</b>	<p>1) Land and buildings on the south east side of Storeys Bar Road, Peterborough comprising the freehold land registered under title number: CB93160</p> <p>2) Land and buildings on the south side of Rowdown Close, Plympton comprising the freehold land registered under title number: DN244437</p> <p>3) Land and buildings at Victoria Business Park, Roche, Cornwall comprising the freehold land registered under title numbers: CL65861, CL60336 and CL113252</p>
<b>RBS</b>	Royal Bank of Scotland plc
<b>RBSIF</b>	Royal Bank of Scotland Invoice Finance Limited
<b>Resolution</b>	the ordinary resolution to approve the Disposal to be proposed at the General Meeting, the full text of which is set out in the Notice of General Meeting at the end of this document
<b>Rothschild</b>	N. M. Rothschild & Sons Limited, the Company's financial adviser
<b>Security Document</b>	the debenture to be entered into at Completion between, among, (1) Walstead; (2) the Magazine Group; and (3) St Ives evidencing the second ranking charge granted to St Ives
<b>Share Option Scheme</b>	the Executive Share Option Scheme 2001 operated by St Ives for the benefit of its executive directors and certain members of senior management
<b>Secured Loan Note</b>	the secured Loan Note to be issued by Walstead Newco3 to St Ives at Completion with a nominal value of £5.0 million to be redeemed by cash payments in 24 monthly instalments commencing 30 days after Completion
<b>Shareholder</b>	a holder of St Ives Shares

<b>St Ives</b>	St Ives plc and, where the context requires, includes the St Ives plc Group
<b>St Ives Peterborough Limited</b>	St Ives Peterborough Limited (company number 02261988) whose registered office is at St Ives House, Lavington Street, London SE1 0NX
<b>St Ives plc or Company</b>	St Ives plc (company number 01552113) whose registered office is at St Ives House, Lavington Street, London SE1 0NX
<b>St Ives Group, or the Group</b>	the Company and its subsidiary undertakings
<b>St Ives Shares or Shares</b>	ordinary shares of 10 pence each in the capital of the Company
<b>St Ives Plymouth Limited</b>	St Ives Plymouth Limited (company number 00200363) whose registered office is at St Ives House, Lavington Street, London SE1 0NX
<b>St Ives Roche Limited</b>	St Ives Roche Limited (company number 00720976) whose registered office is at St Ives House, Lavington Street, London SE1 0NX
<b>St Ives Web Limited</b>	St Ives Web Limited (company number 3717099) whose registered office is at St Ives House, Lavington Street, London SE1 0NX
<b>Sterling or £</b>	refers to the lawful currency of the United Kingdom
<b>Tactical Solutions</b>	Tactical Solutions UK Limited (company number 04103199)
<b>Treasury Shares</b>	shares held as treasury shares as defined in section 724(5) the Companies Act
<b>UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>Vendor</b>	St Ives plc
<b>Walstead</b>	Walstead Investments Limited (company number 6750402) whose registered office is at The Benthall Complex, Colchester Road, Maldon, Essex CM9 4NW
<b>Walstead Group</b>	Walstead and its subsidiary undertakings
<b>Walstead Newco3</b>	Walstead Newco3 Limited , a wholly owned subsidiary of Walstead (company number 6941612), whose registered office is at The Benthall Complex, Colchester Road, Maldon, Essex CM9 4NW

**ST IVES PLC**  
**(the "Company")**  
**(1552113)**

**NOTICE OF GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a General Meeting of the Company will be held at 9:00 a.m. on 6 April 2011 at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS to consider and, if thought fit, pass the following Resolution as an ordinary resolution:

**ORDINARY RESOLUTION**

THAT the proposed Disposal by St Ives plc of St Ives Peterborough Limited, St Ives Plymouth Limited, St Ives Roche Limited and St Ives Web Limited pursuant to the Disposal Agreement (as defined in the circular to Shareholders dated 14 March 2011, a copy of which has been produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification only (the "Circular")), in the manner and on the terms and conditions of the Disposal Agreement and which, as described in the Circular, comprises a class 1 transaction under the Listing Rules, be and is hereby approved and that the Directors be and are hereby authorised to take all such steps as may be necessary or desirable in relation thereto and to carry the same into effect with such modifications, variations, revisions or amendments (providing such modifications, variations or amendments are not of a material nature) as they shall deem necessary or desirable.

BY ORDER OF THE BOARD

St Ives plc  
Company Secretary  
14 March 2011

St Ives House, Lavington Street London SE1  
ONX  
Registered in England and Wales  
No. 1552113

**Notes:**

1. A Shareholder of the Company entitled to attend and vote at the General Meeting is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and, vote at the meeting provided that each proxy is appointed to exercise the rights attaching to different shares held by the Shareholder. A proxy need not be a member of the Company but must attend the General Meeting to represent you.
2. The appointment of a proxy or proxies does not preclude a Shareholder from attending the General Meeting and voting in person. A Form of Proxy is enclosed for use by Shareholders.
3. To appoint more than one proxy (unless you are appointing your proxies via the CREST electronic proxy appointment service), please photocopy the Form of Proxy. Please insert the name and address (in capital letters) of each of your proxies on a separate copy of the Form of Proxy. On each copy of the Form of Proxy you must also include the number of shares in respect of which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) and indicate how you wish each proxy to vote or abstain from voting. You may not appoint more than one proxy to exercise the rights attached to any one share. Please also indicate by ticking the box that the proxy is one of multiple instructions being given. Additional proxy form(s) may be obtained by contacting the Registrars' helpline. Calls from the UK 0871 664 0300 (calls cost 10p per minute plus network extras). Calls from overseas +44 20 8639 3399. Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday. If you wish to appoint the Chairman as one of your multiple proxies, simply leave the wording "the Chairman of the Meeting" on the relevant copy of the Form of Proxy. Please ensure you sign and date each copy of the form of proxy and, if returned by post, include them in the same envelope.
4. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy Form of Proxy and would like to change the instructions using another hard copy Form of Proxy, please contact the Registrars (whose phone number is given in note 3). The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others. If the Company is unable to determine which is the last sent, the one which is last received shall be so treated. If the Company is unable to determine either which is the last sent or which is the last received, none of such appointments shall be treated as valid in respect of that share.
5. In order to be valid, the Form of Proxy must be received by the Company not less than 48 hours before the time of the General Meeting and be returned by one of the following methods: either (i) in hard copy form by post, by courier or by hand to St Ives plc's Registrars, Capita Registrars, (PXS), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or (ii) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in note 6 below.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website ([www.Euroclear.com/CREST](http://www.Euroclear.com/CREST)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by St Ives plc's Registrars (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the Company's Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in the Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy

Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor(s) or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

7. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the General Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that he does not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.
8. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person"). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
9. To be entitled to attend and vote at the General Meeting or any adjourned meeting, (and also for the purposes of calculating how many votes a person may cast), a person must have his/her name entered on the register of members of the Company by no later than 48 hours before the time appointed for the meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
10. The Company must cause to be answered at the General Meeting any question relating to the business being dealt with at the General Meeting which is put by a member attending the General Meeting except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
11. The contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the General Meeting, the total voting rights that members are entitled to exercise at the General Meeting, details of the totals of the voting rights that members are entitled to exercise at the General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice will be available on the Company's website ([www.st-ives.co.uk](http://www.st-ives.co.uk)).
12. As at 11 March 2011 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 105,848,507 10 pence ordinary shares carrying one vote each. The total voting rights in the Company are 105,848,507. The Company does not hold any shares in treasury.
13. You may not use any electronic address provided in this notice of meeting to communicate with the Company for any purposes other than those expressly stated.

