THE STANLEY GIBBONS GROUP PLC

FOR IMMEDIATE RELEASE 26 March 2010

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

Audited Results for the year ended 31 December 2009

The Stanley Gibbons Group plc, based in Jersey, comprising principally the businesses of Stanley Gibbons, Fraser's Autographs and Collector Café, today announced its audited results for the year ended 31 December 2009.

Key Financial Highlights

- Sales up 20% to £23.4m (2008: £19.4m)
- Profit before tax of £4.1m (2008: £3.7m) and Earnings Per Share of 14.7p (2008: 13.2p), both up 11%
- EBITDA of £4.3m (2008: £3.8m), up 13%
- Proposed final dividend of 3p per share (2008: 2.75p per share), up 9% giving a total dividend for the year of 5p (2008: 4.75p), up 5%
- Cash inflow from operating activities in year of £4.9m (2008: cash outflow from operating activities of £0.6m), an improvement of £5.5m
- Cash funds at 31 December 2009 of £3.1m (2008: £0.6m)
- Stock levels at 31 December 2009 of £9.3m (2008: £11.7m), down by 21%

Outlook

- Major refurbishment of our flagship retail premises at 399 Strand scheduled for completion in April 2010
- Growing awareness of stamp collecting resulting from the London 2010 Festival of Stamps in May
- Re-launch of our website in Q4 2010
- Launch of rare stamp investment fund in second half of 2010
- Market values for rare stamps and signatures continuing to be robust during recent period of economic volatility
- Excellent performance from auction activities in 2009. Incomes up 16% and profits up 49% with good prospects in 2010
- Entry into Chinese market through possible strategic alliance
- Investment office in Jersey opened on schedule at end of 2009 with marketing and PR campaign, repeating in 2010 the success of the Guernsey office opened in 2006
- Potential strategic acquisitions being assessed to strengthen brand offering and extend the range of our services

Martin Bralsford, Chairman, commented:

“Our strategy is unchanged but we continue to improve on its execution. Whilst I am content with the overall performance of the Stanley Gibbons Group plc for the year ended 31 December 2009, it was below our expectations at the start of the year. However, apart from sales growing by over 20% and profits up by 11%, we also made substantial progress in the realisation of our core strategic objectives. We look forward to recognising the benefits in 2010 and beyond.

The Group has incurred additional costs in 2009 to build the infrastructure required to implement our growth strategy. Some transformational changes in our business lie ahead as Stanley Gibbons faces an important year in 2010. We have a number of immediate benefits to come through from the refurbishment of our retail premises at 399 Strand completed in April, ahead of the International Stamp Show coming to London in May. Both of these events provide us with opportunities to generate additional business long term.

The development of our website and the launch of the rare stamp investment fund should begin to generate new revenue streams later in the year. The huge market for stamp collecting in China means that even a small level of success of our initiatives there would have a substantial impact on our sales and profitability.

Cash reserves of over £3 million and strong cash flow generation give us the resources to consider looking at a number of opportunities to strengthen our brand through Shareholder value enhancing expansion."

For further information, contact:

The Stanley Gibbons Group plc
Michael Hall, Chief Executive +44 (0) 1534 766711

Seymour Pierce Ltd, NOMAD/Broker
Jonathan Wright +44 (0) 20 7107 8000

Chairman's Statement

I welcome this third occasion to present the Annual Report of The Stanley Gibbons Group plc on behalf of your Board. For the first time, it is apparent that the Group's businesses are moving ahead in line with its Board's strategy.

In a year which has witnessed many other businesses struggle to generate revenue growth, it is pleasing to report substantial growth in both sales and profitability of the Group for the year ended 31 December 2009.

With the benefit of time, I have gained a fuller appreciation of the power and quality of the Group's brands. Wherever and whenever I represent your Company it seems that everyone has heard of Stanley Gibbons for the right reasons. It is the strength of both our brands and our business model that has enabled us to continue to grow in a particularly difficult environment.

It is also encouraging that profits now reported are struck after charging a high level of revenue investment to support the Group's growth strategy. Heavy increases in our marketing activity this year resulted in the recruitment of new high net worth clients whose future activities are expected to contribute to the Group's long-term performance and profitability.

The most compelling aspect of the Group's performance in 2009 was our ability to generate almost £5 million of cash from operations producing a balance of slightly over £3 million in hand after distributions of £2 million in tax and dividends.

The strong performance also produced an increase in net tangible assets from 63p per share to 72p per share, up 14%. It is important to observe that no value is attributed in the Balance Sheet to the Group's significant intangible assets of brand names, websites, Stanley Gibbons stamp referencing system in use worldwide, editorial intellectual property or its database of customers.

Financials

Turnover for the year was £23.4 million, over 20% up on the previous year and Profit before tax was £4.1 million, up 11% on the preceding year. Earnings per share were 14.7 pence (2008: 13.22 pence), again representing an increase of 11%. The widely used EBITDA performance measure was £4.3 million (2008: £3.8 million) up 13% for the year.

Dividend

Your Board is pleased to recommend to Shareholders, for approval at the forthcoming AGM, a final dividend of 3p per share (2008: 2.75p), which would produce a total dividend from 2009 earnings of 5p (2008: 4.75p), an increase of 5% over 2008.

The Board intends to maintain a progressive dividend policy with dividends, if approved, covered almost 3 times by earnings in 2009. Our dividend proposal for 2009 also takes into account projected capital expenditure commitments for 2010 including the £0.75m refurbishment programme of our flagship premises at 399 Strand and the continued investment in the development of our internet strategy and related catalogue database.

Outlook

The incoming year is very important for us. In the first half, we look forward to the completion of the refurbishment of our London premises in April followed by the International Stamp Show taking place in London during May. Both of these events provide us with substantial opportunities to generate additional business.

Furthermore, we opened our new investment office in Jersey at the end of 2009 to give our first trading presence in this our home market. Our aim is to replicate the success of the Guernsey investment office in what is a larger, but similar geographic market.

In the second half some important elements of our core strategy should start to deliver returns. These are mainly the development of our website and the launch of the online trading community together with the significant IT project to capture all of our printed catalogue data in a central database. Difficult but essential decisions were made during 2009 including substantial changes to the internet development project team.

We are optimistic of our ability to launch successfully the long awaited rare stamp investment fund during 2010, working with an investment partner who possesses the required skills, knowledge and proven track record. This partner has previously launched a fine wine investment fund raising approximately £10 million in its first year. Until marketing commences we cannot be certain that this will generate sufficient demand to create a viable investment vehicle. However, we are confident in our joint ability to achieve a successful distribution using the existing network of agents and current client bases.

By far the most important emerging market in stamps has been identified as China. According to authoritative sources, China has approximately 50,000 philatelic associations, comprising more than 20 million collectors, representing approximately a third of the world total. Consequently, we intend to gain a presence there, either through strategic alliance with, or acquisition of, a key philatelic company. Our longer term plans also include the building of a Mandarin language version of the Stanley Gibbons website enabling us to offer the full range of products.

Our auction business had enjoyed a very successful year in 2009 with profits up 49%. The success of our auction business each year remains dependent on sourcing suitable collections. It is expected that there will be an increase in the number of collections coming up for sale in 2010 as a result of the heightened interest generated by the London 2010 Festival of Stamps.

Values of rare stamps and historical signatures have not experienced any downturn during the recent period of global economic turmoil demonstrating the strength of collectibles as an alternative asset class uncorrelated with many others. A positive consequence is increasing interest from new investors.

As reported in January, increased sales of our investment products in 2009 were conducted at lower average gross margins as a result of the Board effecting a deliberate shift away from investment products linked to future guarantees into others which earn a lower initial gross margin but avoid certain contingent risks. This change improves the long term balance of the Company's returns and risks.

In November 2009 we acquired the luxury stamp album manufacturer, Frank Godden Limited. This range of stamps albums are world renowned for their quality and are used to house many award winning stamp collections. It represents a perfect complement to our Stanley Gibbons brand.

Your Board is confident in the ability of the Group's businesses to achieve organic growth based on the opportunities already identified. But also, a number of potential strategic acquisitions in areas which either complement our existing strengths or provide the skills and an ability to diversify our offering into other areas of collectibles are under review. Using our significant cash reserves and a strong cash flow, we have the potential to increase Shareholder returns through value driven expansion.

People

The Group enjoys the active support of over 100 employees and its network of agents worldwide. On behalf of the Board, I wish to extend my thanks to all of them for their commitment to achieving the potential of our brands and businesses by providing a friendly, efficient and experienced service to our customers and more generally for their hard work during the year.

Staff training to support and help develop our staff is considered a key priority for 2010 in order to continue to improve on our customer service and our dedication to building long term client relationships.

Board

Your Company's Board has recently been enhanced by the inclusion of Donal Duff taking up the newly created role of Chief Operating Officer in 2009. He has already made a significant contribution. The Chairmen of the Board's two principal standing Committees of Audit and Remuneration have fulfilled their roles with great care and dedication, supported by John Wright who has indicated his intention to step down from the Board in the next few months. We thank him for his valuable contribution as a Non-Executive director over the last six years. The Board is actively seeking his replacement and an announcement in this respect will be made in due course.

Operating Review

Operating results for the year

	2009 Sales £000	**2009 Profit £000**	2008 Sales £000	2008 Profit £000	2007 Sales £000	2007 Profit £000
Philatelic trading and retail operations	**17,657**	**4,056**	13,801	3,251	14,945	3,868
Publishing and philatelic accessories	**3,057**	**742**	2,899	785	2,919	868
Dealing in autographs, records and related memorabilia	**2,610**	**990**	2,655	1,179	2,284	1,076
	23,324	**5,788**	19,355	5,215	20,148	5,812
Internet development	**41**	**(138)**	39	(140)	43	(65)
Corporate overheads		**(1,521)**		(1,377)		(1,269)
Interest and similar (charges) / income		**(16)**		91		147

Before exceptional items	**23,365**	**4,113**	19,394	3,789	20,191	4,625
Exceptional operating costs		**-**		(88)		(117)
Group total sales and profit before tax	**23,365**	**4,113**	19,394	3,701	20,191	4,508

Overview

Group turnover increased by £3.97 million (20%) compared to last year. The profit before tax for the year of £4.11 million compared to a profit in 2008 of £3.7 million, representing an increase of 11%. Earnings per share were 14.7p (2008: 13.22p), also up 11%.

The key contributors to growth in sales and profits in the year were:

- Improved focus on client relationship management of key clients through personal contact plan increasing the level of business conducted with those clients during the year
- Success from online client recruitment campaign resulting in a 24% increase in the size of our e-mail database with e-marketing generating sales of almost £3 million in the year
- Increased advertising spend in year, particularly in last quarter including a number of inserts in national publications delivering acceptable response and conversion rates. Total investment sales contribution from advertising and insert campaigns of over £2 million for the year
- Excellent performance from auction activities in year with incomes up 16% and profits up 49%

The gross margin percentage for the year ended 31 December 2009 was 42.9% compared to 47.7% last year. Gross margins were impacted significantly by our decision to curtail sales of our investment products offering guaranteed returns. Investment products sold in place of these offer up-front discounts on retail value to investors but do not offer any guaranteed rates of return. Gross margins will benefit in future years from reduced provisioning requirements against guarantees given.

Overheads were £0.2 million (4%) higher than the prior year mainly through the recruitment of high quality management to support the successful development of our business plan. The Group increased marketing expenditure in the year to £0.8 million supporting the sales growth achieved together with the recruitment of new high net worth clients expected to contribute towards future growth.

Philatelic Trading and Retail Operations

Philatelic trading and retail sales were 28% higher than last year with profit contribution up by 25%. Sales growth was achieved primarily from an increase in sales to investment clients and high net worth collectors together with the strong performance from auction activities this year.

We have witnessed an increased acceptance by investors of our products as an alternative investment asset class. Investors are becoming increasingly attracted to our asset class as traditional investments fail to provide acceptable returns and investors become more than ever conscious of the importance of wealth diversification.

Our auction activities showed strong growth benefiting from an improved quality of material in popular areas of philately sourced for auction this year. We have also improved the presentation of our printed auction catalogues whilst reducing overheads by sourcing lower print prices, improving the targeting of our mailings and obtaining more competitive postage rates.

Sales to collectors of British stamps were broadly in line with the prior year and sales to collectors of stamps of British Commonwealth countries were 12% up on the prior year. The British stamp market suffered from a lack of liquidity in 2009 with few major collections of the right quality coming onto the market. Indicators in the market suggest that the 2010 Festival of Stamps in London will provide the catalyst required to increase liquidity.

Publishing and Philatelic Accessories

Publishing and philatelic accessory sales were 5% higher than last year although profit contribution was down 5%.

Sales benefited from an increase in the number of new titles published and the re-printing of one of our most popular stamp album ranges in the year. Growth levels have however been dampened to some extent by the current weak consumer environment in lower value non-essential philatelic accessories.

Profit contribution from our Publishing business was impacted by a reduction in gross margins, which included a £42,000 one-off cost following a major clearout of our warehousing facilities. Profit contribution was further impacted by increased management costs to support future initiatives including, in particular, the implementation of a central database to store all our catalogue data. Once this project is completed, scheduled for the second half of 2010, we will have substantial opportunities to better monetise our publishing intellectual property across all mediums including print, digital and online.

The Group completed the acquisition of the "Philatelic Exporter" publishing title in January 2009 for a purchase consideration of £50,000 followed by a further £20,000 after 12 months. The Philatelic Exporter contributed profits of £28,000 in 2009 thus generating a 56% return on investment for the eleven-month period since acquisition.

Autographs, Records and Related Memorabilia

Autographs, records and related memorabilia sales were 2% lower than last year with profit contribution down by 16%. Sales to collectors and trade were up by 41% in the year, which included the completion of a major trade deal in December for £0.4 million and the benefits of strong customer recruitment during the year.

Sales to investors were down by 18% as more investors opted for rare stamps in the current cautionary climate where the longer term documented price histories and proven track record of rare stamps proved more attractive than the potentially high growth market of rare signatures.

We intend to increase focus on our marketing strategy in 2010 towards educating potential investors more on the unique benefits within the market for rare signatures. We also purchased some top quality rarities early in 2010 which were sold through our e-marketing almost immediately demonstrating the importance in focusing on top pieces of significant historical importance in developing this part of our business to its full potential.

Internet Development

Sales reported within this department relate to online subscription revenue only. Online retail sales represented 7% of total revenue compared to 8% in the prior year, when excluding investment sales. The website generated investment sales totalling £1.2 million in the year demonstrating the growing importance of this medium of communicating our services to the world.

We recently completed a major restructuring of our web development team with particular emphasis on the need to ensure that our core development projects scheduled for completion in the second half of 2010, remain on track. The web development function will now be outsourced with a tender document, detailing our web strategy, soon to be distributed to a number of web development agencies. We believe our strategic plans will prove transformational both in terms of our online revenue streams as well as the services our web platform will provide to collectors.

Corporate Overheads

Corporate overheads were £0.14 million (10%) higher than last year. Corporate overheads include the increased costs of our Chief Operating Officer and Group Director of Sales and Marketing recruited to the senior executive team in 2009. The benefits of our investment in our senior executive team are expected to be demonstrative in future years as we are able to better control the execution of our strategy.

Corporate overheads include an IFRS2 actuarial accounting charge for share options of £71,000 (2008: £48,000).

Strategic Focus and Opportunities

Our primary strategic focus in 2010 is to maximise the potential from the London 2010 Festival of Stamps and our refurbishment at 399 Strand. In a broader perspective though, we aim to maximise the potential inherent within our brand simply by doing what we do, better. This includes a number of key areas of focus encompassing:

- Improved presentation of our image as the premier brand in philately greatly assisted by the refurbishment of our flagship premises at the Strand in London
- Increased focus in our buying efforts to acquire unique pieces and items of the highest level of rarity and hence providing the best long term investment potential
- Focus on improving our customer service and extending our range of services
- Increased investment in our marketing activities to recruit new clients from mediums proven already to deliver acceptable returns on investment
- Enhancements to our website to bring functionality and design up to "best practice"
- Development of stronger client relationship management techniques through increased personal contact and networking during the year

All of the above objectives serve to deliver the level of basic organic growth available and untapped within our existing business model. Our primary opportunities to grow the business through development into new markets and enhancement of our existing business model include:

- Creation of the philatelic online trading community
- Launch of the rare stamp investment fund
- Development into Chinese market including sourcing a supply chain for rare stamps from the Greater China Region and the development of a Chinese version of our website
- Strategic acquisitions to enhance our offering and recruitment of valuable specialists
- Marketing and PR campaign to develop sales from our new investment office in Jersey, Channel Islands.

Our brand is our core strength. We have significantly enhanced our management team in the past year enabling us to progress more quickly in the development of the opportunities available to us. The market for rare stamps and signatures remains strong and has recently weathered one of the fiercest financial storms in history. Overall, we remain very confident in the quality of our business, the strength of our market and our ability to generate growth in sales and profits to the benefits of our Shareholders.

Financial Review

Liquidity and Funding

The Group's cash funds at 31 December 2009 were £3,062,000, compared to £535,000 at the end of last year. The Board is satisfied that the Group has sufficient funds to meet its forecast working capital and capital expenditure plans in the foreseeable future.

Surplus funds are currently invested in short term deposits into UK clearing banks, which generate low rates of interest in the current economic climate but with low risk. The Board is currently reviewing options of placing surplus funds on longer term deposits to attract a higher rate of interest whilst retaining sufficient short term funding availability to support ongoing operations. It is not the Group's policy to engage in speculative activity or to use complex financial instruments.

The Group is debt free and had no outstanding borrowings at 31 December 2009. The Group had a bank overdraft facility in place of £2,000,000 which expired on 31 December 2009 and, in order to save fees, has not been renewed due to our comfortable level of cash reserves at this time. Our bankers have indicated their willingness to provide the Group with short term funding in the future should the need arise.

Balance Sheet and Cash Flow

Cash generated from operating activities was £4,896,000 compared with cash used from operating activities in 2008 of £601,000. A summary reconciliation of operating profit to cash generated from operating activities is given below:

	£000
Operating profit	4,129
Non-cash charges to profits	262
IFRS2 actuarial accounting charge for share options	71
Operating profit after adding back accounting charges to profit which do not impact on cash flows	4,462
Cash generated from working capital	435
Operating cash generated in year	**4,897**

Cash was primarily generated during the year from operating profits together with cash realised from the substantial reduction in the Group's inventory levels.

Included within trade receivables are sales of £118,000 (2008: £2,801,000) made on interest free credit terms exceeding one year in duration. The Group retains possession of the material sold under interest free credit terms until fully paid for, thus limiting any credit risk from entering into such arrangements. The Board took the decision in April 2008 to limit to a maximum of 12 months interest free credit terms offered on investment portfolio sales, which includes a requirement to pay a 10% non-refundable deposit up-front.

Stock levels at 31 December 2009 were £9,289,000, 21% lower than at 31 December 2008. The reduced supply available in the market during 2009 of quality rare stamps required to support our business activities has necessitated a reduction in our overall stockholding. This vindicated our decision in prior years to take the opportunities when they arose to acquire the right kind of quality material in the market. Based on experience to date, the Group expects to re-purchase £1.6 million of rare stamps and signatures in 2010 from investors when their guaranteed minimum return contracts expire. This represents approximately 10% of the expected total purchasing requirements of the Group in 2010 and would comprise some of the finest quality items ever handled by Stanley Gibbons in the past.

The increase in cash during the year of £2,527,000 is net of dividends paid of £1,196,000 and tax paid of £783,000.

The Group invested £420,000 (2008: £122,000) in capital expenditure during the year which included goodwill on the acquisition of Philatelic Exporter and Frank Godden Limited of £100,000. Leasehold improvement costs of £142,000 included planning costs and design proposals for the refurbishment of 399 Strand scheduled for completion in April 2010.

We are committed to a substantial increase in capital investment in 2010 including up to £750,000 in respect of the refurbishment of 399 Strand and anticipate a further spend of circa £500,000 on our internet strategy and related catalogue database. Such expenditure provides the platform to realise the key elements of our growth strategy and is expected to generate a payback of three years or less. Capital expenditure is funded from existing cash reserves and operating cash inflows anticipated during 2010.

Finance Income

Group cash funds generated £2,000 (2008: £50,000) bank interest for the year. Included within “Finance costs” is £14,000 (2008: Finance income of £53,000), representing the difference between the interest cost and the expected return on assets in the Group’s defined benefit pension scheme under the disclosure requirements of IAS19 “Employee Benefits”.

Taxation

The tax charge for the year (excluding deferred taxation) was £424,000 (2008: £396,000) incurred on UK profits, resulting in an overall effective rate of 10.3% (2008: 10.7%). Profits from our Channel Island trading companies are currently subject to tax at zero percent.

Dividends

The Board is recommending a final dividend of 3p per Ordinary Share (2008: 2.75p) giving a total dividend of 5p for the year ended 31 December 2009 (2008: 4.75p). Subject to Shareholders’ approval, the final dividend will be paid on 17 May 2010 to Shareholders on the register at 9 April 2010.

Accounting Policies

Accounting polices, which remain unchanged from the prior year, are detailed in Note 1 to the Annual Report and Accounts.

Consolidated statement of comprehensive income for the year ended 31 December 2009

	Notes	**Year ended 31 December 2009 £’000**	Year ended 31 December 2008 £’000
Revenue		**23,365**	19,394
Cost of sales		**(13,345)**	(10,135)
Gross Profit		**10,020**	9,259
Administrative expenses		**(1,817)**	(1,734)
Selling and distribution expenses		**(4,074)**	(3,827)
Exceptional operating costs		**-**	(88)
Operating Profit		**4,129**	3,610
Finance income		**2**	103
Finance costs		**(18)**	(12)
Profit before tax		**4,113**	3,701

	Notes		
Taxation		**(413)**	(378)
Profit for the financial year		**3,700**	3,323
Other comprehensive income:			
Actuarial (losses) / gains recognised in the pension scheme		**(352)**	160
Tax on actuarial (losses) / gains recognised in the pension scheme		**80**	(62)
Other comprehensive (loss) / income for the year, net of tax		**(272)**	98
Total comprehensive income for the year		**3,428**	**3,421**
Basic earnings per Ordinary share	*3*	**14.70p**	13.22p
Diluted earnings per Ordinary share	*3*	**14.69p**	13.19p

Statement of financial position as at 31 December 2009

	Notes	**Group** **31 December 2009 £'000**	Group 31 December 2008 £'000	**Company** **31 December 2009 £'000**	Company 31 December 2008 £'000
Non-current assets					
Intangible assets		**186**	64	-	-
Property, plant and equipment		**1,103**	901	**-**	-
Deferred tax asset		**124**	21	**-**	-
Trade and other receivables		**118**	2,801	**-**	-
Investment in subsidiary undertakings		**-**	-	**5,974**	5,903
		1,531	3,787	**5,974**	5,903
Current Assets					
Inventories		**9,289**	11,745	**-**	-
Trade and other receivables		**9,848**	3,988	**-**	-
Cash and cash equivalents		**3,062**	535	**32**	31
		22,199	16,268	**32**	31
Total assets		**23,730**	20,055	**6,006**	5,934
Current liabilities					
Trade and other payables		**4,014**	2,828	**352**	351
Current tax payable		**296**	656	**-**	-
		4,310	3,484	**352**	351

Non-current liabilities				
Retirement benefit obligations	**442**	75	**-**	-
Deferred tax liabilities	**161**	144	**-**	-
Provisions	**660**	517	**-**	-
	1,263	736	**-**	-
Total liabilities	**5,573**	4,220	**352**	351
Net assets	**18,157**	15,835	**5,654**	5,583
Equity				
Called up share capital	**252**	252	**252**	252
Share premium account	**5,195**	5,195	**5,195**	5,195
Share compensation reserve	**163**	92	**163**	92
Capital redemption reserve	**38**	38	**38**	38
Revaluation reserve	**201**	182	**-**	-
Retained earnings	**12,308**	10,076	**6**	6
Equity shareholders' funds	**18,157**	15,835	**5,654**	5,583

Statement of changes in equity
for the year ended 31 December 2009

The Group

	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 2009	252	5,195	92	182	38	10,076	15,835
Total comprehensive income for the year	-	-	-	-	-	3,428	3,428
Dividends	-	-	-	-	-	(1,196)	(1,196)
Cost of share options	-	-	71	-	-	-	71
Revaluation of reference collection (net of deferred tax)	-	-	-	19	-	-	19
At 31 December 2009	**252**	**5,195**	**163**	**201**	**38**	**12,308**	**18,157**
At 1 January 2008	251	5,148	44	182	38	7,849	13,512
Total comprehensive income for the year	-	-	-	-	-	3,421	3,421
Dividends	-	-	-	-	-	(1,194)	(1,194)
Cost of share options	-	-	48	-	-	-	48
Share options exercised	1	47	-	-	-	-	48

At 31 December 2008	**252**	**5,195**	**92**	**182**	**38**	**10,076**	**15,835**

The Company

	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 2009	252	5,195	92	-	38	6	5,583
Total comprehensive income for the year	-	-	-	-	-	1,196	1,196
Dividends	-	-	-	-	-	(1,196)	(1,196)
Cost of share options	-	-	71	-	-	-	71
At 31 December 2009	**252**	**5,195**	**163**	**-**	**38**	**6**	**5,654**
At 1 January 2008	251	5,148	44	-	38	7	5,488
Total comprehensive income for the year	-	-	-	-	-	1,193	1,193
Dividends	-	-	-	-	-	(1,194)	(1,194)
Cost of share options	-	-	48	-	-	-	48
Share options exercised	1	47	-	-	-	-	48
At 31 December 2008	**252**	**5,195**	**92**	**-**	**38**	**6**	**5,583**

Statement of cash flows
for the year ended 31 December 2009

	Notes	**Group 31 December 2009 £'000**	Group 31 December 2008 £'000	**Company 31 December 2009 £'000**	Company 31 December 2008 £'000
Cash generated from / (used in) operations	*4*	**4,897**	(601)	**1**	4
Interest paid		**(4)**	(12)	**-**	-
Taxes paid		**(783)**	(647)	**-**	-
Net cash generated from / (used in) operating activities		**4,110**	(1,260)	**1**	4
Investing activities					
Purchase of property, plant and equipment		**(275)**	(69)	**-**	-
Purchase of intangible assets		**(114)**	(53)	**-**	-
Interest received		**2**	50	**-**	-
Dividends received		**-**	-	**1,196**	1,194
Net cash (used in) / generated by investing		**(387)**	(72)	**1,196**	1,194

activities				
Financing activities				
Dividends paid to company shareholders	**(1,196)**	(1,194)	**(1,196)**	(1,194)
Net proceeds from issue of ordinary share capital	**-**	48	**-**	-
Net cash used in financing activities	**(1,196)**	(1,146)	**(1,196)**	(1,194)
Net increase / (decrease) in cash and cash equivalents	**2,527**	(2,478)	**1**	4
Cash and cash equivalents at start of year	**535**	3,013	**31**	27
Cash and cash equivalents at end of year	**3,062**	535	**32**	31

Notes

1. Basis of preparation

The financial information set out in this announcement does not constitute the Group's statutory financial statements for the years ended 31 December 2009 and 31 December 2008.

The financial information for the year ended 31 December 2008 has been extracted from the audited statutory financial statements for that year which include an unqualified audit report and have been filed with the Registrar of Companies in Jersey. The financial information for the year ended 31 December 2009 has been extracted from the audited financial statements of the Group for the year ended 31 December 2009 which were approved by the Board of Directors on 25 March 2010.

2. Dividends

Subject to approval at the AGM on 28 April 2010, the final dividend of 3.00p per Ordinary Share will be paid on 17 May 2010 to all shareholders on the register on 9 April 2010.

3. 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 year. Adjusted earnings per share has been calculated to exclude the effect of exceptional operating costs. The Directors believe this gives a more meaningful measure of the underlying performance of the Group.

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 year. Also in existence were 402,521 options issued under the Company's 2007 Long-Term Incentive Plan (LTIP). These options were not dilutive at 31 December 2009.

	Year ended 31 December 2009	Year ended 31 December 2008
Weighted average number of ordinary shares in issue (No.)	**25,177,443**	25,145,312
Dilutive potential ordinary shares: Employee share options (No.)	**5,842**	39,496

Profit after tax (£)	**3,700,000**	3,323,000
Exceptional operating cost (net of tax)	**-**	88,000
Adjusted profit after tax (£)	**3,700,000**	3,411,000
Basic earnings per share – pence per share (p)	**14.70p**	13.22p
Diluted earnings per share – pence per share (p)	**14.69p**	13.19p
Adjusted earnings per share – pence per share (p)	**14.70p**	13.57p

4 Cash generated from / (used in) operations

	31 December (Group)		31 December (Company)	
	2009	2008	**2009**	2008
	£'000	£'000	**£'000**	£'000
Operating profit/(loss)	**4,129**	3,610	**-**	(1)
Depreciation	**99**	146	**-**	-
Amortisation	**23**	26	**-**	-
Increase in provisions	**140**	190	**-**	-
Cost of share options	**71**	48	**-**	-
Decrease / (Increase) in inventories	**2,456**	(4,636)	**-**	-
(Increase) / decrease in trade and other receivables	**(3,168)**	305	**-**	-
Increase / (decrease) in trade and other payables	**1,147**	(290)	**1**	5
Cash generated from / (used in) operations	**4,897**	(601)	**1**	4

5. Annual report and accounts

The Annual Report and Accounts for the year ended 31 December 2009 will be posted to shareholders shortly. Further copies can be obtained from the Company Secretary at 6 Vine Street, St Helier, Jersey, JE2 4WB, or the Company's Broker, Seymour Pierce Limited at 20 Old Bailey, London EC4M 7EN or can be viewed on the Company's website at www.stanleygibbons.com.