

THE STANLEY GIBBONS GROUP PLC

FOR IMMEDIATE RELEASE

8 August 2013

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

Interim Results for the six months ended 30 June 2013

The Company today announces its interim results for the six months ended 30 June 2013.

Key Financial Highlights

- Sales up 17% to £17.2m (2012: £14.7m)
- Total revenues generated online of £1.2m, up 16%
- Trading profits* up 9% to £2.3m (2012: £2.1m)
- Investment in online developments expensed to the profit and loss account in the period of £0.56m (2012: £0.13m)
- Adjusted profit before tax** of £1.8m (2012: £2.0m)
- Adjusted earnings per share of 5.58p (2012: 7.23p)
- Revenue derived from outside of UK represented 61% of total revenue in period (2012: 47%)
- Interim dividend declared of 3.00p per share (2012: 2.75p), up 9%, (payable on 30 September 2013 to all holders on the Register at the close of business on 16 August 2013)
- Cash balances increased by £1m in the six months ended 30 June 2013 to £7.7m
- Stock at 30 June 2013 stated at historic cost of £21.5m (30 June 2012: £24.5m) sufficient to deliver future organic growth from core trading activities

*Excludes investment on internet development, exceptional operating costs and actuarial accounting adjustments

**Excludes exceptional operating costs and actuarial accounting adjustments

Key Operational Highlights

- The work to integrate our existing online services with the bidStart platform to create a global online collectibles trading platform is progressing in line with plan
- Substantial progress in achieving our primary objective for the first half of the year in building the team and expertise required to deliver on our technical software development projects and online marketing plans
- New office in Singapore opened at the end of April and trading profitably only 3 months after opening
- Auction business delivered an improved performance with revenues up by 13% as we continue to make solid progress in developing the Stanley Gibbons auction services to their full potential
- Secured another seven-figure highly prestigious and internationally recognised collection of early Great Britain postal history in the first half, which will assist in supporting the demand we are currently experiencing from both our investment clients and the rising number of high net worth collectors

Outlook

- Primary focus for the second half is to deliver on the Group's online strategy
- Immediate opportunity to deliver short term growth from core trading operations through converting into sales the investment made in recent years to build an exceptional stockholding of rare collectibles
- Continued interest from investors seeking diversification with rare collectibles representing an attractive option as a tangible asset and a track record of delivering long term stable growth
- Increased focus on the international development of our brand, which has delivered positive returns to date and has the added benefit of ensuring that our profitability is not dependent on any one geographical region
- Commemorative products celebrating the birth of the "Royal Baby" will assist performance in the second half of the year

Martin Bralsford, Chairman, commented:

"Group trading performance was strong in the first half of 2013, with a 17% increase in revenues and a 9% increase in trading profits.

The net investment in our online developments expensed to the profit and loss account in the period of £0.56m was financed by the fundraising of £6m completed in November last year and hence does not have any impact on the underlying trading performance of the Group. Consequently, the increase of 9% in the interim dividend declared is in line with the growth in underlying earnings and reflects the continued confidence your Board has in the Group's future prospects.

This is an exciting time for the Stanley Gibbons Group as we embark on a strategy that seeks to transform a traditional respected brand into an exciting online business, whilst retaining and building on our core brand strengths and competitive advantages."

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Chairman's Statement

Introduction

The Group delivered a strong trading performance for the first half of the year, showing a 17% increase in turnover and a 9% increase in trading profits. In line with plan, we have increased our investment in the development of our websites towards building a global online collectibles trading community. This investment, which is expected to deliver substantial returns in future accounting periods, means that reported profit before tax was lower than the prior period.

The Balance Sheet of the Group at 30 June 2013 shows considerable strength with cash balances of £7.7m, representing an increase of £1m in net cash in the first six months despite the considerable investment in our online development strategy during this period. In addition, the Group holds inventories of rare collectibles stated at a historic cost of £21.5m (31 December 2012: £20.7m). Our inventory levels provide the base from which to enable the delivery of continued growth in core trading activities in the second half of the year.

Financials

Turnover for the half year to 30 June 2013 was £17.2m, up 17% on the prior period.

Trading profits were £2.3m for the half year (2012: £2.1m), up 9%. The net investment in our online developments expensed to the profit and loss account in the period of £0.56m (2012: £0.13m), was financed by the fundraising of £6m in November last year and hence does not have any impact on the underlying trading performance of the Group.

Profit before tax, after charging internet development costs, but before exceptional charges and actuarial accounting adjustments, was £1.8m (2012: £2m) reflecting the increased investment in the development of our online strategy in the period.

Adjusted earnings per share, excluding exceptional costs and actuarial accounting adjustments, were 5.58 pence (2012: 7.23 pence). Basic earnings per share were 3.59 pence (2012: 6.07 pence).

Dividend

Your Board is pleased to declare an increase in the interim dividend, in line with the growth in underlying earnings, of 9% to 3.00p (2012: 2.75p) per share. The interim dividend is payable on 30 September 2013 to holders of Ordinary Shares on the Register at the close of business on the record date of 16 August 2013.

The Company paid a final dividend of 3.75p per share in respect of the year ended 31 December 2012, on 20 May 2013 with a cash outflow of £1.1m.

Key Operational Highlights and Outlook

Online

Total online sales for the first half of the year were £1.2m, representing 7% of total revenue. A significant reorganisation of our e-commerce team was completed in the first half resulting in the creation of a dedicated e-commerce and online marketing team working from our new offices in Jersey, Channel Islands.

The work to integrate our existing online services with the bidStart platform to create a global online collectibles trading platform is progressing in line with plan. We have made substantial progress in achieving our primary objective for the first half of the year in building the team and expertise required to deliver on our technical software development projects and online marketing plans.

We are currently replacing most of our existing IT support systems in the business to create a fully integrated solution required to enable us to deliver an exceptional customer service online.

Overseas development

Our office in Hong Kong contributed sales of £1.1m (2012: £1.3m) and profits of £0.2m (2012: £0.3m) in the first half. Trading in the prior period however included one exceptional sale and overall the Hong Kong office continues to deliver a positive contribution in line with our expectations.

We opened a new office in Singapore at the end of April this year enhancing our presence in the emerging collectibles market in the Far East. The Singapore office did not generate any revenues in the first half as it takes time to build new client

relationships. Sales in the month of July were very encouraging with the new office trading profitably only 3 months after opening.

After extensive market research and testing in Brazil, we have decided not to proceed at this time with opening an office in Rio de Janeiro. We have, however, made some useful contacts in this region and built an increased awareness of the Stanley Gibbons brand and services as a result of our efforts, which we expect will deliver future benefits. The associated costs of £0.1m have been expensed in the current accounting period.

We proceed cautiously in developing opportunities within the US stamp market and generated our first sales of US rare stamps in the period contributing new revenue of £0.2m. The US market remains a large and important geographical region and we will continue with our efforts to develop expertise and finding suitable trading partners to work with in the US.

Auctions

Our auction business delivered an improved performance with revenues up by 13% as we continue to make solid progress in developing the Stanley Gibbons auction services to their full potential.

Our focus remains on developing partnerships internationally to increase acquisitions of high profile collections at the same time as delivering the best possible realisations for those clients choosing Stanley Gibbons as their preferred partner.

We expect our auction brand and services to continue to obtain increased recognition as prospective clients become increasingly aware of the value that Stanley Gibbons can bring to their collection in light of our international reach and database of high net worth clients, which have grown considerably as a result of the promotion of our investment services in recent years.

Other collectibles

Sales of rare coins and military medals in the period were slightly down at £0.6m (2012: £0.8m). The market for rare coins, in particular, is a key one for us because, although we currently only trade at modest levels, overall it is a large collectibles market. Our ability to develop into the rare coin market is restricted by the need to possess specialist expertise and, as such, we will look to add expertise over time to develop our offering further.

The Benham Group contributed sales of £1.2m (2012: £1.6m) in the first half. Sales in the prior period benefited from commemorative collectibles related to the Queen's Diamond Jubilee and the London 2012 Olympics. Despite lower sales, profit contribution was at a similar level to the prior period as a result of improved gross margins and tight control over costs. Commemorative products celebrating the birth of the "Royal Baby" will assist performance in the second half of the year.

Investment services

The demand for premium quality rare collectibles remains strong with new client recruitment predominantly coming from the results of our international marketing and PR campaigns, together with networking through appropriate philatelic and alternative investment events. Rare collectibles are increasingly being seen as legitimate additions to traditional asset classes for those looking to diversify their wealth.

We secured another seven-figure, highly prestigious and internationally recognised collection of early Great Britain postal history in the first half, which will assist in supporting the demand we are currently experiencing from both our investment clients and the rising number of high net worth collectors, particularly from new emerging overseas markets.

Board

I am delighted to welcome Simon Perree to the Board as an independent non-executive director, who joined us at the AGM on 1 May 2013. Simon co-founded Play.com in 1998 and this business subsequently became the largest private online retailer in the UK with over 7 million customers and a catalogue of over 8 million products. After selling Play.com in 2011, Simon invested in several online businesses and he brings to the Board a wealth of experience to support our online strategy. Following this appointment, the Board is now composed of a majority of non-executive directors in line with best practice.

Martin Bralsford, Chairman

7 August 2013

Operating Review

	6 months to 30 June 2013	6 months to 30 June 2013	6 months to 30 June 2012	6 months to 30 June 2012 (restated)	Year ended 31 December 2012	Year ended 31 December 2012
	Sales £000	Profit £000	Sales £000	Profit £000	Sales £000	Profit £000
Philatelic trading and retail operations	13,211	3,108	10,302	2,552	26,341	7,099
Publishing and philatelic accessories	1,506	353	1,416	305	3,148	782
Dealing in other collectibles	2,401	354	2,967	464	6,032	1,116
Corporate overheads	-	(1,492)	-	(1,184)	-	(2,615)
Net finance income/(charges)	-	5	-	(11)	-	(38)
Trading sales and profits	17,118	2,328	14,685	2,126	35,521	6,344
Internet development	124	(559)	27	(134)	78	(302)
Adjusted sales and profit before tax	17,242	1,769	14,712	1,992	35,599	6,042
Actuarial accounting adjustments	-	(205)	-	(183)	-	(368)
Finance charges related to pensions	-	(27)	-	(27)	-	(53)
Exceptional operating costs	-	(410)	-	(110)	-	(349)
Group total sales and profit before tax	17,242	1,127	14,712	1,672	35,599	5,272

Overview

Group turnover for the six months ended 30 June 2013 was £2.5m (17%) higher than the same period last year. Underlying trading profits were £2.3m, excluding investment on internet development, actuarial accounting adjustments and exceptional costs, and were up 9% on the same period last year.

Profit before tax for the six months ended 30 June 2013 was £1.1m (2012: £1.7m). The reduction in statutory profits reflects the increased net investment in online developments of £0.4m, which was in line with plan, together with an increase of £0.3m in exceptional charges incurred in the period.

Adjusted earnings per share were 5.58p (2012: 7.23p), lower by 23%. Basic earnings per share were 3.59p (2012: 6.07p).

The gross margin percentage for the six months ended 30 June 2013 was 42.7% compared to 44.5% in the same period last year. The gross margin in the prior period benefited from a write back made against the provision for investment products sold in previous accounting periods with guaranteed minimum returns that remained outstanding of £0.2m. Excluding the impact of the movement on the contract provision in both accounting periods, the gross margin was consistent at 43%.

Overheads were £1.1m (23%) higher than the prior period. The most significant increases in overheads included:

- Increased expenditure in development of online opportunities (£0.5m)
- Costs incurred in development of new overseas offices (£0.1m)
- Increased marketing and PR costs in support of revenue growth achieved (£0.1m)
- Costs of enlarged senior management team to support future expansion plans and higher performance related bonuses paid in the period (£0.3m)

Philatelic Trading and Retail Operations

Philatelic trading and retail sales were £2.9m (28%) higher than the same period last year with profit contribution up by £0.6m (22%). Philatelic trading performance in each accounting period is generally most influenced by the value of sales made to key high net worth clients. The largest client in the six months ended 30 June 2013 accounted for sales of £2.8m (2012: £2m).

Sales and profit growth in philatelic trading, together with the recruitment of new high net worth clients, came predominantly from our expansion into overseas markets supported by our shift in marketing and sales focus into those more lucrative markets. Sales derived from outside of the United Kingdom in the six months ended 30 June 2013 represented 61% of total sales compared to 47% in the prior period.

Demand for Chinese rare stamps remains strong, although sales in the first half of this year were restricted by a lack of available supply of material of the right quality. Sales of Chinese rare stamps in the six months ended 30 June 2013 were £0.9m (2012: £1.4m). A recent study undertaken reported that the values of a sample of 200 rare, 'investment grade' Chinese stamps increased in value by 36% in the year passed and have shown a compound annual growth rate of 11.6% between 1989 and 2012.

Sales in the current period included £0.2m of rare US stamps representing our first entry into this market. We continue to develop our product offering internationally whilst never straying from our core buying principles, which is to focus on collectibles, which:

1. Are of sufficient rarity
2. In “premium grade” condition
3. With clear recorded provenance and authenticity
4. In liquid areas of the market (i.e. where there are a healthy number of potentially interested collectors)
5. At the right price, seeking to incorporate a significant margin of safety in the price paid against market value

This buying model protects both our shareholders in terms of the potential risks of holding inventory and our investment clients in ensuring that they acquire only the right quality of collectibles at a fair price.

Publishing and Philatelic Accessories

Publishing and philatelic accessory sales were £0.1m (6%) higher than the prior period with profit contribution up by 16%. Sales growth achieved in our printed publications, albums and accessories included increased sales made from our website and improvements to the product range.

As a lower growth area of the Group, we continue to concentrate on improving gross margins, reducing inventory levels and exercising tight controls over costs. We thus ensure that our return on capital improves in this area of the business, whilst we see the key growth opportunities in the future coming from the monetising of our catalogue information online.

Dealing in Other Collectibles

Sales of other collectibles were £0.6m (19%) lower than the prior period with profit contribution down by £0.1m (24%). Dealing in other collectibles can be further analysed as follows:

	6 months to 30 June 2013 Sales £000	6 months to 30 June 2013 Profit £000	6 months to 30 June 2012 Sales £000	6 months to 30 June 2012 Profit £000	Year ended 31 December 2012 Sales £000	Year ended 31 December 2012 Profit £000
Dealing in autographs, historical documents, memorabilia and records	594	22	593	65	1,615	150
Dealing in rare coins and military medals	633	91	799	146	1,045	239
Benham first day covers and other collectibles	1,174	241	1,575	253	3,372	727
Total sales and profit contribution	2,401	354	2,967	464	6,032	1,116

Autographs, historical documents, memorabilia and record sales were unchanged from the prior period at £0.6m, with profit contribution remaining immaterial. This part of our business is currently undergoing a period of change and future anticipated growth is dependent on the technical developments scheduled for completion by the end of this year to deliver a professional online auction service where we see the most significant growth potential.

Sales of rare coins and military medals were down 21% at £0.6m with a profit contribution of £0.1m. The lower sales reflect reduced buying activity in this area rather than demand, which remains strong, as we focus on other growth opportunities. The market for rare coins, however, is an important strategic area of growth for the Group in the future and is dependent on developing the necessary internal specialist expertise, which in itself is a scarce commodity.

Benham first day covers and other collectibles sales were down £0.4m (25%) although profit contribution was only 5% lower compared to the prior period. Sales in the prior period included £0.4m of London 2012 Olympics commemorative products to our trade distributor in China. Prior period sales also benefited from commemorative products in respect of the Queen’s Diamond Jubilee.

Despite lower sales levels, profit contribution from the Benham Group remained consistent, benefiting from improved gross margins and reduced overheads. Opportunities exist in the second half to develop increased sales from commemorative products around the birth of the “Royal Baby”.

Corporate Overheads

Corporate overheads were £0.3m (26%) higher than the same period last year. The higher corporate overheads reflect higher performance related bonuses paid to the executive and senior management team, together with the investment in growing the necessary support teams in the Group Marketing department and Finance function to support the successful implementation of our growth strategy.

Internet Development

Sales reported within this division relate to online commissions from third parties through our new website following the acquisition of bidStart and online subscription revenues. Online e-commerce sales, managed by the new dedicated team in our offices in Jersey, Channel Islands, are reported within the respective trading departments. Total revenues derived from online activities can be summarised as follows:

	6 months to 30 June 2013 Sales £000	6 months to 30 June 2012 Sales £000	% change
E-commerce - trading of own products	594	634	(6%)
Sales of rare collectibles to investment clients	488	375	30%
Online commissions and subscription revenue	124	27	359%
Total online revenues	1,206	1,036	16%

Sales of our own products through www.stanleygibbons.com and www.frasersautographs.com were slightly down on the same period last year. This reflects the short term impact of the significant restructuring of our e-commerce team, which took place in the first half, resulting in the development of a new dedicated e-commerce centre in our offices in Jersey. It is expected that the benefits of the restructuring will become evident later in the year.

We recruited new investment clients, sourced directly from the investment section of our website, generating revenue of £0.5m in the first half of the year. Our e-commerce team are currently working on a substantial re-build of this part of the website, scheduled for re-launch later this year with the aim of increasing new high net worth client recruitment from this source through a more professional presentation online of our investment services.

Online commissions and subscription revenue predominantly relate to third party commissions received through our recently acquired online collectibles trading platform, www.bidStart.com. The work to integrate our existing online services with the bidStart platform creating a global online collectibles trading platform, together with completion of the technical developments to improve online services, will provide opportunities to substantially grow revenues from this source during the course of next year.

Overheads of £0.7m (2012: £0.2m) were expensed in the period with the increase relating predominantly to the salary costs of our enlarged development team in Raleigh, US and e-commerce and online marketing team in Jersey, Channel Islands.

Actuarial Accounting Adjustments

Actuarial accounting adjustments relate to accounting charges in respect of our defined benefit pension scheme and IFRS share option charges totalling £0.2m (2012: £0.2m).

Exceptional Operating Costs

Exceptional operating costs incurred in the period of £0.4m (2012: £0.1m) included £0.2m in respect of restructuring and redundancy costs and £0.2m in respect of legal costs incurred in connection with the Company's defined benefit pension scheme as detailed in note 8.

Cashflow

Cash generated from operating activities of £2.2m (2012: cash used of £1.0m) is after an increase in the investment in our inventories of rare collectibles of £0.8m (2012: £3.9m). The increase in the level of inventories held at the end of the half year relates principally to the purchase of an exceptional collection of early Great Britain postal history, which will support anticipated demand and sales in the second half of the year.

The increase in cash during the period of £1.0m (2012: decrease of £5.0m) is after dividends paid in the period of £1.1m (2012: £0.9m).

Strategic Focus and Opportunities

Our primary focus for the second half is to deliver on the key aspect of the Group's online strategy, where we see exceptional growth opportunities for the Group based on the size of the market and the obvious need for the emergence of a market leader to consolidate the online collectibles market.

The objective for the remainder of the year is therefore in delivering the technical developments required to develop the global online collectibles trading platform, together with the introduction of other exceptional online services for the collecting community. During 2014, focus will move towards the roll out of our online services through the implementation of an international marketing and PR programme, during which time we would expect to begin to see more significant returns from our investment.

Our immediate opportunity to deliver short term growth from core trading operations will be to convert into sales the investment made in recent years to build an exceptional stockholding of rare collectibles. Demand for premium quality rare collectibles remains strong supported by the rising number of high net worth collectors, particularly from emerging overseas markets. Furthermore, we expect to see continued interest from investors seeking diversification with rare collectibles representing an attractive option as a tangible asset and a track record of delivering long term stable growth.

We intend to continue to focus on the international development of our brand, which has delivered positive returns to date and has the added benefit of ensuring that our profitability is not dependent on any one geographical region. In the short term, we aim to ensure that

our new office in Singapore delivers returns similar to that already achieved from our office in Hong Kong. At the same time, we continue to investigate and promote our services in other overseas markets, the performance of which will dictate whether we would benefit from the opening of new international offices where opportunities exist.

Michael Hall
Chief Executive
7 August 2013

Condensed statement of comprehensive income

		6 months to 30 June 2013 (unaudited) £'000	6 months to 30 June 2012 (restated) (unaudited) £'000	Year ended 31 December 2012 (audited) £'000
	<i>Notes</i>			
Revenue	3	17,242	14,712	35,599
Cost of sales		(9,875)	(8,161)	(20,031)
Gross Profit		7,367	6,551	15,568
Administrative expenses before defined benefit pension service costs and exceptional operating costs		(2,094)	(1,611)	(3,072)
Defined benefit pension service cost		(130)	(130)	(260)
Exceptional operating costs		(410)	(110)	(349)
Total administrative expenses		(2,634)	(1,851)	(3,681)
Selling and distribution expenses		(3,584)	(2,990)	(6,524)
Operating Profit		1,149	1,710	5,363
Finance income		8	1	3
Finance costs		(30)	(39)	(94)
Profit before tax		1,127	1,672	5,272
Taxation	4	(97)	(138)	(389)
Profit for the period		1,030	1,534	4,883
Other comprehensive income:				
<i>Items that will not be classified subsequently to profit or loss</i>				
Actuarial losses recognised in the pension scheme		-	-	(237)
Tax on actuarial losses recognised in the pension scheme		-	-	21
Other comprehensive income for the period, net of tax		-	-	(216)
Total comprehensive income for the period		1,030	1,534	4,667
Basic earnings per Ordinary Share	5	3.59p	6.07p	18.94p
Diluted earnings per Ordinary Share	5	3.52p	5.95p	18.55p

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

Condensed statement of financial position

	30 June 2013 (unaudited) £'000	30 June 2012 (restated) (unaudited) £'000	31 December 2012 (audited) £'000
Non-current assets			
Intangible assets	1,622	1,117	1,723
Property, plant and equipment	2,256	2,074	2,145
Deferred tax asset	735	732	735
Trade and other receivables	262	862	229
	4,875	4,785	4,832
Current assets			
Inventories	21,489	24,463	20,728
Trade and other receivables	8,005	8,298	11,668
Cash and cash equivalents	7,742	-	6,766
	37,236	32,761	39,162
Total assets	42,111	37,546	43,994
Current liabilities			
Trade and other payables	5,906	6,867	8,179
Bank overdraft	-	1,808	-
Borrowings	63	250	188
Current tax payable	135	287	169
	6,104	9,212	8,536
Non-current liabilities			
Trade and other payables	-	1,628	-
Retirement benefit obligations	3,242	2,843	3,161
Borrowings	-	63	-
Deferred tax liabilities	225	200	233
Provisions	402	456	360
	3,869	5,190	3,754
Total liabilities	9,973	14,402	12,290
Net assets	32,138	23,144	31,704
Equity			
Called up share capital	287	253	284
Share premium account	11,541	5,307	11,137
Shares to be issued	209	-	209
Share compensation reserve	535	406	460
Capital redemption reserve	38	38	38
Revaluation reserve	254	254	254
Retained earnings	19,274	16,886	19,322
Equity shareholders' funds	32,138	23,144	31,704

Condensed statement of changes in equity

	Called up share capital £'000	Share premium account £'000	Shares to be issued £'000	Share compensation reserve £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2013	284	11,137	209	460	254	38	19,322	31,704
Profit and total comprehensive income for the period	-	-	-	-	-	-	1,030	1,030
Dividends	-	-	-	-	-	-	(1,078)	(1,078)
Share options exercised	3	404	-	-	-	-	-	407
Cost of share options	-	-	-	75	-	-	-	75
At 30 June 2013	287	11,541	209	535	254	38	19,274	32,138
At 1 January 2012 (restated)	253	5,285	-	352	254	38	16,236	22,418
Profit and total comprehensive income for the period	-	-	-	-	-	-	1,534	1,534
Dividends	-	-	-	-	-	-	(884)	(884)
Share options exercised	-	22	-	-	-	-	-	22
Cost of share options	-	-	-	54	-	-	-	54
At 30 June 2012 (restated)	253	5,307	-	406	254	38	16,886	23,144
At 1 January 2012 (restated)	253	5,285	-	352	254	38	16,236	22,418
Profit for the year	-	-	-	-	-	-	4,883	4,883
Actuarial loss on pension scheme net of deferred tax	-	-	-	-	-	-	(216)	(216)
Total comprehensive income for the year	-	-	-	-	-	-	4,667	4,667
Dividends	-	-	-	-	-	-	(1,581)	(1,581)
Cost of share options	-	-	-	108	-	-	-	108
Share options exercised	-	78	-	-	-	-	-	78
Deferred consideration	-	-	209	-	-	-	-	209
Net proceeds from issue of ordinary share capital	31	5,774	-	-	-	-	-	5,805
At 31 December 2012	284	11,137	209	460	254	38	19,322	31,704

Condensed statement of cash flows

		6 months to 30 June 2013 (unaudited) £'000	6 months to 30 June 2012 (unaudited) £'000	Year ended 31 December 2012 (audited) £'000
	<i>Notes</i>			
Cash generated from/(used in) operations	6	2,209	(3,556)	1,007
Interest paid		(3)	(12)	(41)
Taxes paid		(140)	(234)	(552)
Net cash generated from/(used in) operating activities		2,066	(3,802)	414
Investing activities				
Purchase of property, plant and equipment		(253)	(176)	(368)
Purchase of intangible assets		(49)	(74)	(138)
Acquisition of business assets		-	-	(382)
Interest received		8	1	3
Net cash used in investing activities		(294)	(249)	(885)
Financing activities				
Dividends paid to company shareholders	7	(1,078)	(884)	(1,581)
Repayment of borrowings		(125)	(125)	(250)
Net proceeds from issue of ordinary share capital		407	22	5,838
Net cash (used in)/generated from financing activities		(796)	(987)	4,007
Net increase/(decrease) in cash and cash equivalents		976	(5,038)	3,536
Cash and cash equivalents at start of period		6,766	3,230	3,230
Cash and cash equivalents at end of period		7,742	(1,808)	6,766

Notes to the condensed financial statements

1 Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 31 December 2013.

2 Significant accounting policies

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

Income tax

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

3 Segmental analysis

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

	Philatelic trading	Publishing and philatelic accessories	Other collectibles	Internet development	Unallocated	Group
Segmental income statement	£'000	£'000	£'000	£'000	£'000	£'000
6 months to 30 June 2013						
Revenue	13,211	1,506	2,401	124	-	17,242
Operating costs	(10,103)	(1,153)	(2,047)	(683)	(1,697)	(15,683)
Exceptional costs	-	-	-	-	(410)	(410)
Net finance costs	-	-	-	-	(22)	(22)
Profit/(loss) before tax	3,108	353	354	(559)	(2,129)	1,127
Tax	-	-	-	-	(97)	(97)
Profit/(loss) for the period	3,108	353	354	(559)	(2,226)	1,030
6 months to 30 June 2012 (restated)						
Revenue	10,302	1,416	2,967	27	-	14,712
Operating costs	(7,750)	(1,111)	(2,503)	(161)	(1,367)	(12,892)
Exceptional costs	-	-	-	-	(110)	(110)
Net finance costs	-	-	-	-	(38)	(38)
Profit/(loss) before tax	2,552	305	464	(134)	(1,515)	1,672
Tax	-	-	-	-	(138)	(138)
Profit/(loss) for the period	2,552	305	464	(134)	(1,653)	1,534
Year ended 31 December 2012						
Revenue	26,341	3,148	6,032	78	-	35,599
Operating costs	(19,242)	(2,366)	(4,916)	(380)	(2,983)	(29,887)
Exceptional costs	-	-	-	-	(349)	(349)
Net finance cost	-	-	-	-	(91)	(91)
Profit/(loss) before tax	7,099	782	1,116	(302)	(3,423)	5,272
Tax	-	-	-	-	(389)	(389)
Profit/(loss) for the year	7,099	782	1,116	(302)	(3,812)	4,883

Notes to the condensed financial statements

3 Segmental analysis (continued)

Geographical information

Analysis of revenue by origin and destination

	Period ended 30 June 2013	Period ended 30 June 2013	Period ended 30 June 2012	Period ended 30 June 2012	Year ended 31 December 2012	Year ended 31 December 2012
	Sales by destination	Sales by origin	Sales by destination	Sales by origin	Sales by destination	Sales by origin
	£'000	£'000	£'000	£'000	£'000	£'000
Channel Islands	3,625	9,778	797	6,187	2,213	18,655
United Kingdom	6,667	6,391	7,784	7,232	17,734	13,795
Hong Kong	939	1,073	240	1,293	1,986	3,149
Europe	906	-	799	-	2,028	-
Singapore	2,603	-	1,093	-	2,058	-
Rest of Asia	899	-	595	-	4,913	-
North America	788	-	768	-	1,159	-
Rest of the World	815	-	2,636	-	3,508	-
	17,242	17,242	14,712	14,712	35,599	35,599

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

Channel Islands sales in the period ended 30 June 2013 include £2,782,000 to one individual customer and Singapore sales include £2,546,000 to one individual customer. Rest of the World sales in the period ended 30 June 2012 include £1,987,000 to one individual customer.

4 Taxation

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

5 Earnings per ordinary share

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

	6 months to 30 June 2013	6 months to 30 June 2012 (restated)	Year ended 31 December 2012
	(unaudited)	(unaudited)	(audited)
Weighted average number of ordinary shares in issue (No.)	28,712,342	25,269,514	25,788,461
Dilutive potential ordinary shares: Employee share options (No.)	557,189	524,525	539,804
Profit after tax (£)	1,029,600	1,533,500	4,883,600
Pension service costs & finance charge (net of tax)	157,000	157,000	236,300
Cost of share options (net of tax)	75,000	54,000	108,000
Exceptional operating costs (net of tax)	340,000	82,000	300,200
Adjusted profit after tax (£)	1,601,600	1,826,500	5,528,100
Basic earnings per share - pence per share (p)	3.59p	6.07p	18.94p
Diluted earnings per share - pence per share (p)	3.52p	5.95p	18.55p
Adjusted earnings per share - pence per share (p)	5.58p	7.23p	21.44p
Adjusted diluted earnings per share - pence per share (p)	5.47p	7.08p	21.00p

304,702 shares were issued on 14 January 2013 following the exercise of Directors and employees share options. A further 5,135 and 10,931 shares were issued following the exercise of former employee share options on 11 February and 28 March 2013.

Notes to the condensed financial statements

6 Cash generated from operations

	6 months to 30 June 2013 (unaudited) £'000	6 months to 30 June 2012 (unaudited) £'000	Year ended 31 December 2012 (audited) £'000
Operating profit	1,149	1,710	5,363
Depreciation	142	134	255
Amortisation	150	90	184
Increase / (decrease) in provisions	97	(174)	(216)
Cost of share options	75	54	108
Increase in inventories	(761)	(7,662)	(3,927)
Decrease/ (increase) in trade and other receivables	3,630	438	(2,299)
(Decrease) / increase in trade and other payables	(2,273)	1,854	1,539
Cash generated from/(used in) operations	2,209	(3,556)	1,007

7 Dividends

	6 months to 30 June 2013 (unaudited) £'000	6 months to 30 June 2012 (unaudited) £'000	Year ended 31 December 2012 (audited) £'000
Amounts recognised as distribution to equity holders in period:			
Dividend paid	1,078	884	1,581
Dividend paid per share	3.75p	3.50p	6.25p
Dividend proposed but not paid	862	695	1,066
Dividend proposed per share	3.00p	2.75p	3.75p

8 Prior year adjustment

During 2012 the Company instigated a process to redraft and consolidate the Trust Deed and Rules which govern the Stanley Gibbons Holdings PLC Pension and Assurance Scheme. This exercise carried out by the Legal and Documentation Services Practice of the Scheme's actuaries, Aon Hewitt and reviewed by solicitors Jones Day, highlighted five administration issues which required resolution.

The Company has appointed solicitors Lawrence Graham to investigate the five issues. They have sought advice from Counsel who has provided an opinion which concluded that there were serious issues with two of the areas identified, (namely equalisation of normal retiring dates and the reduction in the accrual rate) and in their view the Company and the Trustees had good prospects of success in claims for negligence against the Scheme's advisers for the cost of additional Scheme liabilities.

The Company and the Trustees and their respective advisers are still investigating the circumstances and details of the five areas and are currently carrying out an analysis of the benefit structure under the Scheme and how members may have been affected.

Despite the fact that the investigation and analysis is still not completed the Company has taken a prudent view of potential liabilities. The impact of this is that there is an increase in the pension deficit (net of deferred tax) at 1 January 2012 of £1,411,000 and a reduction in profit before tax in the period ended 30 June 2012 of £115,000, reducing basic earnings per share by 0.54p.

In terms of the legitimacy of the changes that has given rise to this additional potential liability, the Company is pursuing a legal action for recovery against the professional advisers involved.

The impact of the change in assumptions at 30 June 2012 on the statement of comprehensive income was as follows:

	Comprehensive income £'000
Increase in service charges – administration expenses	(70)
Adjustment to interest cost and return on assets	(45)
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Profit before tax adjustment	(115)
Current year tax adjustment – deferred tax pensions	-
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9 Further copies of this statement

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