

# Communitie.com Limited

## Directors and Advisors

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### Directors

P I Fraser (Chairman)  
A M McQuillan (Chief Executive)  
M R M Hall (Finance Director)  
T Dunningham (Non-executive)  
S Feigen (Non-executive)

### Registered Office

Pirouet House  
Union Street  
St Helier  
Jersey JE1 3WF

### Company Secretary

R Purkis

### Company Registration

Registered in Jersey Number 13177

### Nominated Advisor and Broker

Beeson Gregory Limited

### Auditors

Grant Thornton

### Solicitors

Nabarro Nathanson

### Principal Bankers

Barclays Bank plc

### Registrars

Capita IRG plc  
Balfour House  
390-398 High Road  
Ilford  
Essex IG1 1NG  
Tel: 0870 1623100

### Website

[www.communitie.com](http://www.communitie.com)

# **Communitie.com Limited**

*Interim Report for the 6 months ended 30 June 2001*

## **Chairman's Statement**

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I am delighted to report a return to profitability of £67,000 for the first half of our initial full year as an AIM listed company. This compares to a prior year proforma loss for the six months to 30 June 2000 of £353,000 before tax.

Earnings per Ordinary Share for the six months ended 30 June 2001 were 0.25p compared with a loss per Ordinary Share for the year ended 31 December 2000 of 2.25p. We will not be paying a dividend, as stated in our Prospectus last year. However, we did buy back 2,060,919 shares reducing shares in issue by 7.7%.

We have a clear Business Plan which has focussed us on building a very sizeable worldwide customer database and communicating with our customers in a more regular and effective way.

Our management team has been strengthened by the appointment of a Group Sales Director. Tight controls have been introduced and a stronger platform put in place for further improvements in the second half. We have managed to reduce overheads and debtors, maintain margins and, even though giving up some sales, we have made the operation more efficient and profitable.

There was a lot of exceptional activity in the first six months of last year, with a major stamp show in London and the benefits of people collecting millennium souvenirs, so we have responded very well this year. Also, we have now absorbed the major development costs of our Internet sites, spent £404,000 on our share buy-back and refurbished four floors of 399 Strand. We are now ready to sub-let three floors and this will make a substantial contribution to next year's profits.

Our systems are supporting the business more efficiently and producing objective analysis which will give us further benefits in this and future years. All our seven Internet sites are now fully operational and are already proving that they will contribute to the future profitability of the Group but, more importantly, they are bringing thousands of new prospective customers in a very cost effective way (30,000 in the last twelve months). A lot of attention will now be given to the way we market ourselves to this fast expanding database of collectors so that, once again, Stanley Gibbons is seen to offer a complete service to all stamp collectors worldwide and reinforce our position as the only recognised brand name in stamp collecting.

The integration of the business of E H Woodiwiss has gained momentum and we have now been able to make available for sale over half the immense philatelic stock that we purchased so that it is available to our expanding customer database.

I would like to take this opportunity to thank all members of our staff for their contribution, both in the return to profitability and their part in the enormous positive cultural change that is taking place in the Group.

***Paul Fraser***  
**Chairman**

31 August 2001

## Communitie.com Limited

Interim Report for the 6 months ended 30 June 2001

### Operating Review

#### Operating results for the 6 months ended 30 June

	2001	2001	Proforma 2000	Proforma 2000	2001	Proforma 2000
	Sales	Profit	Sales	Profit	Profit/ Sales%	Profit/ Sales%
	£000	£000	£000	£000		
Philatelic trading and retail operations	2,554	300	2,524	122	11.7%	4.8%
Publishing and philatelic accessories	1,185	252	1,186	146	21.3%	12.3%
Dealing in autographs, records and related memorabilia	422	131	367	106	31.0%	28.9%
Exhibitions	-	-	(3)	(43)	-	-
	<b>4,161</b>	<b>683</b>	4,074	331	<b>16.4%</b>	8.1%
Corporate overheads		(462)		(434)		
New business development	21	(143)	1	(158)		
Interest		(11)		(13)		
Before exceptional operating costs	<b>4,182</b>	<b>67</b>	4,075	(274)	<b>1.6%</b>	-6.7%
Exceptional operating costs		-		(79)		
	<b>4,182</b>	<b>67</b>	4,075	(353)	<b>1.6%</b>	-8.7%

The proforma results for the six months ended 30 June 2000 above represent the period of trading prior to the demerger of Communitie.com Limited from Flying Brands Limited. In order to present a meaningful comparison, last year's figures have been extracted from the management accounts of Stanley Gibbons Holdings PLC (including Collector Café) which were included within the interim results of Flying Brands last year.

#### Sales

Overall group turnover was 2.6% ahead of the same period last year. Sales last year included an exceptional month's trading in May attributed to a major stamp show in London generating additional revenue of approximately £300,000. Sales to 30 June 2001 include an exceptional sale of £242,000 in respect of the sale of our highest value stock item to the Royal Philatelic Collection.

The formation of a sound business plan following the demerger last year highlighted the need for further restructuring within our business in order to create a framework which will allow us to realise our growth potential through a more sales driven business structure. An investment is being made in a new customer relationship management (CRM) system, which will be introduced to the business in the next few months. This system will provide our now focussed sales team with the tools to utilise our customer database to the full, using, inter alia, direct marketing techniques which have been previously lacking in the business.

# Communitie.com Limited

Interim Report for the 6 months ended 30 June 2001

## Operating Review

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### Profitability

The profit before tax for the period of £67,000 compares to a proforma loss for the same period last year of £353,000. Excluding net expenditure in new business development, core business activity achieved a profit of £210,000 for the first six months. The return to profitability has been achieved primarily as a result of the improved control environment implemented last year resulting in significant overhead reductions, particularly in salaries, marketing and freight and packing costs.

All operating sales units generated higher profits than last year with contribution to group profitability more than double that of the previous year. Operating units have been made more efficient and expenditure incurred in the previous year which did not provide the return through sales growth has ceased. Furthermore, we have been able to control overheads objectively this year through the 2001 budget which has made departmental managers focus on the impact of expenditure on their department's contribution to group profitability.

The Stanley Gibbons business generally performs better in the second half of the year due to the publication of our major catalogue titles later in the year.

### New Business Development

Direct sales generated through our web sites represented 3.2% of total sales for the first six months. Such sales do not include follow up sales made to Internet customers. Our web sites have generated over 30,000 prospect customers which we are only now following up actively.

We have maintained new business development costs well within budget for the first six months of the year. Some innovative changes to operating procedures this year in the tagging of data onto the web has enabled us to control staff levels better than expected.

### Acquisitions

We have generated sales in excess of £200,000 in the six months ended 30 June 2001 from the business of EHW & Co acquired on 1 December last year. Sales of such material have achieved margins between 60% and 75% compared to our average philatelic margin of 50%.

### Corporate Overheads

Corporate overheads have increased from last year by £28,000. The increased overhead reflects the strengthening of the central management team and professional fees associated with being a public company.

### Cashflow

The key factors resulting in a net increase in our overdraft of £723,000 during the six months to 30 June 2001 are as follows:

	<b>£000</b>
Purchase of own shares	(404)
Capital expenditure (primarily refurbishments at 399 Strand)	(351)
Exceptional trade debtor at 30 June paid in July	(250)
Other cashflow movements	282
<b>Decrease in cash during period (see page 6)</b>	<b>(723)</b>

Excluding the exceptional trade debtor referred to above, we have reduced debtors during the six months to 30 June 2001 by £295,000.

## Communitie.com Limited

Interim Report for the 6 months ended 30 June 2001

### Consolidated Profit and Loss Account

	6 months to 30 June 2001 (unaudited) £'000	Year ended 31 December 2000 (audited) £'000
	<i>Notes</i>	
<b>Turnover</b>	<b>4,182</b>	3,184
Cost of sales	<b>(1,867)</b>	(1,375)
<b>Gross Profit</b>	<b>2,315</b>	1,809
Administration expenses	<b>(633)</b>	(438)
Selling and distribution expenses	<b>(1,604)</b>	(1,532)
Impairment of Goodwill	-	(496)
<b>Operating Profit/(loss)</b>	<b>78</b>	(657)
Profit on sale of property	-	52
Interest receivable and similar income	<b>7</b>	9
Interest payable and similar charges	<b>(18)</b>	(8)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>67</b>	(604)
Tax on loss on ordinary activities	-	-
<b>Profit/(loss) for the financial period</b>	<b>67</b>	(604)
<b>Earnings/(loss) per Ordinary Share</b>	<b>0.25p</b>	(2.25)p
<b>Impairment of Goodwill</b>	-	1.84p
<b>Adjusted earnings/(loss) per Ordinary Share</b>	<b>0.25p</b>	(0.41)p

### Comparative financial information

The statutory profit and loss account for the year ended 31 December 2000 includes the trading period from 16 August 2000 (the date of acquisition of Collector Café Limited from Flying Brands Limited) to 31 December 2000. For information purposes, a proforma profit and loss account for the six months ended 30 June 2000 and year ended 31 December 2000 is also presented on page 9 which has been extracted from the consolidated accounts of Stanley Gibbons Holdings PLC, the holding company of the trading activities of the Communitie.com Group.

# Communitie.com Limited

Interim Report for the 6 months ended 30 June 2001

## Consolidated Balance Sheet

	<b>30 June</b>	31 December
	<b>2001</b>	2000
	<b>(unaudited)</b>	(audited)
Notes	<b>£'000</b>	£'000
<b>Fixed Assets</b>		
Tangible assets	1,781	1,576
Investments	223	223
	<b>2,004</b>	1,799
<b>Current Assets</b>		
Stocks	4,621	4,983
Debtors: amounts falling due after more than one year	298	303
Debtors: amounts falling due within one year	1,398	1,438
Cash at bank and in hand	152	186
	<b>6,469</b>	6,910
Creditors: amounts falling due within one year	<b>(2,532)</b>	(2,372)
Net current assets	<b>3,937</b>	4,538
<b>Total assets less current liabilities</b>	<b>5,941</b>	6,337
Creditors: amounts falling due after more than one year	<b>(321)</b>	(380)
<b>Net assets</b>	<b>5,620</b>	5,957
<b>Capital and reserves</b>		
Called up share capital	248	269
Share premium account	1 5,909	6,292
Capital redemption reserve	1 21	-
Profit and loss account	1 (558)	(604)
<b>Equity shareholders' funds</b>	<b>5,620</b>	5,957

# Communitie.com Limited

Interim Report for the 6 months ended 30 June 2001

## Consolidated Cash Flow Statement

	6 months to 30 June 2001 (unaudited) £'000	Year ended 31 December 2000 (audited) £'000
	<i>Notes</i>	
<b>Net cash inflow from operating activities</b>	3 <b>138</b>	<b>135</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	7	9
Interest paid	(12)	(3)
Finance lease interest paid	(6)	(5)
	<b>(11)</b>	<b>1</b>
<b>Taxation</b>		
UK corporation tax paid	(19)	-
<b>Capital expenditure and financial investments</b>		
Payments to acquire tangible fixed assets	(351)	(131)
Receipts from sales of tangible fixed assets	-	117
	<b>(351)</b>	<b>(14)</b>
<b>Acquisitions and disposals</b>		
Purchase of business	-	(400)
Net cash inflow relating to demerger	-	806
Payment of demerger costs	(15)	(499)
	<b>(15)</b>	<b>(93)</b>
<b>Net cash (outflow)/inflow before financing</b>	<b>(258)</b>	<b>29</b>
<b>Financing</b>		
Purchase of own shares	(404)	-
Capital element of finance leases	(46)	(38)
Loan note repayments	(15)	-
<b>Net cash outflow from financing</b>	<b>(465)</b>	<b>(38)</b>
<b>Decrease in cash</b>	<b>(723)</b>	<b>(9)</b>

## Analysis of changes in cash during the period

	6 months to 30 June 2001 (unaudited) £'000	Year ended 31 December 2000 (audited) £'000
Net cash at the beginning of the period	(9)	-
Net cash outflow	(723)	(9)
<b>Net cash at the end of the period</b>	<b>(732)</b>	<b>(9)</b>

# Communitie.com Limited

Interim Report for the 6 months ended 30 June 2001

## Notes to the unaudited interim report

### 1 Share premium and reserves

	Share premium account £'000	Capital Redemption Reserve £'000	Profit and Loss account £'000	Total £'000
At 1 January 2001	6,292	-	(604)	5,688
Repurchase of own shares	(383)	21	(21)	(383)
Profit for the financial period	-	-	67	67
<b>At 30 June 2001</b>	<b>5,909</b>	<b>21</b>	<b>(558)</b>	<b>5,372</b>

### 2 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.

	<b>6 months to 30 June 2001 (unaudited)</b>	Year ended 31 December 2000 (audited)
Weighted average number of ordinary shares in issue (No)	26,713,885	26,887,655
Profit/(loss) after tax (£)	67,000	(604,000)
Basic earnings/(loss) per share - pence per share (p)	0.25	(2.25)

A loss per share for the 6 months ended 30 June 2000 is not shown, as Communitie.com Limited did not trade until 16 August 2000.

There is no difference between the basic earnings per share and the diluted earnings per share since share options granted to employees are anti-dilutive as the exercise prices are above market value.

### 3 Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	<b>6 months to 30 June 2001 (unaudited) £'000</b>	Year ended 31 December 2000 (audited) £'000
Operating profit/(loss)	<b>78</b>	(657)
Depreciation	<b>146</b>	123
Decrease in stocks	<b>362</b>	293
Decrease/(increase) in debtors	<b>45</b>	(456)
(Decrease)/increase in creditors	<b>(493)</b>	336
Goodwill impairment	-	496
<b>Net cash inflow from operating activities</b>	<b>138</b>	135



# **Communitie.com Limited**

*Interim Report for the 6 months ended 30 June 2001*

## **Notes to the unaudited interim report**

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### **4 Financial information**

The financial information in this report does not comprise full financial statements. Full financial statements of Communitie.com Limited for the year ended 31 December 2000, on which the auditors gave an unqualified report, have been delivered to the Jersey Registrar of Companies.

### **5 Further copies of this statement**

Copies of this statement are being sent to shareholders. Further copies are available on request from: The Company Secretary, Communitie.com Limited, 399 Strand, London, WC2R 0LX.

## **Independent review report to the members of Communitie.com Limited**

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### **Introduction**

We have been instructed by the company to review the financial information set out on pages 4 to 7 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

### **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The AIM Listing Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual financial statements except where any changes, and the reasons for them, are disclosed.

### **Review work performed**

We conducted our review in accordance with guidance in Bulletin 1999/4 'Review of Interim Financial Information' issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

### **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2001.

### **Grant Thornton**

Registered Auditors  
Chartered Accountants  
London

31 August 2001

## Communitie.com Limited

### Proforma Consolidated Profit and Loss Account

	6 months to 30 June 2001 (unaudited) £'000	Proforma 6 months to 30 June 2000 (unaudited) £'000	Proforma Year ended 31 December 2000 (unaudited) £'000
<b>Turnover</b>	<b>4,182</b>	4,075	8,017
Cost of sales	<b>(1,867)</b>	(1,794)	(3,554)
<b>Gross Profit</b>	<b>2,315</b>	2,281	4,463
Administration expenses	<b>(633)</b>	(531)	(1,115)
Selling and distribution expenses	<b>(1,604)</b>	(2,012)	(3,987)
Impairment of Goodwill	-	-	(200)
Exceptional operating costs	-	(79)	(79)
<b>Operating Profit/(loss)</b>	<b>78</b>	(341)	(918)
Profit on sale of property	-	-	52
Interest receivable and similar income	<b>7</b>	1	14
Interest payable and similar charges	<b>(18)</b>	(13)	(41)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>67</b>	(353)	(893)
Tax on loss on ordinary activities	-	109	120
<b>Profit/(loss) for the financial period</b>	<b>67</b>	(244)	(773)

### Proforma financial information

Communitie.com Limited was dormant until 16 August 2000, the date of acquisition of Collector Café Limited from Flying Brands Limited. For comparison purposes, the proforma profit and loss account for the six months ended 30 June 2000 and year ended 31 December 2000 above has been extracted from the consolidated accounts of Stanley Gibbons Holdings PLC, the holding company of the trading activities of the Communitie.com Group. The proforma statement is included for information purposes only.