

The Stanley Gibbons Group Limited (formerly Communitie.com Limited)

Directors and Advisers

Directors

P I Fraser (Chairman and 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 K Purkis

Company Registration

Registered in Jersey Number 13177

Nominated Adviser and Broker

Seymour Pierce Limited

Auditors

Solomon Hare

Solicitors

Nabarro Nathanson

Principal Bankers

Barclays Bank plc

Registrars

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

Website

www.stanleygibbons.com

Chairman's Statement

I am pleased to announce a profit of £203,000 for the first half of the year, three times the profit achieved for the same period last year.

Earnings per Ordinary Share for the six months ended 30 June 2002 were 0.82p compared to 0.25p for the same period to 30 June 2001 and net assets per share has increased to 25p per share compared to 23p per share as at 30 June 2001. The Board does not however propose a dividend at this time as it intends to invest further in its strategy, as detailed below, which is hoped will continue to yield further improved results in future.

We continue to review all business processes to achieve maximum operational efficiencies and better allocation of resources driving our strategy according to plan. Key indicators have all shown improvement in the period, with reduced overheads, improved stock management, debt under control and stronger margins. Our cash position is positive, which has given us greater flexibility in business negotiations.

Our customer database management continues to improve and we have added 4,557 new customers generating new revenue of £511,000 and 30,949 prospects in the first six months. We are still awaiting the benefits of sub-letting some of our empty properties but, once achieved, we will benefit from the resulting reduction in overheads.

We have successfully purchased and sold a number of major stamp collections in the last two years which has lifted our standing once again in the market. A recent sale of a rare Mauritius item for £71,000 has proved our capacity to buy intelligently and, even after holding in stock for sometime, sell at a very advantageous profit.

We believe that, in the wake of the stock market's recent poor performance, together with current low interest rates and inflation, there is a renewed consideration of stamps as an alternative investment. Their portability and ability to maintain a fixed price on the international market further strengthens the proposition.

The growth of the Internet has also supported this renewed interest and opportunity. We are now receiving over 4 million hits a month to our Internet sites. We intend to make our basic service on Stamps At Auction free in order to drive even more traffic to that site and through to the others.

We have also refreshed 'Collector Café' and believe that the addition of price guides and auctions will further enhance the service and response to the ever increasing number of visitors to the site.

I would like to thank all the staff for supporting and implementing the Company's strategy and creating the necessary momentum that has turned the business back around and set it on a positive course for the future.

Paul Fraser
Chairman

21 August 2002

Operating Review

Operating results for the 6 months ended 30 June

	2002	2002	2001	2001	Proforma 2000	Proforma 2000
	Sales	Profit	Sales	Profit	Sales	Profit
	£000	£000	£000	£000	£000	£000
Philatelic trading and retail operations	2,374	366	2,554	300	2,524	122
Publishing and philatelic accessories	1,249	303	1,185	252	1,186	146
Dealing in autographs, records and related memorabilia	388	95	422	131	367	106
Exhibitions	-	-	-	-	(3)	(43)
	4,011	764	4,161	683	4,074	331
Corporate overheads		(417)		(462)		(434)
New business development	4	(143)	21	(143)	1	(158)
Interest		(1)		(11)		(13)
Before exceptional operating costs	4,015	203	4,182	67	4,075	(274)
Exceptional operating costs		-		-		(79)
	4,015	203	4,182	67	4,075	(353)

Sales

Overall group turnover was 4% below the same period last year. Underlying turnover from continuing activities after adjusting for exceptional income increased £78,000 (2%) as demonstrated in the table below:

	6 months ended 30 June 2002	6 months ended 30 June 2001
	£'000	£'000
Group turnover as reported	4,015	4,182
Discontinued activity – Centenary Public Auction (June 2001)	-	(74)
Exceptional income – Sale of highest value stock items	(71)	(242)
Underlying turnover	3,944	3,866

We continue to curtail non-profit making activities and achieve improved gross margins on the continuing core business. The total gross margin on sales for the first six months of 2002 was 60.6% compared to 55.4% for the same period last year. The key growth areas, as planned in our business strategy, were in publishing and related advertising.

Sales in Great Britain philatelic dealing have suffered this year due to the loss of top spending customers, however we expect to reap the benefits from improved networking initiatives and strong customer relationship management to compensate for this by the end of the year.

The shortfall in sales of Great Britain material has been offset by substantial growth in British Commonwealth philatelic dealing sales which were 43% up on last year. Commonwealth sales have improved partly due to improved customer management and better direct mailings but, more importantly, we are benefiting from the quality of our current stockholding in this area.

Operating Review

Profitability

The profit before tax for the period of £203,000 compares favourably to a profit for the same period last year of £67,000. We achieved profit in all six trading months this year which is particularly encouraging in light of the fact that we were only profitable in three of the trading months for the six month period last year. Consistent and stable profitability has been achieved through the benefits of improved control and reporting over operating units, which have resulted in objective management decisions being made on an accurate and timely basis.

The key contributors to increased profitability were improved gross margins and reduced salary overheads. The gross margin percentage continues to improve partly due to the high margins being attained from the sale of material from the EHW acquisition in December 2000, and also through improved buying and stock management.

Salary overheads reduced by £145,000 (12%) compared to the same period last year. This was facilitated by the lower Directors' salaries, outsourcing of certain activities and a general reduction in staff numbers. The staff headcount at 30 June 2002 was 118 compared to 128 at 30 June 2001. We have managed to reduce staff numbers at the same time as making certain key appointments necessary to support the business plan including a Web/E-Publishing Director, a Group Marketing Manager and an Advertising Sales Manager.

New Business Development

Direct sales generated through our web sites represented 5.8% of total sales for the first six months compared to 3.2% for the same period last year. Such sales do not include follow up sales made to Internet customers. We now have over 30,000 new philatelic stock items of lower value material on stanleygibbons.com which has attracted new nonspecialised overseas collectors to our business.

Our Internet Development Centre operating from Nailsea undertakes our research and development activities designing and writing software to enable primarily the development of online catalogues. We are producing our major catalogue title 'Stamps Of The World' electronically this year which will not only provide savings on printing costs but has created the core electronic data to begin the building of our integrated stamp community online. We are now in a position to offer our major catalogue titles in colour at competitive prices for which there is a proven demand.

We are progressively releasing additional 'one country catalogue' titles this year in the major British Commonwealth countries which is a unique product designed to meet the specific requirements of today's more specialised collector.

Cashflow

The Company held £255,000 cash in the bank at 30 June 2002 compared to an overdraft of £732,000 at the same time last year. Investment in capital expenditure has been funded through operating results during the period. Working capital management continues to be strong with trade debtors representing 63% of trade creditors at 30 June 2002 compared to 108% at 30 June 2001.

The Stanley Gibbons Group Limited (formerly Communitie.com Limited)
Interim Report for the 6 months ended 30 June 2002

Consolidated Profit and Loss Account

	Notes	6 months to 30 June 2002 (unaudited) £'000	6 months to 30 June 2001 (unaudited) £'000	Year ended 31 December 2001 (audited) £'000
Turnover		4,015	4,182	8,079
Cost of sales		(1,583)	(1,867)	(3,539)
Gross Profit		2,432	2,315	4,540
Administration expenses		(613)	(633)	(1,224)
Selling and distribution expenses		(1,615)	(1,604)	(3,312)
Exceptional operating costs		-	-	(35)
Operating Profit/(loss)		204	78	(31)
Profit on sale of property		-	-	388
Interest receivable and similar income		5	7	8
Interest payable and similar charges		(6)	(18)	(51)
Profit on ordinary activities before taxation		203	67	314
Tax on profit on ordinary activities		-	-	(23)
Profit for the financial period		203	67	291
Earnings per Ordinary Share	1	0.82p	0.25p	1.13p
Exceptional operating costs		-	-	0.14p
Adjusted earnings per Ordinary Share		0.82p	0.25p	1.27p
Diluted earnings per Ordinary Share	1	0.81p	0.25p	1.13p

Share premium and reserves

	Share Premium Account £'000	Revaluation Reserve £'000	Capital Redemption Reserve £'000	Profit and Loss Account £'000	Total £'000
At 1 January 2002	5,909	169	21	(334)	5,765
Profit for the financial period	-	-	-	203	203
At 30 June 2002	5,909	169	21	(131)	5,968

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Interim Report for the 6 months ended 30 June 2002

Consolidated Balance Sheet

	30 June 2002 (unaudited) £'000	30 June 2001 (unaudited) £'000	31 December 2001 (audited) £'000
<i>Notes</i>			
Fixed Assets			
Tangible assets	1,535	1,781	1,553
Investments	223	223	223
	1,758	2,004	1,776
Current Assets			
Stocks	4,540	4,621	4,633
Debtors: amounts falling due after more than one year	318	298	330
Debtors: amounts falling due within one year	690	1,398	908
Cash at bank and in hand	255	152	331
	5,803	6,469	6,202
Creditors: amounts falling due within one year	(1,227)	(2,532)	(1,831)
Net current assets	4,576	3,937	4,371
Total assets less current liabilities	6,334	5,941	6,147
Creditors: amounts falling due after more than one year	(118)	(321)	(134)
Net assets	6,216	5,620	6,013
Capital and reserves			
Called up share capital	248	248	248
Share premium account	5,909	5,909	5,909
Capital redemption reserve	21	21	21
Revaluation reserve	169	-	169
Profit and loss account	(131)	(558)	(334)
Equity shareholders' funds	6,216	5,620	6,013

Consolidated Cash Flow Statement

	6 months to 30 June 2002 (unaudited) £'000	6 months to 30 June 2001 (unaudited) £'000	Year ended 31 December 2001 (audited) £'000
Net cash inflow from operating activities	2	115	138
Returns on investments and servicing of finance			
Interest received	5	7	8
Interest paid	(1)	(12)	(40)
Finance lease interest paid	(5)	(6)	(11)
	(1)	(11)	(43)
Taxation			
UK corporation tax paid	-	(19)	(19)
Jersey tax paid	(1)	-	-
Group relief received	-	-	145
	(1)	(19)	126
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets	(138)	(351)	(614)
Receipts from sales of tangible fixed assets	3	-	900
	(135)	(351)	286
Acquisitions and disposals			
Purchase of business	-	-	(175)
Payment of demerger costs	-	(15)	(81)
	-	(15)	(256)
Net cash (outflow)/inflow before financing	(22)	(258)	850
Financing			
Purchase of own ordinary shares	-	(404)	(404)
Capital element of finance leases	(38)	(46)	(91)
Loan note repayments	(16)	(15)	(15)
Net cash outflow from financing	(54)	(465)	(510)
(Decrease)/increase in cash	(76)	(723)	340

Analysis of changes in cash during the period

	6 months to 30 June 2002 (unaudited) £'000	6 months to 30 June 2001 (unaudited) £'000	Year ended 31 December 2001 (audited) £'000
Net cash at the beginning of the period	331	(9)	(9)
Net cash (outflow)/inflow	(76)	(723)	340
Net cash at the end of the period	255	(732)	331

Notes to the unaudited interim report

1 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 2002 (unaudited)	6 months to 30 June 2001 (unaudited)	Year ended 31 December 2001 (audited)
Weighted average number of ordinary shares in issue (No)	24,826,736	26,713,885	25,762,555
Dilutive potential ordinary shares: Employee share options	120,323	-	-
Profit after tax (£)	203,000	67,000	291,000
Basic earnings per share - pence per share (p)	0.82p	0.25p	1.13p
Diluted earnings per share – pence per share (p)	0.81p	0.25p	1.13p

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

	6 months to 30 June 2002 (unaudited) £'000	6 months to 30 June 2001 (unaudited) £'000	Year ended 31 December 2001 (audited) £'000
Operating profit/(loss)	204	78	(31)
Depreciation	156	146	294
Gain on sale of tangible fixed assets	(3)	-	-
Decrease in stocks	93	362	350
Decrease in debtors	230	45	335
Decrease in creditors	(565)	(493)	(211)
Net cash inflow from operating activities	115	138	737

3 Financial information

The financial information in this report does not comprise full financial statements. Full financial statements for the year ended 31 December 2001, on which the auditors gave an unqualified report, have been delivered to the Jersey Registrar of Companies.

4 Further copies of this statement

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

