

The Stanley Gibbons Group Limited

THE STANLEY GIBBONS GROUP LIMITED

31 July 2003

THE STANLEY GIBBONS GROUP LIMITED INTERIM REPORT FOR SIX MONTHS ENDED 30 JUNE 2003

The Company today announces its Interim Results for the six months to 30 June 2003. Highlights include:

- Increased profit of £324,000 (2002: £203,000), up 60%
- Earnings per share up 16% to 0.95p (2002: 0.82p)
- Client wants book of over £10 million
- £1,048,000 cash balances at 30 June 2003 (2002: £255,000)
- Internet sites generating nearly 8 million hits per month (2002: 4 million)
- All major stamp price guides to be produced in full colour

Commenting on current trading, Mike Hall, Chief Executive, said:

“The Group has made good progress in the first half of 2003 and trading remains in line with expectations. Despite a challenging trading environment during the first four months of this year we demonstrated our ability to enhance profitability through shrewd and sensible management, foregoing unprofitable revenue in order to focus on growth in the most profitable areas of the business. Trading was strong in May and June, and with the recent resurgence in interest that we have experienced in the collectibles market, this looks set to continue for the remainder of the year.

The Board is committed to realising the potential associated with being the only recognised brand name in an estimated \$10 billion per annum market and to continued growth in revenues and earnings over the second half of the year and beyond.”

For further information, contact:

The Stanley Gibbons Group Limited

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Louise Carpenter)

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Jonathan Wright)

The Stanley Gibbons Group Limited

Interim Report for the 6 months ended 30 June 2003

Directors and Advisers

Directors

P I Fraser (*Chairman*)
M R M Hall (*Chief Executive and Finance Director*)
R K Purkis (*Operations 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 LLP

Solicitors

Nabarro Nathanson

Principal Bankers

Natwest Bank PLC

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel: 0870 1623100

Website

Further financial, corporate and shareholder information is available on the Investor Relations section of the Group's website: www.stanleygibbons.com.

The Stanley Gibbons Group Limited

Interim Report for the 6 months ended 30 June 2003

Chairman's Statement

I am pleased to report a net profit before tax of £324,000 (2002: £203,000), representing an increase of 60% on the same period last year. We are on course to meet our objectives for 2003 and we are laying the foundations for 2004.

Earnings per Ordinary Share for the six months ended 30 June 2003 were 0.95p compared to 0.82p for the same period to 30 June 2002. Earnings per Ordinary Share for the period are adversely affected by the implementation of the new accounting standard FRS19 "Deferred Tax", which requires us to make full provision for deferred tax liabilities. Excluding the impact of deferred tax, Earnings per Ordinary Share for the period would have been 1.19p. Net assets per share have increased to 27p, compared to 25p per share at 30 June 2002.

At 30 June 2003, our cash position was just over £1 million, which shows clearly our conversion of profit into real cash. We are currently considering acquisitions that support our future strategy and reviewing the Group's tax structure with a view to enabling the payment of dividends to our shareholders in the future.

We have continued to reduce unprofitable activities and move our long-term strategy forward. Our main goal is to position ourselves at the centre of the stamp business and to become the service provider of choice to buyers and sellers, adding value by providing them with all of the key data, information and price guides they need.

The business is still labour-intensive but we are continuing to reduce this dependency with stronger management systems and a switch to more electronic processes. We now employ 90 full-time and 7 permanent part-time staff (2002: 120, 2001: 140). The reduction in numbers still allows us to be able to fully implement our strategy and we have also strengthened certain key areas and brought in new skill sets that were needed.

The stamp market and prices of classic stamps are particularly strong at the moment and we are leading with more dynamic pricing in our catalogues and the adoption of an aggressive buying policy to reflect both supply and demand and our increasing client wants book of over £10 million.

The SG 100 Stamp Index has increased by 8.4% on a cumulative basis during the first six months of 2003. This is encouraging for collectors and helps to convince investors that this is potentially a safe haven for some of their wealth.

On the publishing side, our autumn releases will now all be published in colour for the first time, at a price that will only be marginally above previous years' black and white editions, which should drive a considerable increase in sales.

The Group's Internet sites now receive close to 8 million hits a month (2002: 4 million), which considerably reduces the cost of acquiring new customers and significantly improves the revenue generating potential from sponsorships, partnerships and non-philatelic advertising planned for later in the year.

It is appropriate at this time to applaud the efforts of all the staff, who continue to work together to lift the Company to the improved levels of profitability targeted in our strategy and budgets.

Our focus remains on fully implementing our objectives within the timetable we have set and driving the bottom line profit, thus delivering added value for the benefit of all our stakeholders.

Paul Fraser

Chairman

31 July 2003

The Stanley Gibbons Group Limited

Interim Report for the 6 months ended 30 June 2003

Operating Review

Operating results for the 6 months ended 30 June

	2003	2003	2002	2002	2001	2001
	Sales	Profit	Sales	Profit	Sales	Profit
	£000	£000	£000	£000	£000	£000
Philatelic trading and retail operations	2,384	534	2,374	366	2,554	300
Publishing and philatelic accessories	1,055	226	1,249	303	1,185	252
Dealing in autographs, records and related memorabilia	380	111	388	95	422	131
	3,819	871	4,011	764	4,161	683
Corporate overheads		(426)		(417)		(462)
New business development	6	(128)	4	(143)	21	(143)
Interest		7		(1)		(11)
	3,825	324	4,015	203	4,182	67

Sales

Overall group turnover was 4.7% below the same period last year. Macro economic and global factors resulted in a challenging trading environment for the first four months of 2003. Group trading was strong in May and June and with the recent resurgence in interest experienced in the collectibles market, we are in a strong position to achieve the budgeted growth in the second half of the year.

We continue to recruit new customers to the business at very low cost, primarily from our websites and visitors to our retail outlet at 399 Strand. We have acquired almost 4,000 additional spending customers in the first six months of the year bringing total sales from new customers to approximately £400,000.

Philatelic trading and retail sales included exceptional income in 2002 relating to the sale of a rare Mauritius item for £71,000. Underlying turnover after excluding exceptional income in the prior period is up 3.5%. Sales were particularly strong in philatelic dealing of Great Britain material and in auction activities during the period, in line with the resurgence in demand experienced in the UK philatelic market this year. In order to capitalise on the current market we have scheduled a public auction in November, which will be held without any increase in current overheads.

Publishing and philatelic accessory sales conducted from our Ringwood premises are 15.5% down on the same period last year. The primary reason for the reduced sales in this period is due to the timing of major product releases being weighted more heavily towards the second half this year. We also experienced some temporary internal set backs during April and May following the sad and sudden death of our Sales and Production Manager.

Autographs and memorabilia sales are broadly in line with the same period last year. Fixed overheads were reduced at the end of last year, with the result that we have increased contribution from the division by 16.8% on the same level of trade.

Revenue from new business opportunities included as part of the budget for 2003 had not yet been realised by the end of the half year, although the hard work required in developing a framework and workable proposition to support such new revenue streams has been completed. We have recently made two key appointments: a General Sales Manager in Ringwood to support our publishing and advertising growth plans and an Independent Financial Adviser to promote and market stamps as an alternative investment.

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Interim Report for the 6 months ended 30 June 2003

Operating Review

Gross Margins

The gross margin on sales for the six months ended 30 June 2003 was 60.1% compared to 60.6% for the same period last year.

Profitability

The profit before tax for the period of £324,000 compares to a profit for the same period last year of £203,000. We have continued to enhance profitability on core business activities at the same time as financing research and development costs to support new business opportunities. We have made considerable progress in the past two years in the implementation of our strategy to reduce the fixed cost base of core business activities which has enabled the internal financing of new business activity.

Profitability has been increased from lower sales at similar gross margins compared with the same period last year. Increased profitability has been achieved through an 11% reduction in overheads compared to the same period last year. Key overhead reductions were achieved in salary and establishment costs.

Salary overhead reduced by £76,000 (4.2%) compared to the same period last year. Reduced salary costs are primarily due to a reduction in staff numbers in administration and support roles.

Establishment costs were £114,000 (35%) lower than the same period last year. Establishment costs benefit from the rental income now being received from the sub-letting of the 2nd floor of 399 Strand and the favourable settlement of a dispute in respect of a previous rental agreement resulted in a credit to the profit and loss account. Cost savings have been obtained through reduced rates and utility costs following the move into one operating unit in Ringwood.

New Business Development

Direct sales generated through our web sites represented 6.6% of total sales for the first six months compared to 5.8% for the same period last year.

Our allworldstamps.com website was re-launched in February this year, providing new functionality, dynamic links to our trading sites, plus a look and feel that is closer to the way stamps are listed in our printed catalogues. Following the re-launch, visitors and hits to the site have doubled.

We are still on course to have all our catalogue data held electronically by the end of the year and we are now able to produce all our major catalogue titles in full colour at a similar production cost to the previous year. Research and development activities have continued this year, primarily in developing and enhancing the catalogue database management software.

Improvements to gibbonsstampmonthly.com are being implemented through a new content management system scheduled for re-launch in August. The consequent expected increase in online subscriptions (particularly to overseas customers where postage costs are often a deterrent to magazine subscriptions), will provide greater scope for online advertising sales along with other publishing opportunities available from the use of electronic content.

Cashflow

The Company held £1,048,000 cash in the bank at 30 June 2003 (2002: £255,000). The increase in cash during the period is mainly from the conversion of operating profits to cash, assisted by strong working capital management. The cash generated for the period has been achieved despite the cash settlement cost of £145,000 in respect of the dispute relating to a previous rental agreement.

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Interim Report for the 6 months ended 30 June 2003

Consolidated Profit and Loss Account

	6 months to 30 June 2003 (unaudited) £'000	6 months to 30 June 2002 (unaudited) £'000	Year ended 31 December 2002 (audited) £'000
Notes			
Turnover	3,825	4,015	8,121
Cost of sales	(1,525)	(1,583)	(3,184)
Gross Profit	2,300	2,432	4,937
Administration expenses	(604)	(613)	(1,242)
Selling and distribution expenses	(1,379)	(1,615)	(3,153)
Operating Profit	317	204	542
Interest receivable and similar income	11	5	5
Interest payable and similar charges	(4)	(6)	(10)
Profit on ordinary activities before taxation	324	203	537
Tax on profit on ordinary activities	(93)	-	(53)
Profit for the financial period	231	203	484
Earnings per Ordinary Share	0.95p	0.82p	1.96p
Diluted earnings per Ordinary Share	0.93p	0.81p	1.95p

Continuing operations: all items dealt with in arriving at the operating profit above relate to continuing operations.

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 2003	5,834	169	25	146	6,174
Profit for the financial period	-	-	-	231	231
At 30 June 2003	5,834	169	25	377	6,405

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Interim Report for the 6 months ended 30 June 2003

Consolidated Balance Sheet

	30 June 2003 (unaudited) £'000	30 June 2002 (unaudited) £'000	31 December 2002 (audited) £'000
	<i>Notes</i>		
Fixed Assets			
Tangible assets	1,360	1,535	1,455
Investments	223	223	223
	1,583	1,758	1,678
Current Assets			
Stocks	4,484	4,540	4,547
Debtors: amounts falling due after more than one year	273	318	296
Debtors: amounts falling due within one year	731	690	831
Cash at bank and in hand	1,048	255	709
	6,536	5,803	6,383
Creditors: amounts falling due within one year	(1,272)	(1,227)	(1,486)
Net current assets	5,264	4,576	4,897
Total assets less current liabilities	6,847	6,334	6,575
Creditors: amounts falling due after more than one year	(103)	(118)	(118)
Provision for liabilities and charges	(95)	-	(39)
Net assets	6,649	6,216	6,418
Capital and reserves			
Called up share capital	244	248	244
Share premium account	5,834	5,909	5,834
Capital redemption reserve	25	21	25
Revaluation reserve	169	169	169
Profit and loss account	377	(131)	146
Equity shareholders' funds	6,649	6,216	6,418

The Stanley Gibbons Group Limited

Interim Report for the 6 months ended 30 June 2003

Consolidated Cash Flow Statement

	6 months to 30 June 2003 (unaudited) £'000	6 months to 30 June 2002 (unaudited) £'000	Year ended 31 December 2002 (audited) £'000	
Net cash inflow from operating activities	3	402	115	936
Returns on investments and servicing of finance				
Interest received	11	5	5	5
Interest paid	(4)	(1)	(3)	(3)
Finance lease interest paid	-	(5)	(7)	(7)
	7	(1)	(5)	(5)
Taxation				
UK corporation tax paid	-	-	-	-
Jersey tax paid	-	(1)	-	-
Group relief received	-	-	-	-
	-	(1)	-	-
Capital expenditure and financial investments				
Payments to acquire tangible fixed assets	(55)	(138)	(230)	(230)
Receipts from sales of tangible fixed assets	-	3	3	3
	(55)	(135)	(227)	(227)
Acquisitions and disposals				
Purchase of business	-	-	(175)	(175)
Net cash inflow/(outflow) before financing	354	(22)	529	529
Financing				
Purchase of own ordinary shares	-	-	(79)	(79)
Capital element of finance leases	-	(38)	(56)	(56)
Loan note repayments	(15)	(16)	(16)	(16)
Net cash outflow from financing	(15)	(54)	(151)	(151)
Increase/(decrease) in cash	339	(76)	378	378

Analysis of changes in cash during the period

	6 months to 30 June 2003 (unaudited) £'000	6 months to 30 June 2002 (unaudited) £'000	Year ended 31 December 2002 (audited) £'000
Net cash at the beginning of the period	709	331	331
Net cash inflow/(outflow)	339	(76)	378
Net cash at the end of the period	1,048	255	709

The Stanley Gibbons Group Limited

Interim Report for the 6 months ended 30 June 2003

Notes to the unaudited interim report

1 Taxation

The tax charge is based on the expected full year tax rate together with the movement in the provision for deferred taxation.

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.

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 2003 (unaudited)	6 months to 30 June 2002 (unaudited)	Year ended 31 December 2002 (audited)
Weighted average number of ordinary shares in issue (No)	24,376,736	24,826,736	24,672,626
Dilutive potential ordinary shares: Employee share options	559,132	120,323	138,620
Profit after tax (£)	231,000	203,000	484,000
Basic earnings per share - pence per share (p)	0.95p	0.82p	1.96p
Diluted earnings per share – pence per share (p)	0.93p	0.81p	1.95p

3 Reconciliation of operating profit to net cash inflow from operating activities

	6 months to 30 June 2003 (unaudited)	6 months to 30 June 2002 (unaudited)	Year ended 31 December 2002 (audited)
	£'000	£'000	£'000
Operating profit	317	204	542
Depreciation	150	156	327
Gain on sale of tangible fixed assets	-	(3)	(2)
Decrease in stocks	63	93	86
Decrease in debtors	134	230	97
Decrease in creditors	(262)	(565)	(114)
Net cash inflow from operating activities	402	115	936

4 Financial information

The financial information in this report does not comprise full financial statements. Full financial statements for the year ended 31 December 2002, 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, The Stanley Gibbons Group Limited, 399 Strand, London, WC2R 0LX.

The Stanley Gibbons Group Limited

Trading Divisions, Summary of Activities and Contact Details

399 Strand, London WC2R 0LX

Tel: 020 7836 8444

Fax: 020 7836 7342

Email: stampsales@stanleygibbons.co.uk

- Retail – over 4 million stamps plus catalogues, albums, books and accessories
- Specialist Great Britain and Commonwealth material for the discerning collector
- Rare stamp investment portfolio advice and management
- Mail Order non-specialist All World material
- Valuations and Buying
- Online, public and postal auctions
- Fraser's Autographs – over 60,000 items in stock plus online auctions

7 Parkside, Christchurch Road, Ringwood, Hampshire BH24 3SH

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- Catalogues – the full range of award winning catalogues
- Gibbons Stamp Monthly – The UK's leading philatelic magazine
- Publications, albums and accessories by mail order and online
- Advertising sales for Stanley Gibbons' publications and websites

1 & 2 Crown Glass Place, Nailsea, N Somerset BS48 1RD

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- Internet and E-publishing development
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- www.allworldstamps.com
- www.stampsatauction.com
- www.gibbonsstampmonthly.com
- www.stampcafe.com
- www.frasersautographs.com
- www.collectorcafe.com