

For immediate release
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International Greetings PLC

Trading statement and Announcement of US acquisition

International Greetings (AIM: IGR), the designer, manufacturer and distributor of greetings, stationery and licensed published products today announces an update on current trading, future prospects and on its continuing overseas expansion and acquisition strategy.

Since 2003, International Greetings has pursued a twin strategy of developing new distribution channels in the UK away from the private label sector and expanding internationally in order to reduce its historic dependency on the challenging UK retail market. This strategy has proved to be successful and International Greetings has become a key player in the global markets in which it operates.

The recent acquisitions of Anker and Alligator/Pinwheel in the UK, which, together with our US and European businesses, are performing in line with expectations, have reduced the proportion of the Group's turnover to the UK private label sector to approximately a third of total revenues.

However, as has been well documented in recent months, the UK retail climate remains extremely tough with many large retail groups continuing to put pressure on suppliers' margins. As a consequence, our projected turnover and profits for the year to 31 March 2008 are anticipated to be below current market estimates, with *profit before tax now expected to be in the region of £17m. This is based on the existing business and does not take into account any benefits of further acquisitions made during the remainder of this financial year.

With regard to our acquisition strategy, we have recently concluded the purchase of a 50% shareholding in Halloween Express LLC, a profitable US based seasonal and internet retail business, where we intend to add value by extending its product offering beyond Halloween to include our ranges of Christmas merchandise.

We are also close to finalising two further international acquisitions which will provide entry into new product and geographical areas. Heads of terms have been agreed and we will disclose further information on these exciting additions to the Group as soon as the deals are completed.

Nick Fisher, Joint Chief Executive commented: "Whilst the shorter term outlook has been clouded by the difficult UK market, we remain confident that the business strategy we have adopted will provide long term growth and stability, and create value for our shareholders."

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