The Stanley Gibbons Group plc

Interim Report for the 6 months and twelve months ended 31 December 2013

Directors and Advisers

Directors	D M Bralsford MSc, FCA, FCT, *Non-Executive Chairman* M R M Hall B.Acc, CA, *Chief Executive* D P J Duff BAAF, FCA, AMCT, *Chief Finance Officer* J Byfield, *Corporate Development Director* I G Goldbart, *Executive Director (appointed 21st November 2013)* M P Magee, CA, *Non-Executive Director* S Perree, *Non-Executive Director*
Company Secretary	R K Purkis
Registered Office	2nd Floor Minden House, Minden Place St Helier Jersey JE2 4WQ Tel: 01534 766711
Company Registration	Registered in Jersey Number 13177
Nominated Adviser and Broker	Peel Hunt LLP Moor House, 120 London Wall London EC2Y 5ET
Auditors	Nexia Smith & Williamson Portwall Place Portwall Lane Bristol BS1 6NA
Legal Advisers	Mourant Ozannes 22 Grenville Street St Helier Jersey JE4 8PX Lawrence Graham LLP 4 More London Riverside London SE1 2AU
Bankers	NatWest 71 Bath Street St Helier Jersey JE4 8PJ The Royal Bank of Scotland Group PLC 3 Hampshire Corporate Park Templars Way, Chandlers Ford SO53 3RY
Registrars	Capita Registrars (Jersey) Limited Shareholder Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU Tel: 0871 6640300; from overseas +44 20 8639 3399
Website	Further financial, corporate and shareholder information is available in the investor relations section of the Group's website: **www.stanleygibbons.com**.

Chairman's Statement

Change of Accounting Reference Date

As part of the integration of the recently acquired Noble Investments (UK) plc ("Noble"), the financial year end of The Stanley Gibbons Group plc was moved from 31 December to 31 March. The Board believes that the change in accounting reference date will provide management with an improved level of visibility of the performance of the enlarged Group throughout the financial calendar. As a result, this report relates to the interim unaudited results for the six month period to 31 December 2013. The audited results for the fifteen month period to 31 March 2014 will be announced at the end of June 2014.

Introduction

The Group delivered a strong trading performance in the six month period to 31 December 2013, showing a 16% increase in sales and a 9% increase in trading profits. This result was achieved despite significant management focus being directed towards the successful completion of the strategically important acquisition of the Noble group and ensuring that online technical projects remained on track in the period.

As a result of the continued planned investment in our online strategy, focused primarily on launching a global collectibles trading platform, statutory profit before tax for the six month period to 31 December 2013 was lower than the prior period.

The Group balance sheet position at 31 December 2013 includes net cash of £17.3m (31 December 2012: £6.8m) and a high quality stockholding of rare stamps and collectibles stated at a historic cost of £30.6m (31 December 2012: £20.7m). The strength of the balance sheet provides the Group with a substantial capital base from which to invest in further growth opportunities identified by the Board.

Financials

Turnover for the six months to 31 December 2013 was £24.3m, up 16% on the prior period. Turnover for the twelve months to 31 December 2013 was £41.6m, also up 16%.

Trading profits were £4.6m for the six months to 31 December 2013 (2012: £4.2m), up 9% and profits for the twelve months to 31 December 2013 were £6.9m (2012: £6.3m), up 9%. The net investment in our online development project expensed to the profit and loss account in the six months to 31 December 2013 was £0.8m (2012: £0.2m) resulting in a net total investment for the twelve months to 31 December 2013 of £1.3m (2012: £0.3m). The investment in our online development project was in line with plan and financed by the fundraising of £6m in November 2012. Consequently, this investment does not have any impact on the underlying trading performance of the Group.

Profit before tax for the six month period to 31 December 2013, after charging internet development costs, but before exceptional charges and actuarial accounting adjustments, was £3.8m (2012: £4.1m) reflecting the increased investment in the development of our online strategy in the period. Adjusted profit before tax for the twelve month period to 31 December 2013 was £5.6m (2012: £6.0m).

Adjusted earnings per share for the six month period to 31 December 2013 were 11.19p (2012: 14.21p). Adjusted earnings per share for the twelve month period to 31 December 2013 were 16.77p (2012: 21.44p).

Dividend

Your Board is pleased to declare a second interim dividend, in respect of the six month period to 31 December 2013, of 4.00p (2012: 3.75p), representing a 6% increase on the equivalent period last year. The second interim dividend is payable on 27 May 2014 to holders on the Register at the close of business on the record date of 11 April 2014. The increase in the dividend declared is supported by the rise in underlying trading profits for the period.

This gives a total dividend from earnings for the twelve month period to 31 December 2013 of 7.00p (2012: 6.50p), an increase of 8% on last year.

Key Operational Highlights and Outlook

Online

Total online sales for the six month period to 31 December 2013 were £2.3m, representing 9% of total revenue and for the twelve month period to 31 December 2013 were £3.5m, 8% of total revenue. Our online technical development projects, which are focused on launching a global collectibles trading platform, are progressing well. Testing will begin on the core functionality supporting the online trading platform in April 2014, with an aim to launch the Stanley Gibbons branded online marketplace in the second half of 2014.

Overseas development

Our office in Hong Kong contributed total sales of £3.3m (2012: £2.6m) and profits of £0.7m (2012: £0.6m) in the twelve month period to 31 December 2013. The Hong Kong operation trades primarily to local residents. We intend to invest further in this market in the current year including investing in new premises where we can showcase a selection of our high quality collectibles and deliver a more professional presentation of our brand. We also intend to increase our efforts to attract business to the Hong Kong office from Mainland China, representing a much larger potential market.

Our office in Singapore, which opened at the end of April 2013, contributed sales of £0.2m with a net loss of £0.1m to 31 December 2013. We believe the Singapore office will prove to be an important element of our presence in the Far East although it takes times to build brand awareness and client relationships. We expect to improve sales and profit contribution from the Singapore office in the current year.

We remain committed, as an integral element of our overall strategy, to building our brand presence internationally. We believe that a physical presence in key geographical areas is fundamental to our core trading principle of building long term relationships with our clients to span generations by delivering a professional and personal service.

We are currently actively investigating potential opportunities in Geneva (Switzerland), New York (US) and Sydney (Australia).

Auctions

Revenues from Stanley Gibbons auctions were substantially lower in the six months to 31 December 2013 due to the rescheduling of the December public auction into February 2014. Despite the absence of this planned sale, auction revenues were broadly in line with the prior period for the 12 months to 31 December 2013 due to a strong first half performance.

Following the recent acquisitions of Noble and Murray Payne, our auction business represents a key element of our brand and an area where a much larger proportion of our future profitability is expected to be derived.

The Noble acquisition comprises Baldwin’s (the globally respected brand in coins, established in 1872), Dreweatts (an auctioneer of antiques and collectibles such as watches, fine wine and jewellery, established in 1759), Bloomsbury (a leading auctioneer of books, manuscripts and art) and Apex Philatelics. Murray Payne is the recognised world’s leading dealer in British Commonwealth King George VI stamps. The enlarged Group comprises quality heritage brands with leading reputations in their respective fields. When backed by the worldwide respect of the Stanley Gibbons brand and our financial strength and expertise, these businesses are able to deliver a superior auction service to both sellers and buyers.

Other collectibles

The implementation of the Group’s progressive strategy to diversify into other quality collectibles during the twelve month period to 31 December 2013 resulted in an increase in sales of other collectibles of 61% to £9.7m. Other collectibles now represents 23% of total Group sales compared to 17% last year.

The primary area of growth was delivered from the acquisition of Noble in November 2013 showing some immediate benefits in respect of cross selling rare coins between Stanley Gibbons and Baldwin’s high net worth clients. It is expected that a wider range of cross selling opportunities across the enlarged Group will further increase sales of other collectibles in the current year.

Investment services

Demand for premium quality collectibles from collectors remains strong resulting in regularly higher prices being realised at auction globally during the twelve month period to 31 December 2013. The stable returns being generated from the collectibles market at the same time as the falling price of gold during 2013 has resulted in some investors turning to collectibles as an alternative means of investing in a tangible asset as part of a well diversified investment strategy.

Our strategy of attracting new clients to collectibles through our highly effective marketing, networking and PR worldwide continues to deliver acceptable returns. This is particularly borne out by the number of our investment clients recruited in recent years that have become more "collector" than "investor".

Board

I was saddened to announce in October last year the death of General Sir Michael Wilkes KCB, CBE, non-executive director of the Company. Michael had served on the Company's Board since January 2008 and additionally as Chairman of its Remuneration and member of its Audit Committees. His contribution in these roles cannot be overstated. His personal support to me, his Board colleagues, and management and staff was above and beyond that which could be hoped for – a characteristic of every aspect of his life.

I am pleased to welcome Ian Goldbart to the Board as an executive director, who joined us following the acquisition of Noble. Ian was previously Chief Executive of Noble prior to its sale to Stanley Gibbons and brings with him a wealth of expertise in the field of numismatics. Ian will head up our dealing and auctions businesses in the UK as Managing Director. I, and my fellow Board members, look forward to working with Ian in the years ahead to taking the enlarged Group to new levels of success.

Martin Bralsford, Chairman
27 March 2014

Operating Review

	6 months to 31 December 2013		6 months to 31 December 2012		**12 months to 31 December 2013**		12 months to 31 December 2012	
	Sales	**Profit**	Sales	Profit	**Sales**	**Profit**	Sales	Profit
	£000	**£000**	£000	£000	**£000**	**£000**	£000	£000
Philatelic trading and retail operations	**15,420**	**4,164**	16,039	4,547	**28,632**	**7,272**	26,341	7,099
Publishing and philatelic accessories	**1,501**	**336**	1,732	477	**3,006**	**689**	3,148	782
Dealing in other collectibles	**7,319**	**1,518**	3,065	652	**9,720**	**1,872**	6,032	1,116
Corporate overheads	**-**	**(1,454)**	-	(1,431)	**-**	**(2,947)**	-	(2,615)
Net finance income/(charges)	**-**	**14**	-	(27)	**-**	**20**	-	(38)
Trading sales and profits	**24,240**	**4,578**	20,836	4,218	**41,358**	**6,906**	35,521	6,344
Internet development	**104**	**(779)**	51	(168)	**228**	**(1,338)**	78	(302)
Adjusted sales and profit before tax	**24,344**	**3,799**	20,887	4,050	**41,586**	**5,568**	35,599	6,042
Actuarial accounting adjustments	**-**	**(205)**	-	(185)	**-**	**(410)**	-	(368)
Finance charges related to pensions	**-**	**(27)**	-	(26)	**-**	**(54)**	-	(53)
Exceptional operating costs	**-**	**(1,043)**	-	(239)	**-**	**(1,453)**	-	(349)
Group total sales and profit before tax	**24,344**	**2,524**	20,887	3,600	**41,586**	**3,651**	35,599	5,272

Overview

Group turnover for the six months to 31 December 2013 was £24.3m, which was 16% higher than the same period last year. Turnover for the twelve months to 31 December 2013 was £41.6m, also 16% higher. Turnover in the second half of the year included £1.7m in respect of the Noble acquisition. Consequently, like-for-like sales growth for the twelve months to 31 December 2013 was 12%.

The gross margin percentage for the six months to 31 December 2013 was 43.6% compared to 43.2% in the same period last year. The gross margin percentage for the twelve months to 31 December 2013 was 43.2% compared to 43.7% last year. The gross margin in the prior year benefitted from a write-back made against the provision for investment products sold in previous accounting periods with guaranteed minimum returns that remained outstanding of £0.3m. Excluding the impact of provision movements in both accounting periods, the gross margin was slightly improved compared to the prior year.

Overheads for the six months to 31 December 2013 were £1.9m (38%) higher. Overheads for the twelve months to 31 December 2013 were £3m (31%) higher. Overheads in the second half included £1.1m in respect of the Noble acquisition. Consequently, like-for-like overheads for the twelve months to 31 December 2013 were £1.9m (20%) higher. The most significant increases in overheads in the twelve months to 31 December 2013 included:

- Increased expenditure in online development project (£1.2m)
- Costs incurred in development of new overseas offices (£0.2m)
- Costs of enlarged senior management team to support future expansion plans (£0.3m)

Underlying trading profits, excluding investment on internet development, actuarial accounting adjustments and exceptional charges, were £4.6m for the six months to 31 December 2013 (2012: £4.2m), up 9%. Underlying trading profits were £6.9m for the twelve months to 31 December 2013 (2012: £6.3m), up 9%. Trading profits in the second half of the year included £0.2m in respect of the Noble acquisition.

Profit before tax for the six months to 31 December 2013 was £2.5m (2012: £3.6m) and for the twelve months to 31 December 2013 was £3.7m (2012: £5.3m). The reduction in statutory profits reflects the increased investment in online developments together with the increase in exceptional charges incurred in the period.

Philatelic Trading and Retail Operations

Philatelic trading and retail sales for the six months to 31 December 2013 were down £0.6m (4%) with profit contribution down by £0.4m (8%). As a result of the strong first half performance, sales for the twelve months to 31 December 2013 were £2.3m (9%) higher with profit contribution up by £0.2m (2%).

Philatelic trading in the period benefited from the acquisitions of major renowned collections. As a result, a significant number of philatelic rarities included within these collections were sold in the period to our existing high net worth clients. Trading performance in philatelic dealing is largely influenced by high value sales made to key clients. The largest client in the twelve months to 31 December 2013 accounted for sales of £5.4m (2012: £4.8m).

Despite a relatively subdued home market, sales of stamps from Great Britain were 6% up on last year. Demand for stamps from members of the British Commonwealth (particularly India) is currently very strong resulting in an increase in sales of British Commonwealth stamps of 56% compared to last year.

Chinese rare stamps remain in high demand and sales are restricted by the lack of available supply of material of the right quality. Despite restrictions in supply, sales of Chinese stamps in the six months to 31 December 2013 were £1.1m (2012: £0.7m) making up for the shortfall in the first half of the year resulting in total sales of Chinese stamps in the twelve months to 31 December 2013 of £2.0m (2012: £2.1m). We are currently working on a number of opportunities through our office in Hong Kong to develop new supply channels to meet persistent levels of demand.

Auction revenues for the twelve months to 31 December 2013 were broadly in line with the prior year. Last year's auction revenues benefited from the sale of the prestigious "Arnhold Collection", which achieved a total realisation of £1.6m. We did not secure any major named collections during the twelve months to 31 December 2013 and postponed our December 2013 auction into 2014. It is therefore encouraging that revenues remained consistent with the prior year. Our recent acquisitions in the auction arena provide opportunities to grow auction revenues in the current year.

Publishing and Philatelic Accessories

Publishing and philatelic accessory sales for the six months to 31 December 2013 were down £0.2m (13%) with profit contribution down by £0.1m (30%). Despite a better first half performance, sales for the twelve months to 31 December 2013 were down £0.1m (5%) with profit contribution down by £0.1m (12%).

The most significant factor resulting in a poorer second half trading performance was due to the retirement and closure of our major wholesale distributor in the second half of the year and the loss of the substantial bulk orders which we would ordinarily have benefited from. As a result of this closure, it is expected that we will, over time, deal with many of the trade customers directly at a higher gross margin.

Dealing in Other Collectibles

Dealing in other collectibles can be further analysed as follows:

	6 months to 31 December 2013		6 months to 31 December 2012		**12 months to 31 December 2013**		12 months to 31 December 2012	
	Sales	**Profit**	Sales	Profit	**Sales**	**Profit**	Sales	Profit
	£000	**£000**	£000	£000	**£000**	**£000**	£000	£000
Dealing in autographs, historical documents, memorabilia, rare books and records	**1,850**	**462**	1,022	85	**2,444**	**484**	1,615	150
Dealing in rare coins and military medals	**3,868**	**828**	246	93	**4,501**	**919**	1,045	239
Dealing in antiques, watches, fine wine, jewellery and other collectibles	**440**	**(2)**	-	-	**440**	**(2)**	-	-
Benham first day covers and other collectibles	**1,161**	**230**	1,797	474	**2,335**	**471**	3,372	727
Total sales and profit contribution	**7,319**	**1,518**	3,065	652	**9,720**	**1,872**	6,032	1,116

Sales of other collectibles for the six months to 31 December 2013 were £4.3m (139%) higher with profit contribution up by £0.9m (133%). Sales for the twelve months to 31 December 2013 were £3.7m (61%) higher with profit contribution up by £0.8m (68%). Other collectibles sales in the second half of 2013 include £1.5m in respect of the Noble acquisition. Like-for-like sales growth for the twelve months to 31 December 2013 was 36%.

Autographs, historical documents, memorabilia, rare books and record sales for the twelve months to 31 December 2013 were up by £0.8m (51%) with profit contribution up by £0.3m (223%). The exceptional level of growth is the result of the sales and profit contribution from Bloomsbury auctions following the acquisition of Noble in November 2013, although underlying like-for-like sales were also improved, up 11%. We are completing the integration of our Fraser's autographs business with Bloomsbury auctions, with Fraser's autographs being relocated from 399 Strand, London to the Bloomsbury auctions premises at 24 Maddox Street, London. The integration will enable Fraser's autographs to share Bloomsbury Auctions' extensive resources and expertise. This will result in an extended range of items we can offer to our clients together with an ability to provide improved specialist information and auction services.

Sales of rare coins and military medals for the twelve months to 31 December 2013 were up by £3.5m (331%) with profit contribution up by £0.7m (285%). Sales included £0.4m from Baldwin's in respect of the Noble acquisition. The high level of growth achieved related primarily to the sale of rare coins from Baldwin's extensive stockholding, following acquisition in November, to Stanley Gibbons' high net worth clients, illustrating the immediate earnings enhancing nature of the acquisition. The market for rare coins is a key market for the Group going forward, particularly in developing our auction services and online marketplace. There are also short term expected benefits from the acquisition of Baldwin's in satisfying the increasing demand from investment clients seeking diversification into the rare coin market, which has shown growth levels of above 10% per annum on a compound basis over the past ten years.

Sales of antiques, watches, fine wine, jewellery and other collectibles relate entirely to auction commission from Dreweatts as part of the Noble acquisition in November 2013. Auction commissions from Dreweatts in the short period since acquisition to 31 December 2013 were £0.4m. There was no profit contribution in the short trading period since acquisition due to the absence of any major auctions held in the period.

Benham first day covers and other collectibles sales for the twelve months to 31 December 2013 were down £1m (31%) with profit contribution down £0.3m (35%). Sales in the prior year included £0.6m of London 2012 Olympics commemorative products to our trade distributor in China. Prior year sales and profit contribution also benefited from commemorative products in respect of the Queen's Diamond Jubilee. Overall profit levels in 2013 reverted to historic normalised levels and still represented a 31% return on capital for the year based on the original acquisition price of £1.5m in 2010.

Corporate Overheads

Corporate overheads for the six months to 31 December 2013 were 2% higher than the same period last year and for the twelve months to 31 December 2013 were (£0.3m) 13% higher. The increased corporate overheads reflect the investment to develop the necessary support functions to manage the enlarged Group, including Finance, HR and Group marketing department. These support functions provide a vital element to delivering future growth in earnings of the enlarged Group.

Internet Development

Sales reported within this division relate solely to commissions generated from third party sales through our online marketplace www.bidstart.com and online subscription revenues. Online e-commerce sales through our trading websites www.stanleygibbons.com and www.frasersautographs.com are reported within the respective trading departments. Total revenues derived from online activities can be summarised as follows:

	6 months to 31 December 2013 Sales	6 months to 31 December 2012 Sales	**12 months to 31 December 2013 Sales**	12 months to 31 December 2012 Sales
	£000	£000	**£000**	£000
E-commerce – trading of own products	**509**	679	**1,103**	1,313
Sales of rare collectibles to investment clients	**1,663**	1,736	**2,151**	2,111
Online marketplace commissions and subscription revenue	**104**	51	**228**	78
Total online revenues	**2,276**	2,466	**3,482**	3,502

E-commerce sales of our own products for the twelve months to 31 December 2013 were down £0.2m (16%). This reflects the short term impact of the significant restructuring of our e-commerce team during 2013 and the consequence of diversion of focus to development of the online marketplace.

Sales of rare collectibles to investment clients, sourced directly from the investment section of our website, were £2.2m (2012: £2.1m), up 2% in the twelve months to 31 December 2013. The new investment section of our website went live in October 2013 and our website represents one of our most important high net worth client recruitment tools. This is an area we intend to focus further on in increasing conversions from visitors to the investment section of our website.

Online commissions and subscription revenue predominantly relate to commissions received from third party sales through our US-based online collectibles marketplace, www.bidstart.com. Online commissions and subscription revenue was £0.2m for the twelve months to 31 December 2013 and, at this time, remains an immaterial element of total revenues. The integration of our websites to create a Stanley Gibbons branded online marketplace is scheduled for launch in the second half of this year. It is expected that commission revenues will represent a key growth area of the business.

Overheads of £1.6m (2012: £0.4m) were expensed in the twelve months to 31 December 2013 with the increase relating mainly to salary costs of software engineers making up our internet development team in Raleigh, US and e-commerce and online marketing team in Jersey, CI and London, UK.

Actuarial Accounting Adjustments & Finance charges related to pensions

Actuarial accounting adjustments & finance charges related to pensions relate to accounting charges in respect of our defined benefit pension scheme and IFRS share option charges totalling £0.5m (2012: £0.4m) for the twelve months to 31 December 2013. In the opinion of the Directors, such accounting charges do not form part of the operating performance of the Group.

Exceptional Operating Costs

Exceptional operating costs incurred in the six months to 31 December 2013 were £1.0m (2012: £0.2m) and for the twelve months to 31 December 2013 were £1.5m (2012: £0.3m). Exceptional operating costs can be further analysed as follows:

	6 months to 31 December 2013 £000	6 months to 31 December 2012 £000	**12 months to 31 December 2013 £000**	12 months to 31 December 2012 £000
Legal costs in respect of defined benefit pension scheme	**346**	-	**570**	-
Aborted IT system development costs	**139**	-	**139**	-
Aborted overseas offices opening costs	**108**	-	**108**	-
Re-organisation and restructuring costs	**-**	20	**186**	130
Acquisition costs	**450**	154	**450**	154
Fair value adjustment relating to Benham acquisition	**-**	65	**-**	65
Total exceptional operating costs	**1,043**	239	**1,453**	349

The majority of exceptional operating costs incurred in the twelve months to 31 December 2013 related to legal and professional fees in respect of the acquisition of Noble (£0.5m) and legal costs incurred in respect of legal action for recovery against the professional advisers in respect of the Company's defined benefit pension scheme (£0.6m).

Cashflow

Cash used in operating activities for the six months to 31 December 2013 was £0.8m (2012: cash generated of £4.6m). Cash generated from operating activities for the twelve months to 31 December 2013 was £1.4m (2012: £1.0m). The increase in cash for the twelve months to 31 December 2013 of £10.5m (2012: £3.5m) is after dividends paid of £1.9m (2012: £1.6m) and capital expenditure of £1.5m (2012: £0.5m) and includes balances acquired on the acquisition of Noble of £6.3m and net surplus funds raised from the share placing of £4.6m.

Strategic Focus and Opportunities

The acquisition of Noble in November last year immediately transforms The Stanley Gibbons Group from being the predominant name in the stamp market to being a major force in both dealing and auctions in the wider collectibles market. The strategic importance of this acquisition is most relevant in respect of our online strategy to create a global online marketplace for collectibles as a result of the wider range of collectibles in which we now have authority and expertise. The primary objectives of our online marketplace will be to make selling online faster and easier through our bespoke collectibles sellers' tools at the same time as providing buyers better protection against authenticity risks and from miss-selling practices.

Whilst we believe the online marketplace represents our most important growth opportunity, we still believe in the importance of traditional auctions within the collectibles market. Public auctions are now also held simultaneously online and, in recent years, this has become the preferred route for sellers of high value collections to seek to realise the best price for their collection. We believe that with the enlarged Group's combined expertise, systems and client reach that we can deliver a superior auction service to ensure quality collections are treated with the respect they deserve and are described accurately to ensure the best realisation possible.

With our strong balance sheet and substantial cash reserves, we are able to offer sellers of major collections the ability to underwrite the value of their collection when selling through our auctions, by virtue of also being a major dealer in collectibles. This provides sellers with the confidence in the minimum realisation their collection will achieve, whilst we are motivated through auction commissions to deliver the highest possible realisation. In short, our interests are aligned and our goal in the coming year is to ensure this message is understood more clearly within the global collectibles market.

Our prestigious premises in central London are key to our service and further supported by our overseas offices in the Channel Islands, Hong Kong, Singapore and the US. We aim to broaden our international reach further as an integral element of delivering on our overall strategy.

Finally, we intend to continue to deliver a first class service to those individuals looking to invest in the collectibles market. Investment clients benefit primarily from our specialist expertise and buying power enabling us to acquire the highest quality collectibles, which we are able to sell to investors at fair value to provide them with the best chance of delivering future investment returns. This is further supported by the prevailing health of the collectibles market, which is driven by a global base of passionate collectors.

Michael Hall, Chief Executive
27 March 2014

Condensed statement of comprehensive income

	Notes	**6 months to 31 December 2013 (unaudited) £'000**	6 months to 31 December 2012 (unaudited) £'000	**12 months to 31 December 2013 (unaudited) £'000**	12 months to 31 December 2012 (audited) £'000
Revenue	*3*	**24,344**	20,887	**41,586**	35,599
Cost of sales		**(13,740)**	(11,870)	**(23,615)**	(20,031)
Gross Profit		**10,604**	9,017	**17,971**	15,568
Administrative expenses before defined benefit pension service costs and exceptional operating costs		**(2,083)**	(1,461)	**(4,177)**	(3,072)
Defined benefit pension service cost		**(130)**	(130)	**(260)**	(260)
Exceptional operating costs		**(1,043)**	(239)	**(1,453)**	(349)
Total administrative expenses		**(3,256)**	(1,830)	**(5,890)**	(3,681)
Selling and distribution expenses		**(4,812)**	(3,534)	**(8,396)**	(6,524)
Operating Profit		**2,536**	3,653	**3,685**	5,363
Finance income		**12**	2	**20**	3
Finance costs		**(24)**	(55)	**(54)**	(94)
Profit before tax		**2,524**	3,600	**3,651**	5,272
Taxation	*4*	**(96)**	(251)	**(193)**	(389)
Profit for the period		**2,428**	3,349	**3,458**	4,883
Other comprehensive income:					
Items that will not be classified subsequently to profit or loss					
Actuarial losses recognised in the pension scheme		**-**	(237)	**-**	(237)
Tax on actuarial losses recognised in the pension scheme		**-**	21	**-**	21
Other comprehensive income for the period, net of tax		**-**	(216)	**-**	(216)
Total comprehensive income for the period		**2,428**	3,133	**3,458**	4,667
Basic earnings per Ordinary Share	*5*	**7.70p**	12.87p	**11.29p**	18.94p
Diluted earnings per Ordinary Share	*5*	**7.55p**	12.60p	**11.07p**	18.55p

All profit and total comprehensive income is attributable to the owners of the parent; there are no non-controlling interests.

Condensed statement of financial position

	31 December 2013 (unaudited) £'000	31 December 2012 (audited) £'000
Non-current assets		
Intangible assets	**34,028**	1,723
Property, plant and equipment	**4,437**	2,145
Deferred tax asset	**1,089**	735
Available for sale financial assets	**1,342**	-
Trade and other receivables	**262**	229
	41,158	4,832
Current assets		
Inventories	**30,570**	20,728
Trade and other receivables	**15,568**	11,668
Cash and cash equivalents	**17,255**	6,766
	63,393	39,162
Total assets	**104,551**	43,994
Current liabilities		
Trade and other payables	**13,245**	8,179
Borrowings	**-**	188
Deferred consideration	**2,094**	-
Current tax payable	**-**	169
	15,339	8,536
Non-current liabilities		
Retirement benefit obligations	**3,399**	3,161
Borrowings	**-**	-
Deferred tax liabilities	**565**	233
Provisions	**341**	360
	4,305	3,754
Total liabilities	**19,644**	12,290
Net assets	**84,907**	31,704
Equity		
Called up share capital	**461**	284
Share premium account	**62,495**	11,137
Shares to be issued	**209**	209
Share compensation reserve	**610**	460
Capital redemption reserve	**38**	38
Revaluation reserve	**254**	254
Retained earnings	**20,840**	19,322
Equity shareholders' funds	**84,907**	31,704

Condensed statement of changes in equity

	Called up share capital £'000	Share premium account £'000	Shares to be issued £'000	Share compensation reserve £'000	Revaluation reserve £000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 July 2013	287	11,541	209	535	254	38	19,274	32,138
Profit and total comprehensive income for the period	-	-	-	-	-	-	2,428	2,428
Dividends	-	-	-	-	-	-	(862)	(862)
Share options exercised	1	39	-	-	-	-	-	40
Cost of share options	-	-	-	75	-	-	-	75
Issue of ordinary share capital for acquisition	37	11,051	-	-	-	-	-	11,088
Net proceeds from issue of ordinary share capital	136	39,864	-	-	-	-	-	40,000
At 31 December 2013	**461**	**62,495**	**209**	**610**	**254**	**38**	**20,840**	**84,907**

	Called up share capital £'000	Share premium account £'000	Shares to be issued £'000	Share compensation reserve £'000	Revaluation reserve £000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 July 2012	253	5,307	-	406	254	38	16,886	23,144
Profit and total comprehensive income for the period	-	-	-	-	-	-	3,349	3,349
Actuarial loss on pension scheme net of deferred tax	-	-	-	-	-	-	(216)	(216)
Total comprehensive income for the year	-	-	-	-	-	-	3,133	3,133
Dividends	-	-	-	-	-	-	(697)	(697)
Share options exercised	-	56	-	-	-	-	-	56
Cost of share options	-	-	-	54	-	-	-	54
Deferred consideration	-	-	209	-	-	-	-	209
Net proceeds from issue of ordinary share capital	31	5,774	-	-	-	-	-	5,805
At 31 December 2012	**284**	**11,137**	**209**	**460**	**254**	**38**	**19,322**	**31,704**

	Called up share capital £'000	Share premium account £'000	Shares to be issued £'000	Share compensation reserve £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2013	284	11,137	209	460	254	38	19,322	31,704
Profit and total comprehensive income for the period	-	-	-	-	-	-	3,458	3,458
Dividends	-	-	-	-	-	-	(1,940)	(1,940)
Share options exercised	4	443	-	-	-	-	-	447
Cost of share options	-	-	-	150	-	-	-	150
Issue of ordinary share capital for acquisition	37	11,051	-	-	-	-	-	11,088
Net proceeds from issue of ordinary share capital	136	39,864	-	-	-	-	-	40,000
At 31 December 2013	**461**	**62,495**	**209**	**610**	**254**	**38**	**20,840**	**84,907**
At 1 January 2012	253	5,285	-	352	254	38	16,236	22,418
Profit for the year	-	-	-	-	-	-	4,883	4,883
Actuarial loss on pension scheme net of deferred tax	-	-	-	-	-	-	(216)	(216)
Total comprehensive income for the year	-	-	-	-	-	-	4,667	4,667
Dividends	-	-	-	-	-	-	(1,581)	(1,581)
Cost of share options	-	-	-	108	-	-	-	108
Share options exercised	-	78	-	-	-	-	-	78
Deferred consideration	-	-	209	-	-	-	-	209
Net proceeds from issue of ordinary share capital	31	5,774	-	-	-	-	-	5,805
At 31 December 2012	**284**	**11,137**	**209**	**460**	**254**	**38**	**19,322**	**31,704**

Condensed statement of cash flows

	Notes	**6 months to 31 December 2013 (unaudited) £'000**	6 months to 31 December 2012 (unaudited) £'000	**12 months to 31 December 2013 (unaudited) £'000**	12 months to 31 December 2012 (audited) £'000
Cash (used in)/generated from operations	*6*	**(764)**	4,563	**1,445**	1,007
Interest paid		**(1)**	(29)	**(4)**	(41)
Taxes paid		**(524)**	(318)	**(664)**	(552)
Net cash (used in)/generated from operating activities		**(1,289)**	4,216	**777**	414
Investing activities					
Purchase of property, plant and equipment		**(193)**	(192)	**(446)**	(368)
Purchase of intangible assets		**(1,042)**	(64)	**(1,091)**	(138)
Acquisition of business assets (net of cash acquired)		**(27,091)**	(382)	**(27,091)**	(382)
Interest received		**16**	2	**24**	3
Net cash (used in)/generated from investing activities		**(28,310)**	(636)	**(28,604)**	(885)
Financing activities					
Dividends paid to company shareholders	*7*	**(862)**	(697)	**(1,940)**	(1,581)
Repayment of borrowings		**(63)**	(125)	**(188)**	(250)
Net proceeds from issue of ordinary share capital		**40,037**	5,816	**40,444**	5,838
Net cash generated from financing activities		**39,112**	4,994	**38,316**	4,007
Net increase in cash and cash equivalents		**9,513**	8,574	**10,489**	3,536
Cash and cash equivalents at start of period		**7,742**	(1,808)	**6,766**	3,230
Cash and cash equivalents at end of period		**17,255**	6,766	**17,255**	6,766

Notes to the condensed financial statements

1 Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable for the 15 month period to 31 March 2014.

2 Significant accounting policies

Except as described below, the accounting policies applied by the Group in this interim report are the same as those applied by the Group in the consolidated financial statements for the year ended 31 December 2012.

Income tax

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3 Segmental analysis

As outlined in the Operating Review the company has four main business segments, operations being split between Philatelic trading, Publishing and philatelic accessories, Other collectibles and Internet development. This is based upon the Group's internal organisation and management structure and is the primary way in which the Board of Directors is provided with financial information.

Segmental income statement	Philatelic trading	Publishing and philatelic accessories	Other collectibles	Internet development	Unallocated	Group
	£'000	£'000	£'000	£'000	£'000	£'000
6 months to 31 December 2013						
Revenue	15,420	1,501	7,319	104	-	24,344
Operating costs	(11,256)	(1,165)	(5,801)	(884)	(1,659)	(20,765)
Exceptional costs	-	-	-	-	(1,043)	(1,043)
Net finance costs	-	-	-	-	(12)	(12)
Profit/(loss) before tax	4,164	336	1,518	(780)	(2,714)	2,524
Tax	-	-	-	-	(96)	(96)
Profit/(loss) for the period	**4,164**	**336**	**1,518**	**(780)**	**(2,810)**	**2,428**
6 months to 31 December 2012						
Revenue	16,039	1,732	3,065	51	-	20,887
Operating costs	(11,492)	(1,255)	(2,413)	(219)	(1,616)	(16,995)
Exceptional costs	-	-	-	-	(239)	(239)
Net finance costs	-	-	-	-	(53)	(53)
Profit/(loss) before tax	4,547	477	652	(168)	(1,908)	3,600
Tax	-	-	-	-	(251)	(251)
Profit/(loss) for the period	**4,547**	**477**	**652**	**(168)**	**(2,159)**	**3,349**

Segmental income statement	Philatelic trading	Publishing and philatelic accessories	Other collectibles	Internet development	Unallocated	Group
	£'000	£'000	£'000	£'000	£'000	£'000
12 months to 31 December 2013						
Revenue	28,632	3,006	9,720	228	-	41,586
Operating costs	(21,360)	(2,317)	(7,848)	(1,566)	(3,357)	(36,448)
Exceptional costs	-	-	-	-	(1,453)	(1,453)
Net finance costs	-	-	-	-	(34)	(34)
Profit/(loss) before tax	7,272	689	1,872	(1,338)	(4,844)	3,651
Tax	-	-	-	-	(193)	(193)
Profit/(loss) for the period	**7,272**	**689**	**1,872**	**(1,338)**	**(5,037)**	**3,458**
12 months to 31 December 2012						
Revenue	26,341	3,148	6,032	78	-	35,599
Operating costs	(19,242)	(2,366)	(4,916)	(380)	(2,983)	(29,887)
Exceptional costs	-	-	-	-	(349)	(349)
Net finance cost	-	-	-	-	(91)	(91)
Profit/(loss) before tax	7,099	782	1,116	(302)	(3,423)	5,272
Tax	-	-	-	-	(389)	(389)
Profit/(loss) for the year	**7,099**	**782**	**1,116**	**(302)**	**(3,812)**	**4,883**

Geographical information

Analysis of revenue by destination and origin

	6 months to 31 December 2013		6 months to 31 December 2012		**12 months to 31 December 2013**		12 months to 31 December 2012	
	By destination	**By origin**	By destination	By origin	**By destination**	**By origin**	By destination	By origin
	£'000	**£'000**	£'000	£'000	**£'000**	**£'000**	£'000	£'000
Channel Islands	**4,149**	**15,370**	1,416	12,468	**7,774**	**25,148**	2,213	18,655
United Kingdom	**12,726**	**7,497**	9,950	6,563	**19,393**	**13,888**	17,734	13,795
Hong Kong	**1,201**	**1,477**	1,746	1,856	**2,140**	**2,550**	1,986	3,149
Europe	**1,092**	**-**	1,229	-	**1,998**	**-**	2,028	-
Singapore	**2,482**	**-**	965	-	**5,770**	**-**	2,058	-
Rest of Asia	**367**	**-**	4,318	-	**581**	**-**	4,913	-
North America	**951**	**-**	391	-	**1,739**	**-**	1,159	-
Rest of the World	**1,376**	**-**	872	-	**2,191**	**-**	3,508	-
	24,344	**24,344**	20,887	20,887	**41,586**	**41,586**	35,599	35,599

Destination is defined as the location of the customer. Origin is defined as the country of domicile of the Group company making the sale. All of the sales relate to external customers.

Channel Islands sales in the six months ended 31 December 2013 include £2,495,000 to one individual customer and Singapore sales include £2,318,000 to one individual customer. Rest of the World sales in the six months ended 31 December 2012 include £2,798,000 to one individual customer.

4 Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised on a full provision basis in respect of all temporary differences which have originated, but not reversed at the balance sheet date.

5 Earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the weighted average number of shares in issue during the period. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has only one category of dilutive ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period.

	12 months ended 31 December 2013 (unaudited)	12 months ended 31 December 2012 (audited)
Weighted average number of ordinary shares in issue (No.)	**30,633,409**	25,788,461
Dilutive potential ordinary shares: Employee share options (No.)	**596,380**	539,804
Profit after tax (£)	**3,458,000**	4,883,600
Pension service costs & finance charge (net of tax)	**240,995**	236,300
Cost of share options (net of tax)	**150,000**	108,000
Exceptional operating costs (net of tax)	**1,286,763**	300,200
Adjusted profit after tax (£)	**5,135,758**	5,528,100
Basic earnings per share - pence per share (p)	**11.29p**	18.94p
Diluted earnings per share – pence per share (p)	**11.07p**	18.55p
Adjusted earnings per share - pence per share (p)	**16.77p**	21.44p
Adjusted diluted earnings per share - pence per share (p)	**16.45p**	21.00p

404,529 shares were issued on 21 January 2014 following the exercise of Directors and employees share options. A further 63,470 shares were issued by way of part consideration for the acquisition of Murray Payne Limited on 6 February 2014.

6 Cash generated from operations

	6 months to 31 December 2013 (unaudited)	6 months to 31 December 2012 (unaudited)	**12 months to 31 December 2013 (unaudited)**	12 months to 31 December 2012 (audited)
	£'000	£'000	**£'000**	£'000
Operating profit	**2,536**	3,653	**3,685**	5,363
Depreciation	**182**	121	**324**	255
Amortisation	**151**	94	**301**	184
Increase / (decrease) in provisions	**122**	(42)	**219**	(216)
Cost of share options	**75**	54	**150**	108
Decrease/(increase) in inventories	**1,164**	3,735	**403**	(3,927)
(Increase)/decrease in trade and other receivables	**(1,659)**	(2,737)	**1,971**	(2,299)
(Decrease)/increase in trade and other payables	**(3.335)**	(315)	**(5,608)**	1,539
Cash (used in)/generated from operations	**(764)**	4,563	**1,445**	1,007

Notes to the condensed financial statements

7 Dividends

	6 months to 31 December 2013 (unaudited) £'000	6 months to 31 December 2012 (unaudited) £'000	**12 months to 31 December 2013 (unaudited) £'000**	12 months to 31 December 2012 (audited) £'000
Amounts recognised as distribution to equity holders in period:				
Dividend paid	**862**	697	**1,940**	1,581
Dividend paid per share	**3.00p**	2.75p	**6.75p**	6.25p
Dividend proposed but not paid	**1,845**	1,066	**1,845**	1,066
Dividend proposed per share	**4.00p**	3.75p	**4.00p**	3.75p

8 Acquisition of Noble Investments (UK) Plc

The acquisition of Noble Investments (UK) plc was only completed just over one month before the balance sheet date of 31st December 2013. The initial accounting for the business combination is therefore incomplete and the amounts recognised in the financial statements are provisional. The fair values of the acquired intangible assets are provisional pending the final valuations of these assets.

9 Further copies of this statement

Copies of this statement are being sent to shareholders and can be viewed on the Company's website at www.stanleygibbons.com. Further copies are available on request from: The Company Secretary, The Stanley Gibbons Group plc, 2nd Floor, Minden House, Minden Place, Jersey JE2 4WQ.