



CHAIRMAN'S STATEMENT

I am delighted to report that your company has again produced an impressive set of results for the six months to 30 September 2000. Total turnover was up 14% at £37.9m, and profit before taxation was up 9% at £2.7m. Earnings increased by 10% to 4.5 pence per share. The Stephen Lawrence Company, acquired in May 2000, accounted for turnover of £1.2m and made an operating loss of £0.2m in the period from the date of acquisition to 30 September 2000.

In the UK, we have continued to broaden the successful range of the Group's products. The Pepperpot business, acquired last January, has been expanded to include collectable gift products and the 2001 range has been well received in the market place. Halloween is another new product area for the Group and in the year to 31 March 2001 sales of Halloween products will exceed £1m.

As part of our strategy to develop a portfolio of the most popular licensed properties, I am pleased to report that we will be producing merchandise based on Harry Potter in the UK for our key Christmas product categories and for children's stationery and back-to-school bag products. The main trade launch will be in April 2001, and we believe our products will be well received by fans of these books.

The Group's expanding US operations continue to perform well. The growth in the business is encouraging and the full integration of The Stephen Lawrence Company has now been completed with the new 2001 product range successfully launched. The growth in the US core business and the transfer of Stephen Lawrence production to Georgia has resulted in the need to expand our manufacturing and warehousing facility. Work on a 100,000 square feet extension to our existing facility began in December 2000 and is expected to be

completed by April this year. The strength of the Stephen Lawrence brand, allied with the acknowledged design, sales and manufacturing reputation of the group, provides an exciting opportunity to further develop our US operations.

Our Hong Kong subsidiary, International Greetings Asia, continues to expand, and accounted for purchases of over US\$3m in the 6 months to 30 September 2000. This is expected to increase significantly over the next couple of years, but the main focus in the short term is to ensure reliability and quality in the supply of goods, rather than maximising cost savings. This is an investment which we are confident will generate significant long term benefits.

The trend towards later Christmas consumer sales continues. With retailers' logistics systems becoming more and more sophisticated and able to handle Christmas deliveries nearer the holiday period, I am pleased to report that retail sales of our products met our customers' expectations. Early discussions with customers in relation to the 2001 Christmas season are positive and reflecting this, your board recommends an increased dividend up 9% to 1.2 pence per share. The dividend will be paid on 27 February 2001 to all shareholders on the register on 16 February 2001.



John Elfed Jones CBE DL

Chairman

GROUP PROFIT AND LOSS ACCOUNT

six months ended 30 September 2000

	Unaudited 6 months to 30 September 2000 £000	Unaudited 6 months to 30 September 1999 £000	Audited year ended 31 March 2000 £000
Turnover			
Continuing	36,733	33,163	85,542
Acquisitions	1,193	—	—
	37,926	33,163	85,542
Operating profit/(loss)			
Continuing	3,424	3,084	10,288
Acquisitions	(156)	—	—
	3,268	3,084	10,288
Profit on disposal of fixed assets	—	—	431
Interest payable	(615)	(645)	(1,278)
Profit before taxation	2,653	2,439	9,441
Taxation	(826)	(766)	(2,833)
Profit after taxation	1,827	1,673	6,608
Dividend	(489)	(447)	(1,625)
Retained profit	1,338	1,226	4,983
Earnings per share	4.5p	4.1p	16.3p
Diluted earnings per share	4.4p	4.1p	15.8p
Dividend per ordinary share	1.2p	1.1p	4.0p

NOTES:

- The figures for the year ended 31 March 2000 are an abridged version of the published accounts, which have been reported on without qualification by the auditors, and without any statement under Section 237 (2) or (3) of the Companies Act 1985, and have been delivered to the Registrar of Companies.
- The calculation of earnings per share is based on 40,670,091 (6 months to 30 September 1999: 40,630,091, 12 months to 31 March 2000: 40,631,341) ordinary shares being the average number of shares in issue during the period. The calculation of diluted earnings per share is based on 41,980,353 (6 months to 30 September 1999: 41,043,759, 12 months to 31 March 2000: 41,766,923) ordinary shares calculated in accordance with FRS 14.
- The taxation charge for the six months ended 30 September 2000 is based on the estimated tax rate for the full year.



International Greetings PLC

Belgrave House
Hatfield Business Park
Frobisher Way
Hatfield AL10 9TQ

Tel +44 (0)1707 630630
Website www.internationalgreetings.co.uk

