

THE STANLEY GIBBONS GROUP PLC

FOR IMMEDIATE RELEASE

10 August 2012

THE STANLEY GIBBONS GROUP PLC ("the Company" or "the Group")

Interim Results for the six months ended 30 June 2012

The Company today announces its interim results for the six months ended 30 June 2012.

Key Financial Highlights

- Profit before tax of £1.8m (2011: £1.7m), up 8%
- Gross margin percentage of 44.5% (2011: 37.9%)
- Sales of £14.7m (2011: £15.0m), down 2%; Online sales up 90%
- Earnings per share of 6.53p (2011: 5.88p), up 11%
- Interim dividend declared of 2.75p per share (2011: 2.50p), up 10%, (payable on 1 October 2012 to all holders on the Register at the close of business on 24 August 2012)
- Stock levels at 30 June 2012 stated at historic cost of £24.5m (30 June 2011: £15.6m), in readiness for the launch of rare stamp fund in October

Key Operational Highlights

- Successful launch of smart phone applications in first half providing collectors worldwide with easier and greater access to our key services and inventory
- Opportunities taken to acquire top quality stamp collections and key philatelic rarities in the period at substantial discounts to market value
- New office in Hong Kong, opened in September last year, contributed sales of £1.3m and profits of £0.3m in the first half
- Prevailing strong demand for rare stamps from China with sales double that of the prior period at £1.4m
- Sales of rare coins and military medals doubled in the period to £0.8m, benefiting from our further development of in-house expertise in these areas
- The first of a two-part auction sale of the prestigious "Arnhold Collection" on the 17th of May left no item unsold, achieving a total realisation of £0.9m (129% of pre-sale estimate)
- Performance in the first half benefited from sales of commemorative collectibles issued for the Queen's Diamond Jubilee

Outlook

- We are actively pursuing opportunities to accelerate returns from our online strategy
- New international office in Singapore scheduled for opening later this year and agent appointed in Rio de Janeiro to promote our services in Brazil
- Potential business partnerships in the US in respect of our online and auction developments under review
- The legal structure of the rare stamp fund is now complete with the necessary regulatory approval obtained. The investment roadshow is scheduled to take place in September with an aim to launch the fund in October
- Strong demand being experienced for commemorative issues around the London 2012 Olympics, with substantial interest most notably coming from China

Martin Bralsford, Chairman, commented:

"I am delighted to report, yet again, profit growth in line with our expectations. The strength and reputation of the "Stanley Gibbons" brand, together with the benefits from the sound execution of strategic initiatives, ensure that the business is not overly dependent on any one region or product category.

As a result of the success in sourcing of key philatelic rarities, the Group is in a strong position to deliver growth in the remainder of the current year, irrespective of economic conditions, which is expected to include the launch of a rare stamp fund in October. The Fund will be regulated and open to sophisticated investors and hold some of the most famous and best quality philatelic items at attractive values. It will combine prudence with good expected returns from future capital growth.

The enduring strength of the rare stamp market and lack of correlation with traditional asset classes is evident yet again based on the performance of the GB250 Stamp Price Index, as listed on Bloomberg Professional @, where a gain of 11% was reported over the past 12 months.

The executive team is making good progress towards delivering on key aspects of the strategy driven by the growth of our online trading model and auction services. As a result, your Board is confident about the prospects of the Group for the second half of this year and beyond.”

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Chairman's Statement

Introduction

Trading performance for the first half of the year was in line with the Board's expectations showing solid growth in profits wholly from better margin capitalising on last year's significant growth in sales. This positive result was achieved despite key resources and associated expenditures being directed in the period primarily towards development of longer term opportunities of the Group, specifically in our online business and auctions.

Financials

Turnover for the half year to 30 June 2012 was £14.7m and broadly in line with the prior period. Underlying profit before tax, excluding one-off exceptional charges, was £1.9m. Exceptional charges of £0.1m incurred in the period related to the former Finance Director, Mark Henley under the terms of his service agreement.

Earnings per share were 6.53p (2011: 5.88p), whilst adjusted earnings per share, excluding exceptional costs, were 6.85p (2011: 6.18p), both up by 11%.

Dividend

Your Board is pleased to declare an interim dividend of 2.75p (2011: 2.50p) per share, up 10%, payable on 1 October 2012 to holders of Ordinary Shares on the Register at the close of business on the record date of 24 August 2012. The Board maintains its progressive dividend policy which is covered 2.4 times by earnings in the first half.

The Company paid a final dividend of 3.50p per share in respect of the year ended 31 December 2011, on 21 May 2012 with a cash outflow of £0.9m.

Outlook

Online

Smartphone applications available to download on iTunes were launched in the first half of the year. These enable clients to view our monthly magazine, auction and product brochures and also our very popular price catalogues, providing collectors worldwide with easier and greater access to our key services and inventory. We have received widespread positive reaction from the collecting community, which will provide an additional future revenue stream to the business.

Following the redevelopment of our websites last year, online revenues were almost double that of the previous period, highlighting the success in our earlier investment. Online trading is becoming a more significant element of our business as we continue to develop further functionality and services. Our aim in this respect is to gain wider brand recognition and a larger market share of the global stamp collecting community, which comprises an estimated 60 million collectors.

We are actively pursuing opportunities to accelerate the financial return from our online strategy.

Overseas development

Our new office in Hong Kong, which opened at the end of September last year, contributed sales of £1.3m and profits of £0.3m in the first half. This office provides a strong base from which to conduct the distribution of our products into Greater China, which generated a further £0.4m of sales in the first half. We have recently recruited personnel locally to develop other opportunities in this lucrative and growing area of the stamp market.

We have completed the evaluation of a new office in Singapore concluding that there is substantial potential demand for our products and services, and that it would provide a useful adjunct to our office in Hong Kong in that region. The new office is scheduled to open, with its experienced local manager, later in the year. We have also reviewed opportunities in Brazil and, as a result, have appointed an agent to represent us in Rio de Janeiro. It is expected that a new office will be opened there in due course once our agents, supported by us, have fully tested demand in that region.

These regional representative offices are soon profitable in their own right and also form part of the global presence that is fundamental to our strategic online and auction development.

We are currently in discussions with potential business partners in the US in respect of our online and auction developments.

Chairman's Statement

Auctions

The first of a two-part sale of the prestigious "Arnhold Collection" took place on 17th May and all items sold achieving a total realisation of £0.9m (129% of pre-sale estimate). The concluding part of the sale takes place on 4th and 5th October and, given the strong current demand for British Empire material, a similar positive result is expected.

Auctions remain a relatively small but developing part of our overall business at present. Our privilege in handling the "Arnhold Collection" and the subsequent strong realisation we are delivering to clients has enabled us to demonstrate the quality and strength of the service we can provide. Sellers of prestige collections benefit from using our auction services based on the reputation of our brand. Our unrivalled internal specialist expertise ensures the most accurate descriptions and wide international reach in terms of the number of collectors and investors we can attract to participate in high profile sales.

Other collectibles

Sales of rare coins and military medals in the period doubled to £0.8m benefiting from our further development of in-house expertise in rare coins. The investment in the first half of the year in terms of stock and specialist expertise should enable us to grow our share of this important area of the collectibles market.

The Benham Group acquisition continues to deliver a strong return on investment since acquisition in September 2010. Performance in the first half benefited from sales of commemorative collectibles issued in respect of the Queen's Diamond Jubilee. Similar benefits are being realised in the second half from commemorative issues around the London 2012 Olympics, with substantial interest most notably being from China.

Investment services

The strong client relations we have built over the past few years with a number of high net worth individuals represents a more significant element of our investment business, thus reducing our dependence on recruiting new clients to maintain sales levels.

We experienced a substantial drop in conversion rates in the period from our marketing activities due to heightened investor anxiety over making any investment decisions in the current volatile economic climate. Nevertheless, our existing clients continued to enjoy strong returns in the first half of this year as the rare stamp and coin markets showed continued strength and resilience. To illustrate this point, the GB250 Stamp Price Index, as reported on Bloomberg Professional @, recorded a gain of 11% over the past 12 months.

We have mitigated against the decline in conversion rates through developing our investment services outside of those markets where investor sentiment is overly cautious. Consequently, we continue to have substantial opportunities in the second half to grow investment sales through our new international investment offices and agents.

The formalities of the rare stamp fund are now complete with the necessary regulatory approval obtained. The Fund roadshow will take place in September with an aim to launch the fund in October this year.

Board

Bob Henkhuzens retired from his position as Non-Executive Director and Chairman of the Audit Committee at the close of our AGM in May. I am delighted to welcome Martin Magee to the Board in Bob's place following an extensive search. Martin brings a wealth of commercial and public company financial experience to the Board, ensuring that we will continue to maintain the levels of good governance obtained in recent years.

Martin Bralsford

Chairman

10 August 2012

Operating Review

	6 months to 30 June 2012 Sales £000	6 months to 30 June 2012 Profit £000	6 months to 30 June 2011 Sales £000	6 months to 30 June 2011 Profit £000	Year ended 31 December 2011 Sales £000	Year ended 31 December 2011 Profit £000
Philatelic trading and retail operations	10,302	2,552	11,193	2,130	27,727	5,943
Publishing and philatelic accessories	1,416	305	1,265	202	2,980	677
Dealing in other collectibles	2,967	464	2,472	476	4,955	835
	14,685	3,321	14,930	2,808	35,662	7,455
Internet development	27	(134)	21	(40)	42	(127)
Corporate overheads	-	(1,297)	-	(1,019)	-	(2,108)
Interest and similar income (net)	-	7	-	6	-	(3)
Before exceptional items	14,712	1,897	14,951	1,755	35,704	5,217
Exceptional operating costs	-	(110)	-	(105)	-	(112)
Group total sales and profit before tax	14,712	1,787	14,951	1,650	35,704	5,105

Overview

Group turnover for the six months ended 30 June 2012 was £0.2m (2%) lower compared to the same period last year. Profit before tax for the period of £1.8m represented an increase of 8%. Earnings per share were 6.53p (2011: 5.88p), up 11%. Despite increased operating costs incurred in the period, primarily to invest in developing future revenue streams, improved gross margins generated profit growth from a similar level of sales to the prior period.

The gross margin percentage for the six months ended 30 June 2012 was 44.5% compared to 37.9% in the same period last year. Gross margins benefited from a change in sales mix in the period. This included a 17% reduction in sales made of our investment products in collectibles, which attract lower margins, compensated by increased sales to high net worth collectors and generally in most other areas of the business. Furthermore, we took advantage of certain exceptional opportunities, which arose in the period, to acquire top quality stamp collections and key philatelic rarities. The subsequent sales made to date from those acquisitions attracted higher margins.

Overheads were £0.7m (19%) higher than the prior period. The most significant increases in overheads included:

- Increased staff costs, software and support costs in development of online opportunities (£0.2m)
- Increased amortisation and depreciation on website developments and associated hardware (£0.1m)
- Increase in executive team costs to support expansion plans (£0.1m)
- Staff and running costs of new office in Hong Kong (£0.1m)

Philatelic Trading and Retail Operations

Philatelic trading and retail sales were £0.9m (8%) lower than the same period last year although profit contribution was up £0.4m (20%). The increase in profits on lower sales was due to higher gross margins achieved as a result of the change in the sales mix from the prior period.

Sales of investment products in collectibles were down 17% compensated by a similar increase in sales to high net worth collectors. Furthermore, lower margin trade sales conducted in the period were down from £1.3m to £1.0m as the prior period included one large trade sale of £0.8m.

The gross margin on sales was higher as a result of opportunities taken to acquire top quality stamp collections and key philatelic rarities in the period at substantial discounts to market value. The sale of such material is expected to have a positive impact on margins for the remainder of the year. Furthermore, margins in the period benefited from a write back of £0.2m against the provision made against guarantees made in previous years to investors under certain investment products as the underlying assets in such portfolios increased in value by more than the minimum returns guaranteed.

Demand remained strong for rare stamps from China and benefited from our ability to source higher levels of top quality material by virtue of our presence in Hong Kong. As a result, sales of stamps from China in the period were double that of the prior period at £1.4m. Auction commissions were up 47% in the period benefiting from the strong realisation of the first part of the sale of the prestigious "Arnhold Collection" in May. Auction commissions, however, remain an immaterial element of overall business performance. It is expected that this part of our business will continue to show high levels of growth as we continue to invest and develop on a global basis in this key element of our business strategy.

Publishing and Philatelic Accessories

Publishing and philatelic accessory sales were £0.2m (12%) higher than the prior period with profit contribution up £0.1m (51%). Performance benefited from improved focus, following the restructuring and rationalisation exercise completed last year, resulting in a stronger publishing schedule and the negotiation of lower print costs on key catalogue titles.

Sales growth was generated predominantly through our website, with online sales up 132% in the period accounting for 33% of sales of our publications, albums and accessory products compared to 19% in the prior period. Other than the benefits of the improved design and usability of our website completed at the end of May last year, online sales benefited from the implementation of more effective search engine optimisation together with focussed and targeted online offers and e-mail campaigns led by our experienced marketing team.

Dealing in Other Collectibles

Sales of other collectibles were £0.5m (20%) up on the prior period, although, despite sales growth, profit contribution remained at a similar level to the prior period. Dealing in other collectibles can be further analysed as follows:

	6 months to 30 June 2012	6 months to 30 June 2012	6 months to 30 June 2011	6 months to 30 June 2011	Year ended 31 December 2011	Year ended 31 December 2011
	Sales	Profit	Sales	Profit	Sales	Profit
	£000	£000	£000	£000	£000	£000
Dealing in autographs, historical documents, memorabilia and records	593	65	638	80	1,567	127
Dealing in rare coins and military medals	799	146	410	104	800	133
Benham first day covers and other collectibles	1,575	253	1,424	292	2,588	575
Total sales and profit contribution	2,967	464	2,471	475	4,955	835

Autographs, historical documents, memorabilia and record sales were down 7% with profit contribution remaining immaterial and down by 19%. The overall global market for this area of the collectibles market is showing significant strength and growth in prices, yet this is not reflected in our own sales performance.

Our stockholding of autographs and historical documents is of exceptional quality and, based on worldwide auction realisations, represents an appreciating asset, despite remaining valued in our balance sheet at historic cost. However, our aim is to increase the return on capital on this quality asset and consequently we are currently undertaking a strategic review of this part of our business focussing primarily on the development of our online auctions for lower value material and investment services for top quality rarities and unique pieces of historical importance.

Sales of rare coins and military medals were up 95% in the period with profit contribution increased by 40%. We strengthened our internal expertise in the period enabling an increase in stock acquisitions of premium quality rare coins. Rare coins have proved attractive to our database of stamp investment clients as a means of further diversification of their portfolios into the collectibles market.

Investors have generally not yet embraced the opportunities available by investing in military medals despite the exceptional strength of the collector market in this area. Despite the current lack of interest from investors, we have sold £0.2m of military medals to collectors on a retail basis and through our website. This is despite not being a recognised expert in this market and illustrates the respect our brand carries together with the knowledge and expertise of our internal buyer employed in this area of our business.

Benham first day covers and other collectibles sales were up 11% although profit contribution was down 13%. The prior period profit benefited from higher margins on the sale of stock purchased on acquisition at exceptionally low prices against retail prices. The benefit of those high margins was lower in the current period as a larger proportion of sales were from new product issues. Furthermore, the removal of Low Value Consignment Relief by HMRC from 1 April 2012 reduced profits on sales made from our Jersey office to UK customers.

Sales benefited in the period from the sale of commemorative collectibles issued in respect of the Queen's Diamond Jubilee. Sales in the period also included £0.4m (2011: £0.3m) made into China. We are currently witnessing strong demand for products issued around the London 2012 Olympics, particularly in China.

Internet Development

Sales reported within this department relate to online subscription revenue only. Online sales were up 90% on the prior period and benefit from the redevelopment of our core websites completed in the first half last year.

Overheads incurred in the period were up £0.1m and represent the increased investment in building the appropriate web development and support team to take forward the various aspects of our online strategy expected to deliver growth in sales and profits in future accounting periods. We completed a substantial strategic review of our internet development plans in the first half providing the platform to enable us to develop the next stage of our plans more effectively and to maximise potential returns in this respect.

Corporate Overheads

Corporate overheads were £0.3m (27%) higher than the same period last year. Following a change in departmental structures and reporting, certain overheads previously reported within trading divisions now form part of corporate overheads, primarily in relation to the formation

of a Group marketing function. When adjusting for the change in basis of reporting, corporate overheads on a like-for-like basis were up 16%. Increased corporate overheads primarily relate to higher costs in respect of IT, marketing and the executive team to support Group expansion plans.

Corporate overheads include accounting charges, which have no cash impact, in respect of our defined benefit pension scheme and IFRS share option charges totalling £0.1m (2011: £0.1m).

Exceptional Operating Costs

Exceptional operating costs incurred in the period of £0.1m (2011: £0.1m) relate to the former Finance Director, Mark Henley under the terms of his service agreement.

Cashflow

Cash used in operating activities of £3.6m (2011: cash generated of £0.9m) is after an increased investment in our stockholding of £7.7m (2011: £0.9m). The build up of stock towards the end of the first half of this year represents a short-term working capital commitment in relation to the acquisition of some of the most famous philatelic rarities from Great Britain. Such stock was acquired specifically to enable us to supply the appropriate material on the expected launch of the rare stamp investment fund scheduled for later this year.

It is anticipated that stock levels will reduce and cash levels increase to historic levels once the rare stamp fund is launched. Irrespective of the successful launch of the fund, we are confident, based on the quality of stock recently acquired, that such stock would be sold through our normal business channels over the next 12 months.

The reduction in cash during the period of £5.0m (2011: £0.6m) reflects dividends paid of £0.9m (2011: £0.8m), tax paid of £0.2m (2011: £0.3m) and investment in capital expenditure of £0.3m (2011: £0.2m).

Strategic Focus and Opportunities

Whilst performance in the first half was in line with budget, a significant amount of the executive team's focus has been towards developing some of our key strategic opportunities during the period. In particular, these relate to our online developments, auction strategy, international expansion plans and launch of a rare stamp investment fund.

In the second half, we intend to focus primarily on the following key areas of opportunity:

- 1) Development of online opportunities
- 2) Structural and strategic development of the auction business
- 3) Launch of rare stamp investment fund
- 4) Opening of new investment office in Singapore
- 5) Improve sales and return on capital from our quality stockholding of autographs and historical documents

In summary, the Group continues to show remarkable resilience during the current turbulent economic climate, partly because of the underlying strength and reputation of our brand, but also the result of our success in developing our business internationally in recent years, thus reducing our dependence on our home market where trading conditions are more challenging.

As a result of the progress we are making against some of our key strategic objectives in developing an international online and auction business in collectibles, we are well placed to continue to deliver growth in sales and profitability in the second half of the year.

Michael Hall
Chief Executive
10 August 2012

Condensed statement of comprehensive income

		6 months to 30 June 2012 (unaudited) £'000	6 months to 30 June 2011 (unaudited) £'000	Year ended 31 December 2011 (audited) £'000
	<i>Notes</i>			
Revenue	3	14,712	14,951	35,704
Cost of sales		(8,161)	(9,282)	(21,872)
Gross Profit		6,551	5,669	13,832
Administrative expenses before exceptional operating costs		(1,671)	(1,273)	(2,730)
Selling and distribution expenses		(2,990)	(2,647)	(5,882)
Operating Profit before exceptional items		1,890	1,749	5,220
Exceptional operating costs		(110)	(105)	(112)
Operating Profit		1,780	1,644	5,108
Finance income		19	28	53
Finance costs		(12)	(22)	(56)
Profit before tax		1,787	1,650	5,105
Taxation	4	(138)	(170)	(430)
Profit for the period		1,649	1,480	4,675
Other comprehensive income:				
Actuarial losses recognised in the pension scheme		-	-	(809)
Tax on actuarial losses recognised in the pension scheme		-	-	172
Revaluation of the reference collection net of deferred tax		-	-	53
Other comprehensive income for the period, net of tax		-	-	(584)
Total comprehensive income for the period		1,649	1,480	4,091
Basic earnings per Ordinary Share	5	6.53p	5.88p	18.54p
Diluted earnings per Ordinary Share	5	6.39p	5.67p	18.30p

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

	30 June 2012 (unaudited) £'000	30 June 2011 (unaudited) £'000	31 December 2011 (audited) £'000
Non-current assets			
Intangible assets	1,117	1,087	1,133
Property, plant and equipment	2,074	1,872	2,032
Deferred tax asset	224	32	224
Trade and other receivables	862	-	420
	4,277	2,991	3,809
Current assets			
Inventories	24,463	15,629	16,801
Trade and other receivables	8,298	7,993	9,178
Cash and cash equivalents	-	1,271	3,230
	32,761	24,893	29,209
Total assets	37,038	27,884	33,018
Current liabilities			
Trade and other payables	6,867	4,585	6,641
Bank overdraft	1,808	-	-
Borrowings	250	250	250
Current tax payable	287	204	370
	9,212	5,039	7,261
Non-current liabilities			
Trade and other payables	1,628	-	-
Retirement benefit obligations	809	75	842
Borrowings	63	312	188
Deferred tax liabilities	200	194	213
Provisions	456	512	685
	3,156	1,093	1,928
Total liabilities	12,368	6,132	9,189
Net assets	24,670	21,752	23,829
Equity			
Called up share capital	253	252	253
Share premium account	5,307	5,243	5,285
Share compensation reserve	406	298	352
Capital redemption reserve	38	38	38
Revaluation reserve	254	201	254
Retained earnings	18,412	15,720	17,647
Equity shareholders' funds	24,670	21,752	23,829

Condensed statement of changes in equity

	Called up share capital £'000	Share premium account £'000	Share compensation reserve £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2012	253	5,285	352	254	38	17,647	23,829
Profit and total comprehensive income for the period	-	-	-	-	-	1,649	1,649
Dividends	-	-	-	-	-	(884)	(884)
Share options exercised	-	22	-	-	-	-	22
Cost of share options	-	-	54	-	-	-	54
At 30 June 2012	253	5,307	406	254	38	18,412	24,670
At 1 January 2011	252	5,195	244	201	38	15,058	20,988
Profit and total comprehensive income for the period	-	-	-	-	-	1,480	1,480
Dividends	-	-	-	-	-	(818)	(818)
Share options exercised	-	48	-	-	-	-	48
Cost of share options	-	-	54	-	-	-	54
At 30 June 2011	252	5,243	298	201	38	15,720	21,752
At 1 January 2011	252	5,195	244	201	38	15,058	20,988
Profit for the year	-	-	-	-	-	4,675	4,675
Actuarial loss on pension scheme net of deferred tax	-	-	-	-	-	(637)	(637)
Revaluation of the reference collection net of deferred tax	-	-	-	53	-	-	53
Total comprehensive income for the year	-	-	-	53	-	4,038	4,091
Dividends	-	-	-	-	-	(1,449)	(1,449)
Cost of share options	-	-	108	-	-	-	108
Share options exercised	1	90	-	-	-	-	91
At 31 December 2011	253	5,285	352	254	38	17,647	23,829

Condensed statement of cash flows

		6 months to 30 June 2012 (unaudited) £'000	6 months to 30 June 2011 (unaudited) £'000	Year ended 31 December 2011 (audited) £'000
	<i>Notes</i>			
Cash (used in)/ generated from operations	6	(3,556)	891	4,051
Interest paid		(12)	(22)	(56)
Taxes paid		(234)	(315)	(420)
Net cash (used in)/generated from operating activities		(3,802)	554	3,575
Investing activities				
Purchase of property, plant and equipment		(176)	(126)	(344)
Purchase of intangible assets		(74)	(101)	(231)
Interest received		1	1	1
Net cash used in investing activities		(249)	(226)	(574)
Financing activities				
Dividends paid to company shareholders	7	(884)	(818)	(1,449)
Repayment of borrowings		(125)	(125)	(251)
Net proceeds from issue of ordinary share capital		22	48	91
Net cash used in financing activities		(987)	(895)	(1,609)
Net (decrease)/increase in cash and cash equivalents		(5,038)	(567)	1,392
Cash and cash equivalents at start of period		3,230	1,838	1,838
Cash and cash equivalents at end of period		(1,808)	1,271	3,230

Notes to the condensed financial statements

1 Basis of preparation

These condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting (as amended).

2 Significant accounting policies

The accounting policies followed in the preparation of this condensed interim report have been applied consistently to all periods in these financial statements and are the same as those applied by the Group in the preparation of its Annual Report for the year ended 31 December 2011.

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.

	Philatelic trading	Publishing and philatelic accessories	Other collectibles	Internet development	Unallocated	Group
Segmental income statement	£'000	£'000	£'000	£'000	£'000	£'000
6 months to 30 June 2012						
Revenue	10,302	1,416	2,967	27	-	14,712
Operating costs	(7,750)	(1,111)	(2,503)	(161)	(1,297)	(12,822)
Exceptional costs	-	-	-	-	(110)	(110)
Net finance income	-	-	-	-	7	7
Profit/(loss) before tax	2,552	305	464	(134)	(1,400)	1,787
Tax	-	-	-	-	(138)	(138)
Profit/(loss) for the period	2,552	305	464	(134)	(1,538)	1,649
6 months to 30 June 2011						
Revenue	11,193	1,265	2,472	21	-	14,951
Operating costs	(9,063)	(1,063)	(1,996)	(61)	(1,019)	(13,202)
Exceptional costs	-	(105)	-	-	-	(105)
Net finance income	-	-	-	-	6	6
Profit/(loss) before tax	2,130	97	476	(40)	(1,013)	1,650
Tax	-	-	-	-	(170)	(170)
Profit/(loss) for the period	2,130	97	476	(40)	(1,183)	1,480
Year ended 31 December 2011						
Revenue	27,727	2,980	4,955	42	-	35,704
Operating costs	(21,784)	(2,303)	(4,120)	(169)	(2,108)	(30,484)
Exceptional costs	-	(112)	-	-	-	(112)
Net finance cost	-	-	-	-	(3)	(3)
Profit/(loss) before tax	5,943	565	835	(127)	(2,111)	5,105
Tax	-	-	-	-	(430)	(430)
Profit/(loss) for the year	5,943	565	835	(127)	(2,541)	4,675

Exceptional costs in 2012 relate to payments to the former Finance Director under the terms of his service agreement. Exceptional costs in 2011 relate to staff and legal costs incurred in the rationalisation of the Publishing division.

Notes to the condensed financial statements

3 Segmental analysis (continued)

Geographical information

Analysis of revenue by origin and destination

	Period ended 30 June 2012	Period ended 30 June 2012	Period ended 30 June 2011	Period ended 30 June 2011	Year ended 31 December 2011	Year ended 31 December 2011
	Sales by destination	Sales by origin	Sales by destination	Sales by origin	Sales by destination	Sales by origin
	£'000	£'000	£'000	£'000	£'000	£'000
Channel Islands	797	6,187	2,014	8,192	4,854	19,592
United Kingdom	7,784	7,232	9,444	6,759	20,277	14,270
Hong Kong	240	1,293	65	-	455	1,842
Europe	799	-	752	-	1,967	-
Singapore	1,093	-	38	-	2,340	-
Rest of Asia	595	-	866	-	1,281	-
North America	768	-	1,016	-	1,875	--
Rest of the World	2,636	-	756	-	2,655	--
	14,712	14,712	14,951	14,951	35,704	35,704

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.

Rest of the World sales in the period ended 30 June 2012 include sales of £1,987,000 to one individual customer. There were no customers in the period to 30 June 2011 from which the Group earned more than 10% of its revenues.

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.

	6 months to 30 June 2012	6 months to 30 June 2011	Year ended 31 December 2011
	(unaudited)	(unaudited)	(audited)
Weighted average number of ordinary shares in issue (No.)	25,269,514	25,183,631	25,217,437
Dilutive potential ordinary shares: Employee share options (No.)	524,525	914,314	327,837
Profit after tax (£)	1,649,000	1,480,000	4,675,000
Exceptional operating cost (net of tax)	82,000	77,000	83,000
Adjusted profit after tax (£)	1,731,000	1,557,000	4,758,000
Basic earnings per share - pence per share (p)	6.53p	5.88p	18.54p
Diluted earnings per share – pence per share (p)	6.39p	5.67p	18.30p
Adjusted earnings per share - pence per share (p)	6.85p	6.18p	18.87p
Adjusted diluted earnings per share - pence per share (p)	6.71p	5.97p	18.63p

17,716 shares were issued on 18 April 2012 following the exercise of share options by a former employee.

Notes to the condensed financial statements

6 Cash (used in)/generated from operations

	6 months to 30 June 2012 (unaudited) £'000	6 months to 30 June 2011 (unaudited) £'000	Year ended 31 December 2011 (audited) £'000
Operating profit	1,780	1,644	5,108
Depreciation	134	116	239
Amortisation	90	29	112
(Decrease) / increase in provisions	(244)	(4)	152
Cost of share options	54	54	108
Increase in inventories	(7,662)	(856)	(2,027)
Decrease/ (increase) in trade and other receivables	438	873	(732)
Increase/ (decrease) in trade and other payables	1,854	(965)	1,091
Cash (used in)/generated from operations	(3,556)	891	4,051

At the balance sheet date, the Group had an overdraft facility of £2.75m in place secured by way of floating charge over the assets of the Group.

7 Dividends

	6 months to 30 June 2012 (unaudited) £'000	6 months to 30 June 2011 (unaudited) £'000	Year ended 31 December 2011 (audited) £'000
Amounts recognised as distribution to equity holders in period:			
Dividend paid	884	818	1,449
Dividend paid per share	3.50p	3.25p	5.75p
Dividend proposed but not paid	695	631	884
Dividend proposed per share	2.75p	2.50p	3.50p

8 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, 18 Hill Street, St Helier, Jersey, JE2 4UA.