



International Greetings PLC

Interim statement 2002



Chairman's statement

I am pleased to report interim results for the six months to 31 September 2002. Turnover for the period showed a modest increase of 3% to £49m. However, our continuing focus on cost and efficiency improvements has resulted in an 11% increase in operating profit* to £4.8m. We have also reduced capital expenditure, tightened control of working capital and in combination with reduced interest rates, this has resulted in interest payable down by 49% from last year at £0.5m. Overall, profit before taxation* increased to £4.3m, 30% higher than last year.

I am particularly pleased that the changes in management and procedures at the UK gift wrap division have delivered significant improvements in both the operating performance and the profitability of the division, and we expect these benefits to continue during the second half of the year. Recent investment in new machinery in this division has resulted in record levels of output at increased efficiency levels. By the end of November annual production of gift wrap had exceeded one billion feet, and this has been achieved at the same time as continuing to maintain our delivery performance and customer service levels at a high level.

We are continuing to expand the group's worldwide sourcing programme and are currently evaluating a number of alternative methods of developing it further. This is of considerable long-term strategic importance to the group's ability to both extend its supplier base and reduce costs. It also enables the group to meet the increasing demand for higher value-added, hand-made products, particularly in the card and accessories market segment.

Design and licensing remains a key factor in the success of our business. As a result, we were delighted to be awarded the prestigious "Stationery Licensee of the Year Award" at the annual Licensed Industry's Awards, recognising our commitment to licensed design within our industry. In addition, with the recently released Harry Potter film we expect strong demand for our products during the second half of our financial year.

With our seasonal manufacturing peak now completed and an encouraging current retail climate in the lead up to this year's Christmas, we are optimistic about both our full year's performance and our customer's commitments for Christmas 2003. Reflecting this confidence in both the strength of our business and the market place in general, your Board is proposing a dividend of 1.3p per share, an increase of 8% over last year. The dividend will be paid on 15 January 2003 to all shareholders on the register on 3 January 2003.



John Elfed Jones CBE DL
CHAIRMAN

*Excluding an exceptional cost of £317,000 in 2001.

Group profit and loss account

six months ended 30 September 2002

	Unaudited 6 months to 30 September 2002 £000	Unaudited 6 months to 30 September 2001 £000	Audited year ended 31 March 2002 £000
Turnover	48,950	47,355	110,653
Operating profit – see Note 4 below	4,790	4,009	10,142
Interest payable	(531)	(1,051)	(1,657)
Profit before taxation	4,259	2,958	8,485
Taxation	(1,330)	(928)	(2,516)
Profit after taxation	2,929	2,030	5,969
Dividend	(535)	(490)	(1,849)
Retained profit	2,394	1,540	4,120
Earnings per share	7.1p	5.0p	14.6p
Diluted earnings per share	7.0p	4.8p	14.2p
Dividend per ordinary share	1.3p	1.2p	4.5p

NOTE:

- 1 The figures for the year ended 31 March 2002 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.
- 2 The calculation of earnings per share is based on 41,117,257 (6 months to September 2001: 40,808,924, 12 months to 31 March 2002: 40,864,758) ordinary shares being the average number of shares in issue during the period. The calculation of diluted earnings per share is based on 41,890,805 (6 months to 30 September 2001: 42,088,336, 12 months to 31 March 2002: 41,907,777) ordinary shares calculated in accordance with FRS 14.
- 3 The taxation charge for the six months ended 30 September 2002 is based on the estimated tax rate for the full year.
- 4 Operating profit for the six months ended 30 September 2001 is stated after allowing for an exceptional cost of £317,000 (12 months ended 31 March 2002: £420,000) representing full provision against an insurance claim debtor arising from the liquidation of the company's insurers, Independent Insurance Company, in June 2001.



Belgrave House
Hatfield Business Park
Frobisher Way
Hatfield
Herts AL10 9TQ

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