STANLEY GIBBONS Group Limited

Annual Report and Accounts **2008**

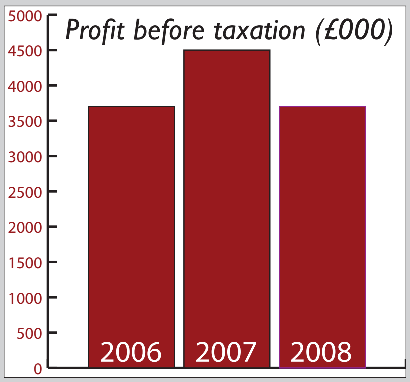
GB 1841 2d Red brown on "Dickinson" silk thread paper – one of only 24 known examples and a magnificent document on fine vellum signed by King Henry VIII in December 1513.

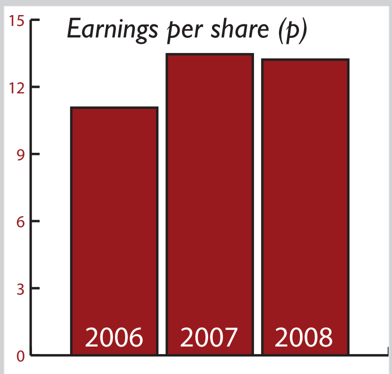
"Stamps are the best investment you've never heard of."

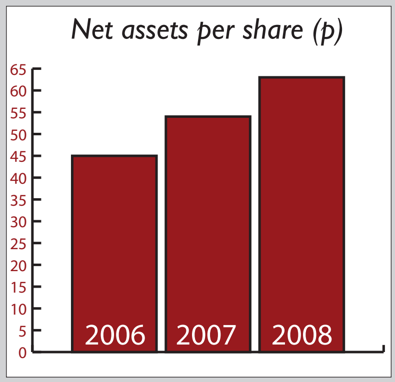
The Sun, January 2009

Financial Highlights

	2008	2007	2006
Group Turnover (£m)	**19.4**	20.2	16.7
Profit before taxation (£m)	**3.7**	4.5	3.7
Basic earnings per share (p)	**13.22**	13.46	11.07
Adjusted earnings per share (p)	**13.57**	13.83	11.07
Net cash (£m)	**0.5**	3.0	3.1
Net assets per share (p)	**63**	54	45
Share price – 31 December (p)	**132.5**	212.0	172.5







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Financial Calendar

Final Dividend Ex-Dividend Date	1 April 2009
Final Dividend Record Date	3 April 2009
Annual General Meeting	29 April 2009
Final Dividend Payment Date	11 May 2009
Announcement of Interim Results	7 August 2009
Interim Dividend Payment Date	28 September 2009

Highlights

- Earnings per share of 13.22p (2007: 13.46p)
- Profit before tax of £3.7m (2007: £4.5m). Adjusted profit before tax, excluding exceptional operating costs, was £3.8m (2007: £4.6m)
- Sales of £19.4m (2007: £20.2m). Sales on 12 months extended credit terms of £3.4m deferred into 2009 with an associated deferred profit of £1m
- Recommended final dividend of 2.75p net per share, giving a total net dividend for the year of 4.75p (2007: 4.5p) up 6%

Directors and Advisers

Directors	D M Bralsford MSc, FCA, FCT, *Non-Executive Chairman* M R M Hall B.Acc, CA, *Chief Executive* M D Henley ACA, *Finance Director* R K Purkis, *Operations Director* R H Henkhuzens BA, FCA, *Non-Executive Director* General Sir Michael Wilkes KCB, CBE, *Non-Executive Director* P J Wright, *Non-Executive Director*
Company Secretary	R K Purkis
Registered Office	Pirouet House Union Street St. Helier Jersey JE2 3FF Tel: 01534 766711
Company Registration	Registered in Jersey Number 13177
Nominated Adviser and Broker	Seymour Pierce Limited 20 Old Bailey London EC4M 7EN
Auditors	Nexia Smith & Williamson LLP Portwall Place Portwall Lane Bristol BS1 6NA
Solicitors	Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW
Principal Bankers	NatWest Bank PLC 32 Corn Street Bristol BS99 7UG
Registrars	Capita Registrars (Jersey) Limited Shareholder Services Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA Tel: 0871 664 0300; from overseas +44 20 8639 3399
Website	Further financial, corporate and shareholder information is available on the Investor Relations section of the Group's website: *www.stanleygibbons.com*

Chairman's Statement

On behalf of your Board, I am pleased to present the results of the Stanley Gibbons Group Limited for the year ended 31 December 2008. Against the backdrop of a global economic crisis, I am satisfied with the performance of both the Group's businesses and the Senior Management team in 2008.

The outcome for the year demonstrates the resilience of the Group's businesses based on the strength of our brands and reputation for fair dealing. During times of recession, only soundly based businesses survive. Stanley Gibbons is the oldest, biggest, most well known and most respected brand in its field and consequently is in an excellent position to prevail through difficult times and emerge stronger in a world where our competitors may have been severely damaged.

The adverse movement on sales in the second half of our financial year was a direct consequence of global economic events. Ironically, at a time when the investment products we offer provided a solution to investors, we found that the levels of apprehension and uncertainty on investment generally temporarily discouraged potential clients from using our products.

However, recent trading is showing a relatively high level of demand for our investment products, which benefit from the current negligible interest rates in most currencies offered by banks, making the secured returns from investing in our collectibles more attractive.

We also derive additional support from the fact that the value of rare stamps performed well as an asset class during previous recessions which, if repeated, illustrates their benefits in terms of diversification from traditional financial investment.

As a result of all of the above, the Board is confident about the Group's prospects for 2009 and beyond and believes the Group is well placed to continue to grow both sales and profits.

Financials

Turnover for the year was £19.4 million, down 4% on the previous year. Profit before tax and before exceptional charges was £3.7 million, down 18% on the preceding year.

Earnings per share were 13.22 pence, only 2% down on the previous year earnings per share reported of 13.46 pence, due to the benefit of a lower tax rate. This lower effective rate of tax should continue in future years.

In our trading statement released on 20 January 2009, we referred to £3.4 million in value of sales transactions entered into towards the close of 2008 on extended credit terms to several key investment clients. Since these sales were on terms which included a 12 month buyback guarantee, the Board agreed it was more appropriate to recognise this revenue and the associated profit into 2009, when these guarantees will have expired and the outcome is certain. This is in accordance with applicable accounting standards. If the sales recognised into 2009 are included, underlying sales would have shown growth of 13% and profit before tax would have been £4.7 million, 4% above the prior year.

Investment clients have paid a 10% cash deposit on these agreements and the Board does not expect the guarantees to be called. Notwithstanding this, the Board considered that the recognition of the revenue into 2009 is prudent and in line with best market practice, even though the subject items of those sales remain in the possession of Stanley Gibbons, and, hence, there is no credit risk associated with the underlying contracts.

Dividend

Your Board is pleased to recommend to Shareholders, for approval at the forthcoming AGM, a final dividend of 2.75 pence per share, which would produce a total dividend from 2008 earnings of 4.75 pence, an increase of 6% over 2007.

The Board's progressive dividend policy is maintained, covered almost 3 times by earnings in 2008, having regard to projected cash flow requirements in 2009 and beyond.

The Board has authorisation from Shareholders to purchase up to 3.7 million (approximately 15%) of its own Shares. The Board proposes the renewal of this authority at the forthcoming AGM. Following recent changes to Jersey Company Law, it will also be proposing to make the necessary alterations to its Articles of Association at the forthcoming AGM in order to facilitate the Company's ability to buyback its own Shares into Treasury, in line with UK practice. Whilst doing so, we are taking the opportunity to update the Company's Articles more generally.

Outlook

Recent trading is showing a good level of demand for our investment products after the successive reductions in interest rates. Furthermore, the relative weakness in the value of Sterling against most other major currencies presents some exciting marketing opportunities to grow substantially sales internationally to US Dollar and Euro based investors.

Although we are experiencing a slight adverse impact on sales in the lower value item segment of our business, this represents a small part of our total profits. More importantly, the market in rare stamps continues to be strong, evidenced by the high value of realisations from recent auction sales.

We have invested substantially during 2008 in our inventory of high-end quality stamps and rare signatures. Inventories of such rare items are an appreciating asset although are reported at historic cost. Despite our confidence in the market and need to invest in the right kind of material to support future sales growth expectations of investment products, the Board has decided to exercise prudence in respect to inventory levels and does not intend to increase inventories above the current level in the foreseeable future.

We were successful during the year in growing investment sales to clients based outside the UK, benefiting from our seminars and exhibition attendances which facilitated the recruitment of new high calibre trading partners in the Asia-Pacific and Middle East. The relationships we have formed with such partners provide us with a professional network from which to distribute our investment products internationally at a very low cost.

The biggest challenge we face in the sale of our various

Chairman's Statement

Outlook (continued)

investment products is to overcome the unwillingness of the majority of financial institutions and Independent Financial Advisers to promote an unregulated investment product.

A solution to this problem is to launch a regulated investment fund. During 2008, we had various discussions with banks and fund managers to establish their interest in establishing a rare stamp investment fund under our management. Our aim is to achieve a successful fund launch during 2009. To achieve this aim, we intend to recruit a full time executive with experience in the Financial Services industry, and with specific expertise in the launch and distribution of investment funds; skills that are widely available in the Channel Islands.

Our most effective sales technique is currently the delivery of sales copy to our e-mail database. Sales generated through this route in 2008 were £3.3 million or 17% of total sales. Recognising the importance of this route to market, we focused on growing the size of our e-mail database in 2008 through online marketing channels. As a result, we have more than doubled the size of our investment e-mail database. This provides an excellent base to facilitate future growth in 2009 and beyond and forms the critical component in the success of our marketing strategy.

We are particularly pleased with the sales growth achieved in historical signatures and celebrity autographs in 2008. Sales growth was generated through successful marketing, extensive media coverage and the development of rare signatures as an alternative investment.

We have invested in our long term growth prospects, the cost of which has been charged to this year's profit and loss account, including the costs associated with the recruitment of key personnel, database building and those associated with the development and redesign of our Website. The benefits of this investment will be harvested in future years.

I am pleased to announce that on 23 January 2009, Stanley Gibbons acquired "Philatelic Exporter" from Heritage Studios Limited. Philatelic Exporter is the world's market leading trade philatelic magazine and will benefit from our long established expertise in magazine publishing and distribution to continue to go from strength to strength under a newly recruited Senior Executive. With the support of the marketing and sales expertise of Stanley Gibbons, the magazine will reach extensive global audiences and provide an improved service to readers and advertisers.

Board

Due to the increase in growth opportunities progress in the implementation of our business plan is being hampered by a lack of Senior Executive resource. As a result, we are delighted to have recently appointed Donal Duff as Chief Operating Officer. His appointment will help us to accelerate the execution of our business plan and projected growth in profits. It allows our Chief Executive to concentrate on the development of new business opportunities and to focus his efforts on those high value areas of the business where his depth of experience can have greatest effect.

We are currently reviewing the possibility of separating Stanley Gibbons Investments from the Stanley Gibbons Group. A dedicated Executive Board of our Investment business could provide the independence and focus necessary to develop into this new market, which we believe holds extensive opportunities that are currently under-exploited. Such segregation should also enable Stanley Gibbons Investments to obtain appropriate financial regulatory approval thus opening up our investment services to a much larger marketplace.

The current period of restructuring is necessary to ensure that your Board provides the resource capable of fulfilling its role in the development of the Group and in maximising the return from the wealth of business opportunities at our disposal.

Stakeholders

I would like to thank all our colleagues in the Group for their hard work and contribution during the year. I also extend my gratitude to other Stakeholders associated with our activities who all support and believe in the strength and potential of the biggest brand name in the world of philately.

Martin Bralsford
Chairman, 19 March 2009

Operating Review
FOR THE YEAR ENDED 31 DECEMBER 2008

Operating Results for the year	**2008 Sales £000**	**2008 Profit £000**	2007 Sales £000	2007 Profit £000	2006 Sales £000	2006 Profit £000
Philatelic trading and retail operations	**13,801**	**3,251**	14,945	3,868	12,194	3,231
Publishing and philatelic accessories	**2,899**	**785**	2,919	868	2,787	814
Dealing in autographs, records and related memorabilia	**2,655**	**1,179**	2,284	1,076	1,664	793
	19,355	**5,215**	20,148	5,812	16,645	4,838
Internet development	**39**	**(140)**	43	(65)	39	(40)
Corporate overheads		**(1,377)**		(1,269)		(1,228)
Interest and similar income		**91**		147		176
Before exceptional items	**19,394**	**3,789**	20,191	4,625	16,684	3,746
Exceptional operating costs		**(88)**		(117)		-
Group total sales and profit before tax	**19,394**	**3,701**	20,191	4,508	16,684	3,746

Overview
Overall Group turnover decreased by £797,000 (4%) compared to last year. The profit before tax for the year of £3,701,000 compared to a profit in 2007 of £4,508,000 representing a reduction of 18%. Excluding exceptional operating costs incurred in the year of £88,000, profit before tax was £3,789,000.

The Group's effective rate of tax in the year was 10% compared to 25% in the prior year as a result of the 0% corporate income tax rate in Guernsey in 2008. The lower effective rate of tax meant that earnings per share for the year were only 2% down on the prior year at 13.22p compared to 13.46p.

The key achievements within our performance for the year can be summarised as follows:

- Recruitment of new high calibre overseas agents, particularly in the Asia-Pacific and Middle East, resulting in a growth of investment sales to overseas clients.
- Growth in the sale of autographs and rare signatures benefiting from successful marketing, extensive media coverage and the increased interest in rare signatures as an alternative investment mechanism.
- Benefit from more effective sales techniques through powerful sales copy to our e-mail database, contributing total sales in 2008 of over £3 million.

The key negative factors affecting our sales performance for the year can be summarised as follows:

- Impact of investment deals with a value of £3,414,000 entered into with a 12 month guaranteed buyback clause excluded from the reported result for 2008.
- Lower conversion rates from investment customer prospects generated during the year as a direct reaction to global economic events.
- The natural recessionary impact on sales in the lower value end of our business, particularly evident from the reduction in transactions with our trade and wholesale customers.

Our publicity and marketing spend increased by 28% to £706,000. A significant element of the marketing expenditure incurred in the year related to the expanding of our database of investment prospects, which provide the platform to generate future growth. We recruited 17,570 new customers during 2008 demonstrating the continued growth in the hobby together with the increasing interest from investors seeking a means of protecting their wealth in this volatile economic climate.

Philatelic Trading and Retail Operations
Philatelic trading and retail sales were 8% lower than last year with profit contribution down by 16%. The reduction in sales compared to the prior year included a 3% decline in the value of sales to investment clients.

Philatelic dealing sales to collectors were down 8% compared to the prior year. However, the prior year result included an exceptional sale of one philatelic item for £355,000 together with the benefits of a number of trade deals conducted to clear old stock lines. It is a testament to the quality of our current stockholding that the level of trade deals we were able to conduct in 2008 was significantly less. Excluding the impact of both these events in the prior year,

Operating Review

Philatelic Trading and Retail Operations (continued)

sales to collectors of British stamps were 2% higher than the prior year and sales to collectors of British Commonwealth countries were up by 8%. It is also encouraging to note that our philatelic dealing departments recruited a higher number of new customers this year and traded with 12% more customers than in the prior year, highlighting the underlying strength in our business to collectors and in the stamp market as a whole.

Despite the natural recessionary pressures in the lower value end of our business, sales from our retail outlet at 399 Strand were 2% up on the prior year. This was achieved despite a lower footfall and was mainly achieved through improvements to our stock range of publications and accessories together with a better attention to detail in the presentation of our products and in-store sales initiatives.

Publishing and Philatelic Accessories

Publishing and philatelic accessory sales were 1% lower than last year with profit contribution down 10%. Sales were held relatively constant to the prior year despite an 18% reduction in sales made to our three main wholesale customers and a 20% decline in sales to library suppliers following a reduction in their budgets directed by central government.

Online sales were however up by 15% benefiting from some exciting new product launches and improved online marketing techniques during the year.

In September, we appointed a new experienced Publishing Director with the key aims of developing a worldwide distribution of our publishing titles and implementing improved processes within our catalogue production department to ensure that scheduled titles are delivered on time. We have already achieved an improvement in our procedures improving our ability to increase our range of publications in 2009 and we now hope to begin making progress towards creating new distribution channels for all of our publications worldwide.

Autographs, Records and Related Memorabilia

Autographs, records and related memorabilia sales were 16% higher than last year with profit contribution up by 10%. Performance in this area of our business was a resounding success in 2008 in all areas of trading including investment services, retail, auction and mail order. The growth in sales is particularly pleasing when taking into account that the prior year included two large individual sales of top investment pieces with a combined sales value of £295,000.

The fact that autographs and rare historical signatures appeal to a wider audience than rare stamps provides us with significant opportunities to develop sales further in this respect. Our creative direct marketing approach is most effective in this part of our business.

Internet Development

Sales reported within this department relate to online subscription revenue only. Online sales represented 8% of total revenue compared to 7% in the prior year, when excluding investment sales.

New visitors to our website accounted for 49% of total visits in 2008. The total visitor numbers were up 20%. This would imply encouraging retention rates 15% higher than the benchmark figures published by Google. Overall, the growth shown in the visitors to our site is encouraging and consistent with previous years. With the significant improvements made to our website systems in recent months, the Group can now push forward into new global regions and segments of the market online.

On a technical level, we have made some encouraging steps in 2008 towards creating a more stable and flexible web platform to deploy all future developments. The total cost of developing our website charged to the profit and loss account in 2008 was £179,000.

Corporate Overheads

Corporate overheads were £108,000 (9%) higher than last year. Increased costs in this respect include a £43,000 increase in legal and professional fees mainly comprising costs of an external PR agency. Management of Public Relations and Brand Management were brought in-house in November at a significantly lower cost.

Corporate overheads also include a charge of £48,000 in respect of the IFRS2 Share based payment actuarial charge.

Exceptional Operating Costs

Exceptional operating costs of £88,000 relate to remuneration paid to former Chairman, Paul Fraser, under the terms of his service agreement which expired in April 2008.

Strategic Focus and Opportunities

The Group has significant opportunity to grow profits across all areas of the business in both the short and long term. Our initial focus is in creating a structure and senior management team capable of delivering on the business plan.

Our biggest long-term opportunity lies within our internet development plans. Our goal is to bring the fragmented philatelic market together on our website. We believe we can monetise our website visitors through the creation of a philatelic online trading community underpinned by our online catalogue and prices.

The size of the potential market for our investment services provides exceptional growth potential. The creation of a more professional and regulated framework from which to conduct this business, we believe will provide the catalyst to distribute our products worldwide through our growing number of investment partners.

Michael Hall

Chief Executive, 19 March 2009

Financial Review

Liquidity and Funding

The Group's cash funds at 31 December 2008 were £535,000, compared with £3,013,000 at the end of last year. The Board is satisfied that the Group has sufficient funds to meet its forecast working capital requirements and capital expenditure plans in the foreseeable future.

Surplus funds are invested in short term deposits with the objective of obtaining the best rate of interest available in the market whilst providing the flexibility to fund ongoing operations. It is not the Group's policy to engage in speculative activity or to use complex financial instruments. Our policy is to return surplus funds to Shareholders where we consider that such funds cannot generate a return through investment in the business.

The Group had no outstanding borrowings at 31 December 2008. The Group has a bank overdraft facility in place of £2,000,000, which is subject to annual review on 31 December 2009. The facility is available to fund any short-term working capital requirements, if required.

Balance Sheet and Cash Flow

Cash used in operating activities was £601,000 compared with cash generated from operating activities in 2007 of £1,782,000. Cash used in operating activities funded major acquisitions of high value collectables resulting in an increase in the cost of our inventories of £4,636,000.

Included within trade receivables are sales of £2,801,000 (2007: £2,846,000) made on interest-free credit terms exceeding one year in duration. The Company 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 to withdraw our long-term interest-free credit investment portfolio products. Previously, credit terms of up to 3 years were available for investments of £100,000 and over. From April 2008, this was restricted to a maximum of 12 months interest-free credit.

Stock levels at 31 December 2008 were £11,745,000 (65%) higher than at 31 December 2007. Stock held at 31 December 2008 includes stock held on behalf of clients on extended credit active management investment portfolios with a total cost of £2,429,000. When excluding third party stock, stock levels were still up 31% on the prior year. We continue to take the opportunities as they arise to acquire the right kind of quality material in the market. Such material represents a long-term investment and provides the necessary capital employed to support future growth.

The decrease in cash during the year of £2,478,000 is net of dividends paid of £1,194,000 and corporation tax paid of £647,000.

The Group invested £122,000 (2007: £95,000) in capital expenditure. Capital investment was mainly to support improvements to our IT systems towards creating a more stable and flexible web platform to deploy all future developments.

Capital expenditure is expected to rise in 2009 primarily to invest in one of the Group's major opportunities through the development of the online trading community. Development in 2009 mainly relates to the integration of our online catalogue to our back office systems to enable real-time updating of pricing data. The development of the database underpins the success of our web strategy and first phase implementation is scheduled for completion by the end of 2009.

Finance Income

Group cash funds generated £50,000 (2007: £83,000) bank interest for the year. Included within "Finance Income" is £53,000 (2007: £66,000), representing the difference between the interest cost and the expected return on assets in our defined benefit pension scheme under the disclosure requirements of IAS19 "Employee Benefits".

Taxation

The tax charge for the year (excluding deferred taxation) was £396,000 (2007: £1,164,000), resulting in an effective rate of 10.7% (2007: 25.8%). The effective rate of tax is reduced this year due to profits generated in Guernsey being assessable at a taxation rate of 0%.

Profits from our Guernsey trading Company are subject to tax at zero percent from the accounting period ending 31 December 2008. It is therefore expected that the current Group effective rate of tax will remain relatively consistent in future accounting periods.

Dividends

The Board is recommending a final dividend of 2.75p per Ordinary Share (2007: 2.75p) giving a total dividend of 4.75p for the year ended 31 December 2008 (2007: 4.5p). Subject to Shareholders' approval, the final dividend will be paid on 11 May 2009 to Shareholders on the register at 3 April 2009.

Accounting Policies

The Group adopted International Financial Reporting Standards (IFRS) in the prior year. Accounting policies are detailed in Note 1 to the Financial Statements on pages 16 to 18.

Mark Henley

Finance Director, 19 March 2009

Corporate Governance

So far as is appropriate, the Board aims to apply the underlying principles of the Combined Code, having regard to the size of the Group. The principal areas where these are applied in the running of the Group are set out below.

The Company holds board meetings regularly throughout the year at which operating and financial reports are considered. The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and senior personnel appointments.

The Audit Committee comprises only independent non-executive Directors. The Committee meets at least three times a year and is responsible for ensuring that the financial performance of the Group is properly maintained and reported. It is also responsible for meeting the auditors and reviewing the report from the auditors relating to the financial statements.

Members of the Audit Committee at the date of the report were:

R H Henkhuzens, Chairman
General Sir Michael Wilkes
P J Wright

A separate Nomination Committee is in operation. It comprises the non-executive Chairman and a non-executive Director together with the Chief Executive. The committee considers appointments to the Board and is responsible for nominating candidates to fill Board vacancies and for making recommendations on Board composition.

Members of the Nomination committee at the date of the report were:

D M Bralsford, Chairman
R H Henkhuzens
M R M Hall

Report on Remuneration

The Remuneration Committee comprises only independent non-executive Directors. It reviews the performance of the executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders.

The Remuneration Committee has responsibility for making recommendations to the Board on the Group's general policy on remuneration and also specific packages for individual Directors. It carries out the policy on behalf of the Board.

Members of the Remuneration Committee at the date of the report were:

General Sir Michael Wilkes, Chairman
P J Wright
R H Henkhuzens

None of the members of the committee has any personal financial interest in the matters to be decided (other than General Sir Michael Wilkes and R Henkhuzens as shareholders) or any day to day involvement in the running of the business.

Policy on Executive Directors' Remuneration

The Committee reviews remuneration of executive Directors and senior management each year. The main aim of the Group's executive pay policy is to provide an appropriate reward for their work and which is sufficient to attract and retain the Directors needed to meet the Group's objectives and satisfy shareholder expectations.

The Committee has given full consideration to the provisions of Schedule A of the Combined Code.

The Long-Term Incentive Plan (LTIP) delivers benefits to Directors and other employees in the form of either an option to subscribe for shares or a conditional right to receive shares. The awards will normally vest over a period of three years, provided there has been sustained and significant improvement in the Company's financial performance over the corresponding period. Following a review by the company's Remuneration and Benefit consultants the performance test applied to awards made during the year was changed to comply with standard market practice and provide a focus on internal financial performance and external returns generated. The revised test applied is based on Earnings Per Share (EPS) and Total Shareholder return (TSR). Up to 50% of the award will be based on the achievement of the Company's adjusted EPS growth over three years. Awards for this element will vest at 25% of the award subject to EPS performance on the delivery of EPS growth in excess of 35% above RPI, up to maximum vesting on achievement of 75% above RPI, with straight line vesting between performance points. The balance of the award will be determined by the Company's TSR performance relative to the constituents of the FTSE Small Cap Index (excluding investment trusts) over three years. Awards for this element will vest at 25% of the award subject to TSR achievement of median TSR performance against the comparator group, up to maximum vesting on achievement of upper quartile performance, with straight line vesting in between.

Executive Share options are granted to Directors and other employees on a phased basis, the value of those options ensures that this spreads any reward over a number of years, allied to growth in shareholder value over the long term. Options granted under the Inland Revenue approved UK Executive Share Option Scheme and the Jersey Executive Share Option Scheme are exercisable between the third and tenth anniversaries of the date of grant. Options granted are not normally exercisable unless the performance target is satisfied; the average annual increase in the Company's share price over a period of three consecutive financial periods of the Company (commencing no earlier than one year prior to the date of grant) is at least 5%.

The Operations Director is a member of the Group's defined benefit pension scheme.

Benefits include the provision of private healthcare insurance and death in service insurance.

Directors are awarded annual bonuses calculated on the basis of defined criteria relating to Group performance compared to prior year and budget and other specific objectives which contribute to growth in earnings per share.

Report on Remuneration
(continued)

Service contracts

No Director has a notice period exceeding twelve months.

Directors' Remuneration

For each Director remuneration can be analysed as follows:

	2008 Salary & Fees £'000	2008 Performance Related Bonus £'000	2008 Other Benefits £'000	**2008 Total £'000**	2007 Total £'000
D M Bralsford	30	–	–	**30**	5
M R M Hall	168	38	2	**208**	188
M D Henley	74	17	1	**92**	30
R K Purkis	74	24	2	**100**	85
S D Sjuggerud*	33	23	–	**56**	33
R H Henkhuzens	14	–	–	**14**	10
General Sir Michael Wilkes	14	–	–	**14**	–
P J Wright	9	–	–	**9**	7
P I Fraser	–	–	–	**–**	120
	416	102	5	**523**	478

* Employed by the Group for part of the period.

Directors' Share Options

	Date of grant	Earliest exercise date	Expiry Date	Exercise Price (1p shares)	Number at 31 Dec 2007	Granted/ (Exercised)	Market price on exercise (1p shares)	**Number at 31 Dec 2008**
M Hall	3/3/06**	4/3/09	2/3/16	119.75p	40,000	-	-	**40,000**
M Henley	12/3/07 *	13/3/10	11/3/17	190.50p	15,748	-	-	**15,748**
	12/3/07**	13/3/10	11/3/17	190.50p	9,252	-	-	**9,252**
R Purkis	3/3/06**	4/3/09	2/3/16	119.75p	40,000	-	-	**40,000**
					105,000	-	-	**105,000**

* Options granted under the Inland Revenue approved UK Executive Share Option Scheme.
** Options granted under the Jersey Executive Share Option Scheme.

The market price of the Company's shares at 31 December 2008 was 132.5p and the range of market prices during the year was between 214.5p and 115.5p.

No options were granted to or exercised by any Director in the period since 31 December 2008 and the signing date of these financial statements.

Directors' Long-Term Incentive Plan Awards

	Date of award	Vesting date	Exercise price (1p shares)	Number at 31 Dec 2007	Awarded / (Lapsed)	Vested	**Number at 31 Dec 2008**
M Hall	29/5/07	29/5/10	224.5p	142,538	–	–	**142,538**
M Hall	19/9/08	19/9/11	161p	–	105,500	–	**105,500**
M Henley	13/9/07	13/9/10	231p	30,303	–	–	**30,303**
M Henley	19/9/08	19/9/11	1p	–	46,500	–	**46,500**
R Purkis	29/5/07	29/5/10	224.5p	31,180	–	–	**31,180**
R Purkis	19/9/08	19/9/11	1p	–	46,500	–	**46,500**
S Sjuggerud	13/9/07	13/9/10	231p	43,290	(43,290)	–	**–**
				247,311	155,210	–	**402,521**

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2008

The Directors present their report and the audited financial statements for the year ended 31 December 2008.

Incorporation

The Company is incorporated in Jersey, Channel Islands.

Directors' responsibilities for the financial statements

Directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the Group profit or loss for that year. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

In so far as each of the Directors is aware:

- There is no relevant audit information of which the Company's auditors are unaware; and
- All the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Principal activities

The principal activities of the Group are those of dealing in stamps, autographs, rare records and related memorabilia, the development and operation of collectible websites, philatelic publishing, auctioneering, mail order, retailing, and the manufacture of philatelic accessories.

Business review and future prospects

A commentary of the Group's progress during the year and its future prospects are set out in the Chairman's Statement on pages 2 to 3 and the Operating Review and Financial Review on pages 4 to 6.

Principal risks and Uncertainties

The principal risks faced by the Group are centred around the inherent difficulties in creating scalability in a business which sells assets which are scarce in nature and is dependent on a small number of specialists within the business to recognise and obtain these scarce assets. Our strategy to overcome this challenge is to create a worldwide supply chain through a network of agents leveraged by the Stanley Gibbons brand name.

The Group has provided a commitment to buy-back in the future certain assets sold under guaranteed minimum return investment contracts. The Group therefore bears the risk in the event that the underlying assets go down in value during the contract period. Based on the level of quality and rarity of the assets held under such contracts, and from historic pricing evidence, the Directors are of the opinion that the risk of the assets going down materially in value in the future is slight.

A provision of £514,000 is included in the financial statements against guaranteed minimum return investment contracts. This is disclosed in note 20 to these financial statements. Assets included within contracts are revalued annually and in the event that any items declined in value, a further provision would be made on an annual basis. Furthermore, the Directors have imposed internal limits on the value of sales permitted each year containing buy-back guarantees at a level appropriate to the size, asset value and liquidity of the business.

Key Performance Indicators (KPIs)

The Directors manage the business on a monthly cycle of management reports and information combined with weekly sales and margins reporting. This information is reviewed at monthly meetings held between the executive committee and departmental managers. Appropriate matters are summarised and discussed at Board meetings. Key measures are disclosed and discussed in the Operating Review on pages 4 and 5.

The diverse nature of the Group's activities dictates that specific financial and non financial performance indicators and reporting templates are in place unique to each department to enable the successful management of each operating division. Examples of some of the most important KPIs used in this reporting environment are:

- Sales and gross margins compared to last year and budget
- Overhead variations against budget
- Personnel and resource matters (eg. performance, attendance and training)
- New customers recruited and marketing response rates
- Value of purchases in month against budget

Results and dividends

The income statement of the Group for the year ended 31 December 2008 is set out on page 13. An interim dividend of 2.0p per Ordinary Share (2007: 1.75p) was paid during the year. The Directors recommend a final dividend of 2.75p per Ordinary Share for the year ended 31 December 2008 (2007: 2.75p).

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2008

Directors

The Directors of the Company during the year were as follows:

Mr D M Bralsford MSc, FCA, FCT (non-executive)
Mr M R M Hall B.Acc CA
Mr M D Henley ACA
Mr R K Purkis
Dr S D Sjuggerud BS MBA PhD – resigned 31 August 2008
Mr R H Henkhuzens BA FCA (non-executive)
Mr P J Wright (non-executive)
General Sir Michael Wilkes KCB, CBE (non-executive) – appointed 15 January 2008

Biographical details of the Directors are given on page 35.

Directors' interests

The interests of the Directors in the shares of the Company at 31 December 2008 together with their interests at 1 January 2008 were:

Shares	**Ordinary 1p Shares 31 December 2008**	Ordinary 1p Shares 1 January 2008
D M Bralsford	**50,000**	50,000
M R M Hall	**136,805**	125,405
M D Henley	**5,700**	–
R K Purkis	**55,700**	50,000
R H Henkhuzens	**50,000**	50,000
General Sir Michael Wilkes	**5,700**	–*

* At date of appointment

The Directors' interests in shares are all beneficial. There were no changes in the interests set out above between 31 December 2008 and 19 March 2009.

Details of the Directors' share options are given in the Remuneration Report on page 8.

Apart from service contracts and the related parties referred to in note 29 of the financial statements, none of the Directors had a material interest in any contract of significance to which the Company or any of its subsidiaries was a party during the year.

Research and development

Costs associated with research and development relate to web development work in the creation of an online integrated stamp collecting community. Research and development costs are written off in the year incurred and are disclosed under the heading 'Internet development' in the Operating Review on page 4.

Policy on payment of creditors

It is Group policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of those terms and to abide by them. The creditor payment days outstanding for the Group at 31 December 2008 were 41 days (2007: 58 days).

Financial Risk Management

The Group finances its operations through the generation of cash from operating activities and has no interest rate exposure on financial liabilities. Liquidity risk is managed through forecasting the future cash flow requirements of the business and maintaining sufficient cash at bank balances. Further disclosure on the companies financial risk management can be found in note 17 (Provision for impairment of receivables and collateral held) and note 28 (Financial instruments).

Going concern

The Directors have considered the relevant information up to the date of approving these financial statements and have concluded that the Group has adequate resources to continue in operational existence for the foreseeable future.

Charitable and political donations

During the year the Group made charitable donations of £800 (2007: £200).

Intangible Assets

No value is attributed in the balance sheet to the Group's brand names, websites, the value of the Stanley Gibbons stamp referencing system, editorial intellectual property or its database of customers as an accurate valuation of these items would be impractical to establish and the capitalisation of internally generated assets is not allowed under IAS38.

Substantial Shareholdings

As at 19 March 2009, the Company had been notified of the following interests in 3% or more of its issued share capital:

Black Rock Investment Management (UK) Limited	10.01%
Artemis Investment Management Limited	9.93%
Standard Life Investments Limited	9.04%
Black Rock UK Smaller Companies Fund	6.36%
Montanaro Group	4.49%
Rensburg Sheppards Investment Management Limited	3.01%

Purchase of Own Shares

The Company did not purchase any of its shares for cancellation during the year. The Company has authority to purchase up to 15% of its own shares. A resolution to renew this authority will be proposed at the AGM. Following recent changes to Jersey Company Law, the Company will also be proposing to make the necessary alterations to its Articles of Association at the forthcoming AGM in order to facilitate the Company's ability to buyback its own Shares into Treasury, in line with UK practice.

Employees

The Company's policy is to provide equal opportunities to all present and potential employees. The Group gives full consideration to applications for employment from disabled persons and where existing employees become disabled, it is

Directors' Report
FOR THE YEAR ENDED 31 DECEMBER 2008

Employees (continued)

the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions.

Secretary

Mr R K Purkis has been secretary for the entire year ended 31 December 2008.

Auditors

Nexia Smith & Williamson LLP have expressed their willingness to continue as auditors to the Company and a resolution to reappoint Nexia Smith & Williamson LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the AGM.

By order of the board

R K Purkis
Secretary
19 March 2009

Registered office:

Pirouet House
Union Street
St Helier
Jersey, JE2 3FF

Independent Auditors' Report

TO THE SHAREHOLDERS OF THE STANLEY GIBBONS GROUP LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2008

We have audited the Group and Parent Company financial statements ("the financial statements") of The Stanley Gibbons Group Limited for the year ended 31 December 2008 which comprise the Group Income Statement, the Group and Parent Company Statement of Recognised Income and Expense, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements and related notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable Jersey law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991 and as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's and parent Company's affairs as at 31 December 2008 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991 and Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

Nexia Smith & Williamson LLP

Registered Auditors, Chartered Accountants
19 March 2009

The maintenance and integrity of the Stanley Gibbons website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	**Year ended 31 December 2008 £'000**	Year ended 31 December 2007 £'000
Revenue	*1, 3*	**19,394**	20,191
Cost of sales		**(10,135)**	(10,815)
Gross Profit		**9,259**	9,376
Administrative expenses		**(1,734)**	(1,610)
Distribution costs		**(3,827)**	(3,288)
Exceptional operating costs	*5*	**(88)**	(117)
Operating Profit	*4*	**3,610**	4,361
Finance income		**103**	149
Finance costs		**(12)**	(2)
Profit before tax		**3,701**	4,508
Taxation	*8*	**(378)**	(1,125)
Profit for the financial year	*23*	**3,323**	3,383
Basic Earnings per Ordinary share	*10*	**13.22p**	13.46p
Diluted Earnings per Ordinary share	*10*	**13.19p**	13.41p

Statements of Recognised Income & Expense

	Group 31 December 2008 £'000	Group 31 December 2007 £'000	**Company 31 December 2008 £'000**	Company 31 December 2007 £'000
Profit/(loss) for the financial year	**3,323**	3,383	**(1)**	(1)
Actuarial gains/(losses) recognised in the pension scheme	**160**	(115)	**–**	–
Tax on items taken directly to equity	**(62)**	36	**–**	–
Total recognised income/(expense) for the year	**3,421**	3,304	**(1)**	(1)

All activities have arisen from continuing operations.
The notes on pages 16 to 34 are an integral part of these consolidated financial statements.

Balance Sheets

AS AT 31 DECEMBER 2008

	Notes	**Group 31 December 2008 £'000**	Group 31 December 2007 £'000	**Company 31 December 2008 £'000**	Company 31 December 2007 £'000
Non–current assets					
Intangible assets	*11*	**64**	37	**–**	–
Property, plant and equipment	*12*	**901**	978	**–**	–
Deferred tax asset	*19, 26*	**21**	71	**–**	–
Trade and other receivables	*16*	**2,801**	2,846	**–**	–
Investment in Subsidiary	*13*	**–**	–	**5,903**	5,855
		3,787	3,932	**5,903**	5,855
Current Assets					
Inventories	*14*	**11,745**	7,109	**–**	–
Trade and other receivables	*15*	**3,988**	4,248	**–**	–
Cash and cash equivalents		**535**	3,013	**31**	27
		16,268	14,370	**31**	27
Total assets		**20,055**	18,302	**5,934**	5,882
Current liabilities					
Trade and other payables	*18*	**2,828**	3,118	**351**	394
Current tax payable		**656**	908	**–**	–
		3,484	4,026	**351**	394
Non–current liabilities					
Retirement benefit obligations	26	**75**	252	**–**	–
Deferred tax liabilities	*19*	**144**	150	**–**	–
Provisions	20	**517**	362	**–**	–
		736	764	**–**	–
Total liabilities		**4,220**	4,790	**351**	394
Net assets		**15,835**	13,512	**5,583**	5,488
Equity					
Called up share capital	*21*	**252**	251	**252**	251
Share premium account	*23*	**5,195**	5,148	**5,195**	5,148
Share compensation reserve	*23*	**92**	44	**92**	44
Capital redemption reserve	*23*	**38**	38	**38**	38
Revaluation reserve	*23*	**182**	182	**–**	–
Retained earnings	*23*	**10,076**	7,849	**6**	7
Equity shareholders' funds		**15,835**	13,512	**5,583**	5,488

The financial statements on pages 13 to 34 were approved by the board of Directors on 19 March 2009, were authorised for issue on that date and were signed on its behalf by:

M R M Hall
M D Henley } Directors

The notes on pages 16 to 34 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	**Group 31 December 2008 £'000**	Group 31 December 2007 £'000	**Company 31 December 2008 £'000**	Company 31 December 2007 £'000
Cash (used in)/ generated from operations	*24*	**(601)**	1,782	**4**	(6)
Interest paid		**(12)**	(2)	**–**	–
Taxes paid		**(647)**	(770)	**–**	–
Net cash (used in)/ generated from operating activities		**(1,260)**	1,010	**4**	(6)
Investing activities					
Purchase of property, plant and equipment		**(69)**	(88)	**–**	–
Purchase of intangible assets		**(53)**	(7)	**–**	–
Interest received		**50**	83	**–**	1
Dividends received		**–**	–	**1,194**	1,068
Net cash (used in)/ generated by investing activities		**(72)**	(12)	**1,194**	1,069
Financing activities					
Dividends paid to company shareholders		**(1,194)**	(1,068)	**(1,194)**	(1,068)
Net proceeds from issue of ordinary share capital		**48**	–	**–**	–
Net cash used in financing activities		**(1,146)**	(1,068)	**(1,194)**	(1,068)
Net (decrease) / increase in cash and cash equivalents		**(2,478)**	(70)	**4**	(5)
Cash and cash equivalents at start of year		**3,013**	3,083	**27**	32
Cash and cash equivalents at end of year		**535**	3,013	**31**	27

The notes on pages 16 to 34 are an integral part of these consolidated financial statements.

Notes to the financial statements
FOR THE YEAR ENDED 31 DECEMBER 2008

1. Accounting policies and presentation

The financial statements have been prepared on a historical cost basis except where otherwise indicated.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not effective:

IAS 1(revised): Presentation of Financial Statements

IFRS 2 (amended): Share based payments

IFRS 8: Operating Segments

IAS 32 (amended): Financial Instruments

IFRS 3 (revised): Business combinations

IAS 27 (amended): Consolidated financial statements

The directors do not anticipate that the adoption of these standards or interpretations will have a material impact on the Group financial statements in the period of initial application.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries prepared to 31 December 2008 and exclude all intra-group transactions. The Company has taken advantage of the exemption from presenting its own income statement. The amount of consolidated loss for the year dealt with in the financial statements of the Company is £1,000 (2007: £1,000).

Intangible Assets

As per IAS 38, purchased computer software that will generate economic benefit beyond one year is capitalised as an intangible asset and amortised over its expected useful economic life of four years on a straight-line basis. This charge is allocated to administrative expenses in the Income Statement.

Property, plant and equipment and depreciation

Tangible fixed assets other than the reference collection

Tangible fixed assets, other than the reference collection, are stated at their purchase price, including any incidental expenses of acquisition. Depreciation is calculated to write down the net book value of tangible fixed assets less their residual value on a straight-line basis, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings	2%
Vehicles, plant and machinery	16 – 25%
Fixtures, fittings, tools and equipment	7 – 25%
Leasehold improvements	Over period of lease

Reference collection

Fixed assets include a reference collection of certain stamps held on a long term basis. Additions to the collection are depreciated by 50% immediately on acquisition to provide for the usage of such items. The directors have reviewed the residual value of the reference collection at the reporting date and do not believe an adjustment to depreciation is required.

The reference collection is stated at the revalued amount, being its fair value at the date of the revaluation less any accumulated depreciation and any subsequent impairment loss. A full valuation is undertaken every five years by a qualified external valuer, an interim valuation is carried out in year three by the Group's expert stamp dealers.

Inventories

Inventories are valued at the lower of cost and net realisable value after making allowance for obsolete and slow moving items. In the case of stamp inventories it is not always practicable to ascertain individual costs. The cost of parcels of high value stamps is apportioned between the items purchased on the basis of the expert opinion of the Group's stamp dealers. Lower value stamp inventories are valued as a proportion of their anticipated realisable value, as a best estimate of cost, based on the expert opinion of the Group's stamp dealers.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2008

1. Accounting policies and presentation (continued)

Financial Instruments

Financial assets and financial liabilities are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement.

Cash and cash equivalents comprise cash held by the company and short term bank deposits with an original maturity of three months or less.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities issued by the Group are classified in accordance with the contractual arrangements entered into and the definitions of a financial liability.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax relating to charges made directly to equity is recognised in equity.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Foreign currency monetary assets and liabilities are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

Leased Assets

Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease term.

Retirement benefits

The Group operates a defined benefit pension scheme. The assets of the scheme are held and managed separately from those of the Group. In accordance with IAS 19 for Employee Benefits, the liability in the balance sheet represents the present value of the defined benefit obligations at that date less the fair value of plan assets. The defined benefit obligation is calculated periodically by an independent actuary.

Current service costs are recognised in administrative expenses in the income statement. Interest costs on plan liabilities and the expected return on plan assets are recognised in finance income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the consolidated Statement of Recognised Income and Expense.

Pension scheme assets are measured at their market value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond or equivalent currency and term to the scheme liabilities. The actuarial valuations are performed by a qualified actuary on a triennial basis and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately as a non-current asset or liability on the face of the balance sheet.

Under IAS 19 the retirement benefit obligation is presented gross of deferred tax.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2008

1. Accounting policies and presentation (continued)

Share options

The fair value of share options granted to certain employees and Directors is recognised as an expense. The total amount to be apportioned over the vesting period of the benefit is determined by reference to the fair value of the options determined at the grant date. The non-market vesting conditions are reflected in assumptions about the number of options that are expected to become exercisable. The estimate is revised at each balance sheet date and any adjustments are charged or credited to the profit and loss account, with the corresponding adjustment to equity.

The proceeds received on exercise of the options are credited to equity.

Revenue

Revenue represents amounts invoiced by the Group in respect of goods sold and services provided during the year excluding any applicable value added tax. In respect of auctions held by the Group, revenue represents amounts invoiced in respect of vendors' commissions and buyers' premiums, excluding value added tax. In respect of all other income streams revenue represents the amounts invoiced for the sale of goods or services, excluding value added tax. In respect of all transactions, revenue is recognised at point of sale

Non-Current Investments – Company

Investments held as fixed assets are stated at cost less provision for any impairment. These relate purely to investments in subsidiary companies.

Dividend Distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved or paid.

2. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Retirement benefits

The costs, assets and liabilities of the defined benefit retirement scheme operating within the Group is determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in note 26. The Group takes advice from independent actuaries relating to the appropriateness of the assumptions. It is important to note, however, that comparatively small changes in the assumptions used may have a significant effect on the income statement and balance sheet.

Inventory valuation

Inventory is valued at the lower of cost and net realiseable value. Where necessary, provision is made for slow-moving and damaged stock. This provision represents the difference between the cost of the stock and its estimated market value, based upon stock turn rates, market conditions and trends in consumer demand.

Provisions

A provision is included in the financial statements against guaranteed minimum return investment contracts which is disclosed in note 20 to these financial statements. The valuation of underlying assets included within such contracts are subject to annual review based on current listed catalogue prices and recent market realisations. In the event that these assets declined in value in the future, a further provision would be required.

A further provision disclosed in note 20 is made in respect of dilapidations that may become payable on the Company's leasehold properties. The majority of the provision relates to the company's leasehold premises at 399 Strand. The lease for this building expires in March 2009 and the provision made has been based on the opinion of external advisers. The lease is subject to renewal negotiations and the current provision is the best available estimate.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2008

3. Segmental Analysis

Based on risks and returns the Directors consider that the primary reporting format is by business segment. The Directors consider that there is only one business segment being the dealing of stamps, autographs, rare records and collectibles and all related activities. Further disclosures for the primary segment can be found in the Operating Review on page 4. In the opinion of the Directors it is not practical to allocate group assets and liabilities between these activities.

The secondary reporting format is by geographical analysis by origin and destination:

	Year ended 31 December 2008 Sales by destination £'000	**Year ended 31 December 2008 Sales by origin £'000**	Year ended 31 December 2007 Sales by destination £'000	Year ended 31 December 2007 Sales by origin £'000
Channel Islands	**1,402**	**9,474**	1,038	9,794
United Kingdom	**11,416**	**9,920**	11,758	10,397
Europe	**1,533**	**–**	1,936	–
North America	**2,121**	**–**	2,629	–
Rest of the World	**2,922**	**–**	2,830	–
	19,394	**19,394**	20,191	20,191

The following is an analysis of the carrying amount of segment net assets and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	31 December 2008 £'000	31 December 2007 £'000	**31 December 2008 £'000**	31 December 2007 £'000
United Kingdom	**12,043**	11,218	**118**	88
Channel Islands	**3,792**	2,294	**4**	7
	15,835	13,512	**122**	95

4. Operating profit

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Profit from operations has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**146**	144
Amortisation of intangible assets	**26**	53
Auditors' remuneration	**27**	25
Auditors' remuneration (other services) – auditing the accounts of the subsidiaries	**6**	6
Auditors' remuneration (other services) – taxation and advisory	**18**	15
Cost of inventories recognised as an expense	**10,136**	10,835
Inventory provisions written back	**(1)**	(20)
Operating lease charges – leased premises	**497**	494
Property rental income – leased premises	**(193)**	(192)
Foreign exchange losses / (gains)	**19**	(3)
License fee income	**–**	(10)

Fees paid to the auditors in respect of non-audit work in the year are in respect of corporation tax and VAT compliance work and advice. These services are reviewed by the Directors to ensure that the independence of the auditors is not compromised.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2008

5. Exceptional operating costs

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Consultant's remuneration	**88**	117

Exceptional operating costs relate to remuneration paid to former Chairman, Paul Fraser under the terms of his service agreement.

6. Directors' emoluments

The remuneration paid to the Directors of The Stanley Gibbons Group Limited was:

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Fees	**114**	55
Salaries and benefits	**409**	423
	523	478
Number of Directors included in the defined benefit pension scheme (note 26)	**1**	1

The detailed numerical analysis of Directors' remuneration is included in the Report on Remuneration on pages 7 and 8 and forms part of these financial statements.

As disclosed in note 26, the company made contributions to its defined benefit pension scheme in 2008. Mr R. Purkis is a member of this scheme. The company made no other pension contributions in respect of any Directors in the year or the proceeding year.

There were no share options exercised by Directors during either this year or the previous year.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2008

7. Employee information

The average number of persons (including Executive Directors) employed by the Group during the year was 110 (2007: 106).

	Year ended 31 December 2008	Year ended 31 December 2007
Management and Administration	**25**	21
Sales	**54**	54
Production and Editorial	**20**	20
Distribution	**8**	7
Marketing	**3**	4
	110	106

Staff costs relating to those persons during the year amounted to:

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Wages and salaries	**2,695**	2,445
Social security costs	**202**	172
Pension costs	**44**	53
Share option cost	**48**	44
	2,989	2,714

8. Taxation

UK corporation tax and Guernsey income tax on profits for the year

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Current tax:		
UK corporation tax at 28% (2007: 30%)	**394**	712
Guernsey income tax at 0% (2007: 20%)	**–**	451
Adjustment relating to earlier periods	**2**	1
	396	1,164
Deferred taxation	**(6)**	(24)
Deferred taxation movement on pension scheme liability	**(12)**	(15)
Tax charge	**378**	1,125

The Company is registered in the Channel Islands. With effect from 1 January 2008, the standard rate of income tax for Guernsey companies has changed. Thereafter the company will be taxed at the company standard rate of 0%. Therefore the tax charge included in the financial statements in respect of Guernsey operations is based on this rate. The comparative figures were prepared using a 20% tax rate. However a significant proportion of the profits in the Group are taxed in the UK. Accordingly, the difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit is as follows:

Tax charge reconciliation

	Year ended 31 December 2008 %	Year ended 31 December 2007 %
The standard rate of corporation tax in the UK	**28.5**	30.0
Effects of:		
Capital allowances less than depreciation	**0.4**	0.4
Expenses not deductible	**0.3**	0.6
Guernsey taxable profits at lower tax rate of 0% (2007: 20%)	**(18.4)**	(5.0)
Small Companies rate relief	**(0.1)**	(0.2)
Effective rate of corporation tax for year	**10.7**	25.8

Notes to the financial statements
FOR THE YEAR ENDED 31 DECEMBER 2008

9. Dividends

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Amounts recognised as distribution to equity holders in the year:		
Dividend paid	**1,194**	1,068
Dividend paid per share	**4.75p**	4.25p
Dividend proposed but not paid	**691**	691
Dividend proposed per share	**2.75p**	2.75p

10. 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 420,702 options issued under the Company's 2007 Long-Term Incentive Plan (LTIP). These options were not dilutive at 31 December 2008.

	Year ended 31 December 2008	Year ended 31 December 2007
Weighted average number of ordinary shares in issue (No.)	**25,145,312**	25,137,443
Dilutive potential ordinary shares: Employee share options (No.)	**39,496**	81,113
Profit after tax (£)	**3,323,000**	3,383,000
Exceptional operating cost (net of tax)	**88,000**	94,000
Adjusted profit after tax (£)	**3,411,000**	3,477,000
Basic earnings per share – pence per share (p)	**13.22p**	13.46p
Diluted earnings per share – pence per share (p)	**13.19p**	13.41p
Adjusted earnings per share – pence per share (p)	**13.57p**	13.83p

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2008

11. Intangible assets

The Group	Computer Software £'000
Cost	
At 1 January 2007	859
Additions	7
At 31 December 2007	**866**
Additions	53
At 31 December 2008	**919**
Accumulated amortisation	
At 1 January 2007	776
Charge for the year	53
At 31 December 2007	**829**
Charge for the year	26
At 31 December 2008	**855**
Net book value	
At 31 December 2008	**64**
At 31 December 2007	37

Notes to the financial statements
FOR THE YEAR ENDED 31 DECEMBER 2008

12. Property, plant and equipment

The Group

	Reference collection £'000	Freehold land and buildings £'000	Leasehold improve-ments £'000	Fixtures, fittings, tools and equipment £'000	Vehicles, plant and machinery £'000	Total £'000
Cost or valuation						
At 1 January 2007	681	119	381	487	413	2,081
Additions	21	–	23	5	39	88
At 31 December 2007	**702**	**119**	**404**	**492**	**452**	**2,169**
Additions	25	–	7	8	29	69
At 31 December 2008	**727**	**119**	**411**	**500**	**481**	**2,238**
Accumulated depreciation						
At 1 January 2007	80	15	257	347	348	1,047
Charge for the year	10	2	52	41	39	144
At 31 December 2007	**90**	**17**	**309**	**388**	**387**	**1,191**
Charge for the year	13	3	54	41	35	146
At 31 December 2008	**103**	**20**	**363**	**429**	**422**	**1,337**
Net book value						
At 31 December 2008	**624**	**99**	**48**	**71**	**59**	**901**
At 31 December 2007	612	102	95	104	65	978

The reference collection is subject to a full valuation every five years by a qualified external valuer and an interim valuation is carried out in year three by the Group's expert stamp dealers.

The last independent valuation of the reference collection was carried out in July 2006 by A F Norris, Philatelic Consultant. The basis of the revaluation used was replacement value. The surplus of £47,000 was transferred to the revaluation reserve.

The revalued element of the reference collection is £253,000. All other fixed assets are stated at historic cost. If the reference collection had not been revalued it would have been included at a net book value based on historic cost of £371,000 (2007: £359,000).

Fully written down Property, Plant and Equipment with a cost of £449,000 remains in use by the Group.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2008

13. Non-Current Investments

The Company	**31 December 2008 £'000**	31 December 2007 £'000
Investments in subsidiary undertakings at cost brought forward:		
Stanley Gibbons (Guernsey) Limited 100 ordinary £1 shares	**5,855**	5,811
Collector Café Limited 100 ordinary £1 shares	**–**	–
	5,855	5,811
Capital contribution to subsidiary undertakings relating to share option scheme	**48**	44
Net book value carried forward	**5,903**	5,855

Interests in principal Group undertakings

The principal subsidiary undertakings of the Company, all of which are 100% owned are as follows:

Name:	Country of incorporation	Description of shares held	Principal activity
Stanley Gibbons (Guernsey) Limited	Guernsey	Ordinary £1 shares	Philatelic dealer and dealer in memorabilia
Collector Café Limited	Jersey	Ordinary £1 shares	Dormant
Stanley Gibbons Holdings PLC*	England	Ordinary £0.25 shares	Holding Company
Stanley Gibbons Limited*	England	Ordinary £1 shares	Philatelic dealer and retailer, and dealer in memorabilia

* Indirect holding.

14. Inventories

	31 December (Group)		31 December (Company)	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000
Raw materials and consumables	**33**	38	**–**	–
Work in progress	**80**	80	**–**	–
Finished goods and goods for resale	**9,203**	6,991	**–**	–
Stock held under active managed investment portfolios	**2,429**	–	**–**	–
	11,745	7,109	**–**	–

During the year no write downs were required to reduce any inventories to their net realisable value. During the year £10,135,000 was recognised as a cost of sales expense in the income statement.

15. Current trade and other receivables

	31 December (Group)		31 December (Company)	
Amounts falling due within one year:	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000
Trade receivables	**3,266**	3,741	**–**	–
Other receivables	**116**	105	**–**	–
Prepayments and accrued income	**606**	402	**–**	–
	3,988	4,248	**–**	–

The carrying values of trade and other receivables are a reasonable approximation of their fair values. Fair values of long term receivables have been discounted where the time value of money is material.

16. Non-current trade and other receivables

	31 December (Group)		31 December (Company)	
Amounts falling due after more than one year:	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000
Trade receivables	**2,801**	2,846	**–**	–

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2008

17. Provision for impairment of receivables and collateral held

A provision is established for irrecoverable amounts where there is objective evidence that amounts due under the original payment terms will not be collected. Indications that the trade receivable may become irrecoverable would include financial difficulties of the debtor, likelihood of the debtors insolvency and default or significant failure of payment.

Provision for impairment of receivables

	2008 **£'000**	2007 £'000
Balance brought forward	**27**	28
Decrease in provision for impairment of receivables	**–**	(1)
Balance carried forward	**27**	27

As at 31 December 2008 £166,000 of trade receivables, excluding those provided for by the impairment provision, were past their due settlement date but not impaired. The ageing analysis of these trade receivables is as follows:

	31 December (Group)		31 December (Company)	
	2008 **£'000**	2007 £'000	**2008** **£'000**	2007 £'000
Up to 3 months past due	**124**	20	**–**	–
3 to 6 months past due	**8**	10	**–**	–
Over 6 months past due	**34**	55	**–**	–
	166	85	**–**	–

The company retains possession of the material sold under interest free credit terms, thus limiting any credit risk from entering into such arrangements. There was an outstanding balance of £3,794,000 at 31 December 2008 (2007: £3,822,000) in respect of such items. No receivables have had their terms renegotiated and the company has not had to call upon its security due to default by customers at any time during the year.

Trade receivables that are neither past due nor impaired are considered to be fully recoverable.

18. Current trade and other payables

	31 December (Group)		31 December (Company)	
	2008 **£'000**	2007 £'000	**2008** **£'000**	2007 £'000
Trade payables	**2,331**	2,536	**–**	–
Other payables	**76**	216	**33**	29
Other taxes and social security	**198**	158	**–**	–
Accruals and deferred income	**223**	208	**–**	–
Amounts due to Group undertakings (see note below)	**–**	–	**318**	365
	2,828	3,118	**351**	394

Amounts due to Group undertakings are unsecured, interest free and are repayable on demand.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2008

19. Deferred tax assets and liabilities

The Group	Assets		Liabilities	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000
Defined benefit pension scheme (note 26)	**21**	71	**–**	–
Accelerated capital allowances	**–**	–	**73**	79
Deferred tax on revaluation of reference collection	**–**	–	**71**	71
Full provision	**21**	71	**144**	150

20. Provisions

The Group	Dilipidatations £'000	Other £'000	Total £'000
At 1 January 2008	62	300	362
(Released) / applied during the year – net	(59)	214	155
At 31 December 2008	**3**	**514**	**517**

Other provisions relate to the potential liability arising from the sale of stamps and autographs under guaranteed minimum return fixed term contracts. Each contract is reviewed on a regular basis and provision made for any difference between the guaranteed return and the underlying value of the portfolio. There have been no decreases in value in the year in the underlying values of the portfolios. The provision will be released upon expiration of each individual contract. The contracts expire between January 2009 and July 2028.

The dilapidations provision relates to the expected liability for dilapidations in respect of the Group's leasehold properties. The majority of this provision is expected to be released on expiry of the lease on the Company's premises at 399 Strand in March 2009. The lease is subject to renewal negotiations and the current provision is the best available estimate.

21. Called up share capital

	31 December 2008 £'000	31 December 2007 £'000
Authorised		
35,000,000 ordinary shares of 1p each	**350**	350
Allotted, issued and fully paid (all equity):		
25,177,443 (2007: 25,137,443) ordinary shares of 1p each	**252**	251

Capital risk management

Capital is managed to ensure that the entities within the group will be able to continue as going concerns whilst maximising the returns to stakeholders through the optimisation of debt and equity balances. The capital structure consists of cash and cash equivalents and the equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings. The group carries no debt. There are no externally imposed capital requirements on the group. Further detail on capital risk management can be found in the operating and financial reviews on pages 4 to 6.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2008

22. Options in shares of The Stanley Gibbons Group Limited

In addition to the Directors' share options disclosed in the Report on Remuneration, detailed below are options which have been granted to employees together with the periods in which they may be exercised:

Date of grant	Earliest exercise date	Expiry date	Exercise price (1p shares)	Number at 31 Dec 2007	Granted in year	Exercised in year	Lapsed in year	Number at 31 Dec 2008
13/4/05	14/4/08	12/4/15	99.5p	25,000	–	–	–	**25,000**
7/8/06	8/8/09	6/8/16	148.5p	40,000	–	–	–	**40,000**
13/9/07	13/9/10	n/a	231p	18,181	–	–	–	**18,181**
13/9/07	14/9/10	12/9/17	231p	15,000	–	–	(7,500)	**7,500**
				98,181	**–**	**–**	**(7,500)**	**90,681**

Movements in the number of share options outstanding including directors share options and their related weighted average exercise prices are as follows:

	2008 Average exercise price per share	**2008 Options (thousands)**	2007 Average exercise price per share	2007 Options (thousands)
At 1 January	**186p**	**490**	123p	185
Granted	**86p**	**199**	224p	305
Forfeited	**231p**	**(51)**	–	–
Exercised	**120p**	**(40)**	–	–
At 31 December	**159p**	**598**	186p	490

Share options outstanding at the end of the year have the following expiry date and exercise price:

	Exercise Price per share	**Options (thousands) 2008**	Options (thousands) 2007
12 April 2015	99.5p	**25**	25
2 March 2016	119.75p	**80**	120
6 August 2016	148.5p	**40**	40
11 March 2017	190.5p	**25**	25
12 September 2017	231p	**7**	15
		177	225

Options awarded under the Stanley Gibbons Long-Term Incentive Plan have no expiry date. If performance conditions are not met they fail to vest. Once vested, the awards normally lapse on cessation of employment. In total, there were 173,718 options exercisable at 224.5p, 48,484 exercisable at 231p, 105,500 exercisable at 161p and 93,000 exercisable at 1p at 31 December 2008.

Binomial and Black-Scholes models have been used to value the awards set out below:

Dates of grant	**19/9/08**	**19/9/08**	**13/9/07**	**13/9/07**	**29/5/07**	**12/3/07**	**7/8/06**	**3/3/06**	**13/4/05**
Number of options granted	93,000	105,500	48,484	7,500	173,718	25,000	40,000	80,000	25,000
Weighted average fair value at date of grant (per share)	146.67p	49.94p	46.29p	69.51p	47.09p	54.66p	52.44p	39.65p	36.17p
Weighted average share price on date of grant	161p	161p	231p	231p	224.5p	190.5p	148.5p	119.75p	99.50p
Weighted average exercise price	1p	161p	231p	231p	224.5p	190.5p	148.5p	119.75p	99.50p
Expected term (from date of grant)	3 years	6.5 years	6.5 years	6.5 years	6.5 years	6.5 years	6.5 years	6.5 years	6.5 years
Expected volatility	34.8%	34.8%	35.0%	35.0%	35.6%	35.9%	37.1%	36.0%	36.9%
Expected dividends	2.95%	2.95%	1.84%	1.84%	1.78%	2.09%	2.36%	2.51%	2.01%
Risk-free interest rate	4.39%	4.51%	4.94%	4.94%	5.32%	4.87%	4.72%	4.25%	4.58%

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22. Options in shares of The Stanley Gibbons Group Limited (continued)

Expected volatility was determined by calculating historical volatility of the Group's share price in the period from September 2001 to the date of the grant.

Executive Share options are granted to Directors and other employees on a phased basis, the value of those options ensures that this spreads any reward over a number of years, allied to growth in shareholder value over the long term. Options granted under the Inland Revenue approved UK Executive Share Option Scheme and the Jersey Executive Share Option Scheme are exercisable between the third and tenth anniversaries of the date of grant. Options granted are not normally exercisable unless the performance target is satisfied; the average annual increase in the Company's share price over a period of three consecutive financial periods of the Company (commencing no earlier than one year prior to the date of grant) is at least 5%.

The Long-Term Incentive Plan (LTIP) delivers benefits to Directors and other employees in the form of either an option to subscribe for shares or a conditional right to receive shares. The awards will normally vest over a period of three years, provided there has been sustained and significant improvement in the Company's financial performance over the corresponding period. Following a review by the company's Remuneration and Benefit consultants, the performance test applied to awards made during the year was changed to comply with standard market practice and provide a focus on internal financial performance and external returns generated. The revised test applied is based on Earnings Per Share (EPS) and Total Shareholder return (TSR). Up to 50% of the award will be based on the achievement of the Company's adjusted EPS growth over three years. Awards for this element will vest at 25% of the award subject to EPS performance on the delivery of EPS growth in excess of 35% above RPI, up to maximum vesting on achievement of 75% above RPI, with straight line vesting between performance points. The balance of the award will be determined by the Company's TSR performance relative to the constituents of the FTSE Small Cap Index (excluding investment trusts) over three years. Awards for this element will vest at 25% of the award subject to TSR achievement of median TSR performance against the comparator group, up to maximum vesting on achievement of upper quartile performance, with straight line vesting in between.

23. Share premium and reserves

The Group	Share premium account	Share compen-sation reserve	Revaluation reserve	Capital redemp-tion reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2007	5,148	–	177	38	5,619	10,982
Profit for the financial year	–	–	–	–	3,383	3,383
Dividends	–	–	–	–	(1,068)	(1,068)
Deferred tax rate change	–	–	5	–	–	5
Cost of share options	–	44	–	–	–	44
Actuarial loss in pension scheme net of tax	–	–	–	–	(85)	(85)
At 31 December 2007	**5,148**	**44**	**182**	**38**	**7,849**	**13,261**
Profit for the financial year	–	–	–	–	3,323	3,323
Dividends	–	–	–	–	(1,194)	(1,194)
Cost of share options	–	48	–	–	–	48
Actuarial gain in pension scheme net of tax	–	–	–	–	98	98
Share options exercised	47	–	–	–	–	47
At 31 December 2008	**5,195**	**92**	**182**	**38**	**10,076**	**15,583**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2008

23. Share premium and reserves (continued)

The Company	Share premium account £'000	Share compen-sation reserve £'000	Revaluation reserve £'000	Capital redemp-tion reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2007	5,148	–	–	38	8	5,194
Profit for the financial year	–	–	–	–	1,067	1,067
Cost of share options	–	44	–	–	–	44
Dividends	–	–	–	–	(1,068)	(1,068)
At 31 December 2007	**5,148**	**44**	**–**	**38**	**7**	**5,237**
Profit for the financial year	–	–	–	–	1,193	1,193
Cost of share options	–	48	–	–	–	48
Dividends	–	–	–	–	(1,194)	(1,194)
Share options exercised	47	–	–	–	–	47
At 31 December 2008	**5,195**	**92**	**–**	**38**	**6**	**5,331**

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at a premium.

Share compensation reserve

The share compensation reserve relates to the fair value of options granted which has been charged to the income statement over the vesting period of the options.

Revaluation reserve

The revaluation reserve relates to the reserve movement in respect of the revaluation of fixed assets.

Capital redemption reserve

The capital redemption reserve represents the cumulative par value of all shares bought back and cancelled by the group.

Retained earnings

Retained earnings represents the accumulated profits not distributed to shareholders.

24. Cash (used in) / generated from operations

	31 December (Group)		**31 December (Company)**	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000
Operating profit/(loss)	**3,610**	4,361	**(1)**	(2)
Depreciation	**146**	144	**–**	–
Amortisation	**26**	53	**–**	–
Increase in provisions	**190**	260	**–**	–
Cost of share options	**48**	44	**–**	–
Increase in inventories	**(4,636)**	(1,074)	**–**	–
Decrease/(Increase) in trade and other receivables	**305**	(3,230)	**–**	–
(Decrease)/Increase in trade and other payables	**(290)**	1,224	**5**	(4)
Cash (used in)/ generated from operations	**(601)**	1,782	**4**	(6)

Notes to the financial statements

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25. Capital and other commitments

The Group had no capital commitments at 31 December 2008 (2007: Nil).

Lease commitments

At 31 December 2008 the Group had future minimum lease payments under non-cancellable operating leases as follows:

Date of lease termination:	**Land and Buildings 31 December 2008 £'000**	Land and Buildings 31 December 2007 £'000
Within one year	**220**	497
Between two and five years	**477**	590
In five years or more	**321**	429
	1,018	1,516

These figures represent the aggregate payable until expiration of all non-cancellable operating leases.

There were no capital or lease commitments relevant to the Company at 31 December 2008 (2007: Nil).

At 31 December 2008 the Group had annual rental payments receivable under non-cancellable operating leases as follows:

Date of lease termination:	**Land and Buildings 31 December 2008 £'000**	Land and Buildings 31 December 2007 £'000
Within one year	**88**	201
Between two and five years	**207**	244
In five years or more	**155**	207
	450	652

These operating leases are all sub leases and the lease terms are co-terminus with those of the company.

26. Pension and similar obligations

The Stanley Gibbons Group of Companies (incorporating Stanley Gibbons Holdings PLC and its wholly owned subsidiaries) operates the Stanley Gibbons Holdings PLC Pension and Assurance Scheme ('the Scheme') to which the employer and certain employees contribute. The scheme closed to new members with effect from 1 September 2002. All employer costs are borne by Stanley Gibbons Holdings PLC. The scheme is a defined benefit scheme. The assets of the scheme are held under the provisions of a trust deed and are invested in AAA rated Corporate Bonds and unitised equity funds managed by two UK institutions. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The costs of insurance of the death-in-service benefits and certain administration expenses are paid for by the scheme.

The valuation used to calculate net pension liabilities at 31 December 2008 has been based on the most recent actuarial valuation at 30 June 2006 and updated by the same qualified independent actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at 31 December 2008. Scheme assets are stated at their market value at 31 December 2008.

The amounts recognised in the balance sheet are as follows:

	31 December 2008 £'000	31 December 2007 £'000
Present value of funded obligations	**(5,465)**	(6,279)
Fair value of scheme assets	**5,390**	6,027
Net obligation	**(75)**	(252)
Deferred tax asset	**21**	71
Retirement benefit obligation	**(54)**	(181)

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FOR THE YEAR ENDED 31 DECEMBER 2008

26. Pension and similar obligations (continued)

The amounts recognised in the Income Statement are as follows:

	31 December 2008 £'000	31 December 2007 £'000
Current service cost	**97**	119
Interest cost on benefit obligations	**363**	316
Expected return on scheme assets	**(416)**	(382)
Total included in employee benefit expense	**44**	53
Actual return on scheme assets	**(528)**	264

Analysis of the amount recognised in the Statement of Recognised Income and Expense:

	31 December 2008 £'000	31 December 2007 £'000
Actual return less expected return on assets	**(944)**	(118)
Experience losses on liabilities	**–**	(52)
Impact of changes in financial assumptions underlying the scheme	**1,104**	55
Actuarial gain / (loss)	**160**	(115)

Changes in the present value of the defined benefit obligation are as follows:

	2008 £'000	2007 £'000
Benefit obligation at start of year	**6,279**	5,960
Current service cost	**97**	119
Interest cost	**363**	316
Contributions by employees	**27**	32
Actuarial gains	**(1,104)**	(3)
Benefits paid	**(197)**	(145)
Benefit obligation at end of year	**5,465**	6,279

Changes in the fair value of scheme assets are as follows:

	2008 £'000	2007 £'000
Fair value of scheme assets at start of year	**6,027**	5,876
Expected return on scheme assets	**416**	382
Actuarial loss	**(944)**	(118)
Contributions by employees	**27**	32
Contributions by company	**61**	–
Benefits paid	**(197)**	(145)
Fair value of scheme assets at end of year	**5,390**	6,027

The Group expects to contribute £62,000 to its defined benefit scheme in 2009.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	31 December 2008 %	31 December 2007 %
Equities	**48.0**	53.1
AAA rated corporate bonds	**16.0**	39.4
Gilts / cash	**36.0**	7.5

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2008

26. Pension and similar obligations (continued)

Principal actuarial assumptions at the balance sheet date:

	31 December 2008	31 December 2007	31 December 2006	31 December 2005	31 December 2004
Future salary increases	**2.70%**	3.30%	3.75%	3.75%	3.75%
Price Inflation	**2.70%**	3.30%	3.00%	2.75%	2.75%
Future pension increases (per annum)	**2.70%**	3.10%	3.00%	2.75%	2.75%
Discount rate	**6.60%**	5.80%	5.25%	4.75%	5.25%
Equities (long term expected rate of return)	**8.50%**	8.20%	8.00%	8.25%	8.50%
AAA rated corporate bonds (long term expected rate of return)	**6.70%**	5.60%	5.00%	4.50%	5.00%
Fixed interest Gilts/cash (long term expected rate of return)	**3.00%**	4.55%	4.75%	4.25%	4.75%

Mortality Assumptions

The mortality trends of the scheme were assessed at 31 December 2008 by the actuary using the mortality tables PXA92 with an allowance for medium cohort mortality improvements with a rating of 130%. The Directors consider that, statistically, this table gives the best indicators of the life expectancy of pension scheme members taking into account of their employment history, lifestyle and job location.

The mortality assumptions imply the following life expectation:

	2008 In years	2007 In years
Retiring at 65 at reporting date		
Male	**20**	20
Female	**23**	23
Retiring at 65 at reporting date + 20 years		
Male	**21**	21
Female	**24**	24

Amounts for the current and previous four periods are as follows:

	31 December 2008	31 December 2007	31 December 2006	31 December 2005	31 December 2004
Defined Benefit Obligation	**(5,465)**	(6,279)	(5,960)	(6,065)	(5,267)
Scheme assets	**5,390**	6,027	5,876	5,696	4,962
Deficit	**(75)**	(252)	(84)	(369)	(305)
Experience adjustments on scheme liabilities	**–**	(52)	–	–	16
Experience adjustment on scheme assets	**(944)**	(118)	(19)	564	44

Future profile of the Stanley Gibbons Holdings PLC Pension Scheme

The Stanley Gibbons Holdings PLC Pension Assurance Scheme closed to new members with effect from 1 September 2002. This will result in the age profile of the active membership rising over time and hence, under the method required to calculate IAS 19 liabilities, the future cost in relation to this Scheme will rise in the long-term.

The Group has considered the impact of the IAS 19 deficit in respect of the Group, its employees and pensioners. The deficit has decreased from £252,000 at 31 December 2007 to £75,000 at 31 December 2008 mainly as a result of changes to the actuarial assumptions based on market conditions as at 31 December 2008. In the context of the overall net assets of the Group, the Group is in a strong position to manage this long-term liability.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2008

27. Contingent liabilities

The Company has provided a guarantee in respect of an operating lease commitment by Stanley Gibbons Limited. The lease is for £107,000 per annum and expires in 2016.

28. Financial instruments

The Group's financial instruments comprise cash and liquid resources, and various items such as trade receivables and trade payables which arise directly from operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group's policies and procedures in managing these risks are detailed in the Financial Review on page 6.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of any exposure to any individual counterparty is subject to a limit which is regularly reviewed by the company.

Interest rate risk

The Group finances its operations through the generation of cash from operating activities and has no interest rate exposure on financial liabilities. The group does have an agreed overdraft facility with its bankers and will be charged a commercial rate of interest should this be drawn upon.

Liquidity risk

The Board does not at present consider that it is necessary to adopt a detailed borrowings policy as there are sufficient funds available within cash funds generated from operating activities. As stated above and in the Financial Review on page 6 the group does have an agreed overdraft facility which it may use to fund short term working capital should the need arise.

All cash at bank earns interest at floating rate as detailed in the Financial Review on page 6.

29. Related party transactions

Identity of related parties

The Company has a controlling related party relationship with its subsidiary companies (see note 13). The group also had a related party relationship with its Directors.

Transactions with directors and key management personnel

The remuneration of the directors and details of share options granted are disclosed in the Report on Remuneration. There are no key management personnel, as defined by IAS 24, aside from the directors.

Mr D M Bralsford, non-executive Chairman and Director purchased an investment portfolio and various autographs from a fellow group company during the year for a consideration of £256,267, (2007: £150,662). At 31 December 2008, Mr D M Bralsford owed the Group £Nil, (2007: £150,000). The 2007 amount was settled in full on the due date of 30 January 2008.

Mr M R M Hall, Chief Executive purchased stamps and autographs from a fellow group company during the year for a consideration of £9,222, (2007: £1,000). At 31 December 2008, Mr M R M Hall owed the Group £Nil, (2007: £Nil).

30. Post balance sheet events

On 23 January 2009 the group acquired the trade magazine 'Philatelic Exporter' from Heritage Studios Limited. Philatelic Exporter is the world's market leading trade philatelic magazine and will benefit from the group's long established expertise in magazine publishing and distribution. The purchase price was £70,000 with £50,000 being paid on completion of the deal and £20,000 of deferred consideration being due in January 2010.

Directors' Biographical Details

David Martin Bralsford MSc, FCA, FCT, Non-Executive Chairman

Date of Birth: 1 January 1948, date of appointment as Director: 1 November 2007

Martin qualified as a Chartered Accountant in 1970, before obtaining a Masters degree in Economics at the London Business School in 1974. He is Chairman of Channel Islands based wealth management business Collins Stewart (CI) Ltd. He was formerly Chief Executive of C.I. Traders Ltd, a conglomerate being the largest corporate employer in the Channel Islands, which was AIM quoted prior to its take-over by a private equity consortium in July 2007. Martin has also served as President of the Jersey Chamber of Commerce and as Chairman of the Training and Employment Partnership in Jersey. He is on the Board at three other listed or private companies. He chairs the Nomination Committee.

Michael Robert Montague Hall B.Acc, CA, Chief Executive

Date of birth: 9 August 1970, date of appointment as Director: 7 August 2000

In 1995 Michael qualified as a Chartered Accountant in Scotland and joined Coopers and Lybrand (now PricewaterhouseCoopers) in Jersey. As a manager, Michael worked on both audit and corporate finance assignments for a variety of listed companies including Flying Flowers. Michael joined Flying Flowers as financial controller of the Collectibles division in July 1999. He was appointed Finance Director of Communitie.com in August 2000 and Chief Executive of The Stanley Gibbons Group Limited from 1 July 2003. He is a member of the Nomination Committee.

Mark David Henley ACA, Finance Director

Date of birth: 15 January 1971, date of appointment as Director: 1 August 2007

Mark Henley qualified as a Chartered Accountant and was admitted to membership of ICAEW in 1995. He worked in the audit profession until 1996, when he moved to the commercial sector. He has experience across a range of specialities including media distribution and direct marketing. Mark joined Stanley Gibbons in February 2007 as Finance Director of the Company's UK operations and was appointed Finance Director of The Stanley Gibbons Group Limited on 1 August 2007.

Richard Kenneth Purkis, Operations Director

Date of birth: 16 May 1955, date of appointment as Director: 1 January 2003

Richard first joined Stanley Gibbons Limited in 1977. He was appointed a Director of Stanley Gibbons Limited, the main trading subsidiary in October 1996 and became Company Secretary of Communitie.com Limited in May 1999. He was appointed Operations Director of The Stanley Gibbons Group Limited with effect from 1 January 2003.

Robert Henry Henkhuzens BA, FCA, Non-Executive Director

Date of Birth: 21 February 1952, date of appointment as Director: 3 March 2006

Bob Henkhuzens was a partner with Coopers & Lybrand ('C&L') in Jersey for ten years. There he headed the commercial sector department providing audit, tax and accounting services to both local and international businesses. During this time he was also responsible for the firm's corporate finance and management consulting services. Since leaving C&L in 1998, Bob has worked as an independent consultant and advisor and is a director of various private companies. He is a former president of the Jersey Chamber of Commerce and vice-president of the Jersey Society of Chartered and Certified Accountants and remains a committee member of both. He is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees. He served as Interim Chairman of the Company from 3 August 2007 to 1 November 2007.

General Sir Michael John Wilkes KCB, CBE, Non-Executive Director

Date of Birth: 11 June 1940, date of appointment as Director: 15 January 2008

Sir Michael Wilkes served in the British Army for 35 years, reaching the rank of Full General and has seen active service in Special Forces across the world. On leaving the Army in 1995 he was appointed Lieutenant Governor and Commander in Chief of Jersey, where he served until retiring in 2000. Sir Michael was appointed a Non-Executive Director of Le Riche Group Ltd in 2001 and subsequently Chairman. After overseeing its merger he became Deputy Chairman of C.I.Traders Ltd, the largest employer in the Channel Islands, until its recent take-over. Sir Michael holds other non-executive directorships across a range of activities and his outside interests include acting as a Trustee of the Nuffield Trust for the Services. He is Chairman of the Remuneration Committee and a member of the Audit Committee.

Peter John Wright, Non-Executive Director

Date of Birth: 10 March 1944, date of appointment as Director: 4 May 2004

John retired as director of Royal Mail Stamps & Collectibles in 2004, having previously held a variety of roles within Royal Mail. These included responsibility for systems, marketing, fulfilment and customer management at the British Philatelic Bureau. He has built up a considerable network of contacts during his 23 years in the philatelic industry. John is a member of the Audit and Remuneration Committees.

Members of the Executive Committee

Directors and Associate Directors of our main trading subsidiaries, Stanley Gibbons Limited and Stanley Gibbons (Guernsey) Limited:

Dr Philip Kinns, Director of Philately

Adrian Roose, Investment Director

Colin Avery, Associate Director of Auctions

Hugh Jefferies, Associate Director of Publishing

Vincent Cordell, Associate Director of Specialist GB

Ann-Marie Halligan, Publishing Director

Five Year Summary

	2004 £'000 As restated	2005 £'000	2006 £'000 As restated	2007 £'000	**2008 £'000**
Turnover	10,051	13,675	16,684	20,191	**19,394**
Cost of sales	(4,248)	(6,679)	(8,448)	(10,815)	**(10,135)**
Gross Margin	5,803	6,996	8,236	9,376	**9,259**
Gross Margin %	57.7%	51.2%	49.4%	46.4%	**47.7%**
Administration expenses	(1,401)	(1,393)	(1,569)	(1,610)	**(1,734)**
Selling and distribution expenses	(2,803)	(2,785)	(3,097)	(3,288)	**(3,827)**
Exceptional operating costs	–	(94)	–	(117)	**(88)**
Operating profit	1,599	2,724	3,570	4,361	**3,610**
Profit on sale of fixed asset investments	1,985	–	–	–	**–**
Net interest receivable	105	95	176	147	**91**
Profit before taxation	3,689	2,819	3,746	4,508	**3,701**
Taxation	(493)	(590)	(972)	(1,125)	**(378)**
Profit for the financial year	3,196	2,229	2,774	3,383	**3,323**
Basic earnings per share	13.10p	9.03p	11.07p	13.46p	**13.22p**
Adjusted earnings per share	4.96p	9.30p	11.07p	13.83p	**13.57p**
Diluted earnings per share	12.82p	8.95p	11.06p	13.41p	**13.19p**
Net assets	7,316	9,009	11,233	13,512	**15,835**
Ordinary dividend net per share (p)	2p	3p	4p	4.5p	**4.75p**

The figures in the financial summary above for 2007 and 2008 were prepared under IFRS, the 2004 to 2006 figures were prepared using UK GAAP. There is no material difference between the figures reported under UK GAAP were they to be restated under IFRS.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of The Stanley Gibbons Group Limited ("Company") will be held at The Pomme d'Or Hotel, Liberation Square, St Helier, Jersey, Channel Islands on Wednesday 29th April 2009 at 11.30 a.m. for the purpose of considering and, if thought fit, adopting the following resolutions relating to the ordinary and special business of the Company at the Annual General Meeting or any adjournment thereof:

Ordinary Business

To consider, and if thought fit, to pass the following resolutions as Ordinary Resolutions:

1. **THAT** the Company's audited accounts for the year ended 31 December 2008 and the Directors' and Auditors' Reports thereon be approved and adopted.
2. **THAT** a final dividend of 2.75p net per ordinary share in respect of the year ended 31 December 2008 be declared, payable on 11 May 2009 to holders of ordinary shares on the register of shareholders of the Company at the close of business on 3 April 2009.
3. **THAT** RK Purkis, who retires in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company.
4. **THAT** PJ Wright, who retires in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company.
5. **THAT** Nexia Smith & Williamson LLP be re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix the Auditors' remuneration.

Special Business

6. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

   "THAT the name of the Company be changed to "The Stanley Gibbons Group plc", and that all references to "The Stanley Gibbons Group Limited" in the Memorandum of Association or the Articles of Association of the Company be amended accordingly."
7. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

   "THAT the current Articles of Association of the Company be deleted in their entirety and replaced by the adoption of new Articles of Association which will be produced to the Annual General meeting by the Directors, and which can be downloaded from and have been posted on the Company's website since the date of the Notice of the Annual General Meeting at the following web address: www.stanleygibbons.com."
8. To consider, and if thought fit, to pass the following resolution as a Special Resolution:

   "THAT the Company be generally and unconditionally authorised to make one or more market purchases of its own shares, such purchases to be of Ordinary Shares of one pence (1p) each in the capital of the Company ("Ordinary Shares") on the London Stock Exchange, provided that:

   (a) the maximum number of Ordinary Shares authorised to be purchased shall be 3,700,000 Ordinary Shares, being approximately 15 per cent of the issued capital of the Company; and

   (b) the minimum price which may be paid for any such Ordinary Shares shall be 1p per Ordinary Share (exclusive of expenses); and

   (c) the maximum price which may be paid for such Ordinary Shares shall be an amount equal to 5 per cent above the average middle market quotations as derived from the Daily Official List of the UKLA for the five business days immediately preceding the day on which any such Ordinary Shares are purchased or contracted to be purchased;

   (d) unless otherwise varied renewed or revoked the authority hereby conferred shall expire at the earlier of 29 May 2010 and the conclusion of the Annual General Meeting of the Company to be held in 2010; and

   (e) prior to expiry of the authority hereby conferred the Company may enter into a contract or contracts for the purchase of Ordinary Shares which may be executed in whole or in part after such expiry and may purchase Ordinary Shares pursuant to such contract or contracts as if the authority hereby conferred had not so expired."
9. To consider, and if thought fit, to pass the following resolution as a Special Resolution:

   "THAT the Company be authorised to hold as treasury shares any of the Ordinary Shares in the capital of the Company that it has redeemed or purchased in accordance with the Law."
10. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

    "THAT the proposed amendments to the rules of the Stanley Gibbons Group Limited 2000 Executive Share Option Scheme referred to in the Explanatory Notes to the Notice of Annual General Meeting and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved, and the Directors be authorised to make the proposed amendments."
11. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

    "THAT the proposed amendments to the rules of the Stanley Gibbons Group Limited 2000 Jersey Executive Share Option Scheme referred to in the Explanatory Notes to the Notice of Annual General Meeting and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved, and the Directors be authorised to make the proposed amendments."

by order of the board of Directors of

The Stanley Gibbons Group Limited

RK Purkis, Secretary

Dated: 19 March 2009

Registered Office Address:

Pirouet House, Union Street,
St Helier, Jersey JE2 3FF, Channel Islands.

Notice of Annual General Meeting

NOTES:

1. A member of the Company entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to attend and, on a poll, to vote in his/her place. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company.
2. An instrument for the purposes of appointing a proxy is enclosed. To be valid, the instrument and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be received by the Company's registrars, Capita Registrars (Jersey) Limited, Proxy Department, PO Box 25, Beckenham, Kent, BR3 4BR or at such other place as is specified for that purpose in the notice of meeting issued by the Company not later than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, before the time appointed for taking the poll and, in default, the instrument shall not be treated as valid.
3. Completion of the instrument appointing a proxy does not preclude a member from subsequently attending and voting at the meeting in person if he/she so wishes.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.
5. Pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, the Company specifies that only those members entered on the register of members of the Company as at 11.30 a.m. on 27 April 2009 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 11.30 a.m. on 27 April 2009 or, if the meeting is adjourned, on the register of members 48 hours before the time fixed for the adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting.

EXPLANATORY NOTES

Resolution 6: Change of Company Name

Following a recent change in the Companies Law, the Company is now capable of using the suffix "plc" in place of "Limited", better to indicate the Company's status as a public company.

Resolution 7: Amendments to Articles

The Directors have conducted a review of the Company's current articles of association (the "Current Articles of Association"), which were adopted on 16 August 2000, in light of changes to the Companies Law and applicable UK laws and regulations in force since that date. The Directors have been advised that substantial amendments are recommended to modernise the Current Articles of Association in light of these changes. The amendments recommended by the Company's advisers are extensive, and accordingly the Directors recommend that entirely new, and updated, articles of association be adopted by the Company (the "New Articles of Association") in replacement for the Current Articles of Association. The principal changes to the Current Articles of Association are, amongst others, as follows:

1 the inclusion of new provisions so that the Company can comply with its obligations under the AIM Rules (Rule 17) and the Listing Rules and the Disclosure and Transparency Rules (DTR) (Chapter 5) which, amongst other things, require the disclosure of significant shareholdings.

2 the inclusion of provisions to allow for the appointment of approved depositories so that the Company may hold shares in treasury or other similar arrangements;

3 to allow for notices and documents to be posted by the Company on a website, including without limitation accounts documentation;

4 to allow for the postponement of a general meeting of the Company at the discretion of the board of Directors;

5 to include provisions for the service of notices for postponed general meetings of the Company;

6 to recite Article 95 of the Companies Law in the New Articles of Association, which allows the shareholders to pass resolutions in writing;

7 to include specific provisions for the method of service of notices and documents on shareholders, with the ability to serve notices and documents on a website, and to include a provision for deemed service by website;

8 the Company is subject to the Take Over Code, so requisite express provisions are to be included in the New Articles of Association;

A copy of the Company's Current Articles of Association and the proposed New Articles of Association can be downloaded from the Company's website at: www.stanleygibbons.com or inspected at the Company's registered office at Pirouet House, Union Street, St Helier, Jersey JE2 3FF.

Resolution 8: Authority for Company to purchase its own shares

The previous authority granted by the shareholders to the Directors for the Company to purchase its own limited ordinary shares will shortly expire and the Directors recommend that a further authority in this respect be obtained.

Resolution 9: Treasury Shares

The Directors also recommend that the Company pass a Special Resolution to enable the Company to hold as treasury shares any of the ordinary shares in the capital of the Company that it has redeemed or purchased in accordance with the Companies Law and the purchase authority.

Resolution 10: Amendments to the rules of the Stanley Gibbons Group Limited 2000 Executive Share Option Scheme (the "ESOS")

Resolution 11: Amendments to the rules of the Stanley Gibbons Group Limited 2000 Jersey Executive Share Option Scheme (the "Jersey ESOS")

It is proposed that the overall new share usage limits in the rules of the ESOS and the Jersey ESOS be amended to conform with the overall new share usage limit in the Stanley Gibbons Group Limited 2007 Long Term Incentive Plan ("LTIP"), which was approved by shareholders on 18 April 2007. This will ensure that there is consistency between the Company's share plans.

Currently, the rules of the ESOS and the Jersey ESOS have two share usage limits. These limits provide that in the previous ten years the Company may not have issued (or granted rights to issue) more than:

(a) 10 per cent of the issued ordinary share capital of the Company under the ESOS or the Jersey ESOS (as applicable) and any other employee share plan established by any group company; and

(b) 5 per cent of the issued ordinary share capital of the Company under the ESOS or the Jersey ESOS (as applicable) and any other selective share plan established by any group company.

The amended overall new share usage limit will instead operate such that there will only be one limit which is that the number of shares issued (or to be issued) in the previous ten years under the ESOS or the Jersey ESOS, as applicable, and any other employees' share plan operated by the Company may not exceed 15% of the issued share capital of the Company. This is in line with the overall new share usage limit in the LTIP.

Form of Proxy

I / We: (full name) ....

of (address): ....

....

being member(s) of The Stanley Gibbons Group Limited ("Company"), do hereby appoint the Chairman of the Meeting or failing him:

Name .... as my / our proxy to attend the Annual General Meeting of the Company to be held at The Pomme d'Or Hotel, Liberation Square, St Helier, Jersey, Channel Islands on 29 April 2009 at 11.30 a.m. or any adjournment thereof.

The proxy is to vote as follows:

Please complete either "For" or "Against" for each resolution by marking "X" in the relevant box. If no indication is given, your proxy will have discretion to vote for or against or to abstain (including on any other matter which may properly come before the meeting as he/she thinks fit).

		FOR	AGAINST	VOTE WITHELD
Resolution 1	THAT the Company's Report and Accounts for the full year ended 31 December 2008 be and are hereby approved and adopted	☐	☐	☐
Resolution 2	THAT a final dividend of 2.75p net per ordinary share in respect of the year ended 31 December 2008 be declared and paid	☐	☐	☐
Resolution 3	THAT RK Purkis be re-elected as a Director of the Company	☐	☐	☐
Resolution 4	THAT PJ Wright be re-elected as a Director of the Company.	☐	☐	☐
Resolution 5	THAT Nexia Smith & Williamson LLP be re-appointed as Auditors of the Company	☐	☐	☐
	Special Business - Special Resolutions			
Resolution 6	THAT the name of the Company be changed to "The Stanley Gibbons Group plc"	☐	☐	☐
Resolution 7	THAT the current Articles of Association of the Company be deleted and replaced by the adoption of new Articles of Association	☐	☐	☐
Resolution 8	THAT the Company be generally and unconditionally authorised to make one or more market purchases of its own shares.	☐	☐	☐
Resolution 9	THAT the Company be authorised to hold as treasury shares any of the Ordinary Shares that it has redeemed or purchased.	☐	☐	☐
	Special Business – Ordinary Resolutions			
Resolution 10	THAT the amendments to the rules of the Stanley Gibbons Group Limited 2000 Executive Share Option Scheme be approved	☐	☐	☐
Resolution 11	THAT the amendments to the rules of the Stanley Gibbons Group Limited 2000 Jersey Executive Share Option Scheme be approved	☐	☐	☐

Signature	Date
If for and behalf of a corporation Corporation Name	Position

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to attend and, on a poll, to vote in his/her place. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company.
2. An instrument for the purposes of appointing a proxy is enclosed. To be valid, the instrument and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be received by the Company's registrars, Capita Registrars (Jersey) Limited, Proxy Department, PO Box 25, Beckenham, Kent, BR3 4BR or at such other place as is specified for that purpose in the notice of meeting issued by the Company not later than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, before the time appointed for taking the poll and, in default, the instrument shall not be treated as valid.
3. Completion of the instrument appointing a proxy does not preclude a member from subsequently attending and voting at the meeting in person if he/she so wishes.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.
5. Pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, the Company specifies that only those members entered on the register of members of the Company as at 11.30 a.m. on 27 April 2009 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 11.30 a.m. on 27 April 2009 or, if the meeting is adjourned, on the register of members 48 hours before the time fixed for the adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. The 'Vote Withheld' option is to enable you to abstain on any resolution. Such a vote is not a vote in law and will not be counted in votes 'For' and 'Against' a resolution

Second fold

BUSINESS REPLY LICENCE NUMBER
MB 122

1

Capita Registrars

Proxy Department

PO Box 25

Beckenham

Kent BR3 4BR

First fold

Third fold and tuck in fold

Credit Crunch?
Property Crash?
This asset class is up 38%!!

During the last period of global economic turmoil, this asset class returned 21.8% a year during the decade.

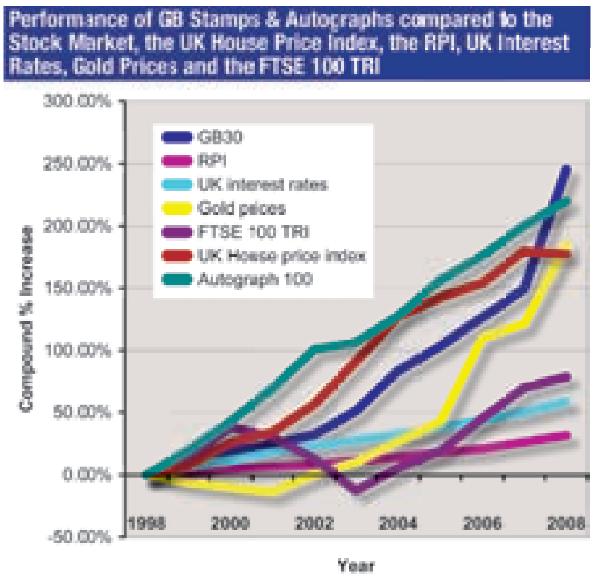
That's a return of over 600% in a decade.

And now, in the last year, this asset has proven itself once again. The index tracking this asset's performance has increased over 38.6%.

Investment in this asset has been referred to as the 'Holy Grail of investing'.

The GB30 index is the barometer of this asset's performance.

Spare a minute to look at the performance of the index. It makes interesting reading.



- The index increased by 38.6% in the last year.

- The best performer increased by 93.5%; the worst performer in the index still went up by 8.6%.

And remember, that's amidst a global credit crunch and a backdrop of world economic gloom.

This asset can offer a unique way to profit from inflation. One Fund Manager describes this asset as ***'The best retirement plan you've never heard of'***.

We have dealt with this asset for over 150 years. Our company knows more about it than anyone else. And we're willing to share that knowledge with you in a single report.

Take positive steps to protect your capital. To obtain your Free Report:

Call +44 (0) 1481 708 277
Email investment@stanleygibbons.co.uk

Find out more about rare stamp and autograph investment.

Call us on 01481 708 270
Visit us at:
www.stanleygibbons.com/investment
Email us at:
investment@stanleygibbons.co.uk

Stanley Gibbons (Guernsey) Limited
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Guernsey, Channel Islands,
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