



**STANLEY
GIBBONS**
Group Limited

Interim Report and Accounts 2008



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

The Stanley Gibbons Group Limited

Interim Report for the 6 months ended 30 June 2008

Directors and Advisers

Directors	D M Bralsford MSc, FCA, FCT M R M Hall B.Acc, CA M D Henley ACA R K Purkis S D Sjuggerud BS, MBA, PhD R H Henkhuzens BA, FCA General Sir Michael Wilkes KCB, CBE P J Wright *Non-executive	Chairman* Chief Executive Finance Director Operations Director Executive Director Director* Director* Director*
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Company Registration Registered in Jersey
Number 13177

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

Chairman's Statement

On behalf of your Board, I have great pleasure in presenting a further set of excellent results for The Stanley Gibbons Group Limited. The performance of the Company was in line with the strategy and demonstrable of the recession-proof qualities of collectibles. The result was a growth in sales and profits delivered during a period in which many other businesses have reported trading difficulties, particularly in the retail, finance and investment sectors.

Financials

In the half year to 30 June 2008, turnover increased by 12% to £9.8 million (2007: £8.8m) whilst profit before tax, before exceptional operating costs, grew in line with turnover by 11% to £1.9 million.

Earnings per share for the six months ended 30 June 2008 were 6.33p (2007: 5.16p) representing an increase of almost one-quarter. Reflected in this figure is the reduction in our effective rate of tax in 2008, a benefit which will continue in future years.

Dividend

Your Board is pleased to declare an interim dividend of 2p (2007: 1.75p) net per Ordinary Share, representing an increase of 14%, payable on 22 September 2008 to holders of Ordinary Shares on the Register at the close of business on the record date of 22 August 2008.

The Company paid a final dividend of 2.75p per share (net of Jersey tax), in respect of the year ended 31 December 2007, on 28 April 2008.

The Board has authorisation from Shareholders to purchase up to 3.7 million (approximately 15%) of its own shares. We remain committed to returning surplus cash to shareholders through payment of a progressive dividend policy or share buybacks, balanced with the need to retain liquid reserves in order to support and underpin business growth opportunities.

Outlook

There is a discernible growing appreciation by investors of the benefits of wealth diversification into a broad base of assets, including collectibles as an alternative asset class in current economic conditions. Amidst a global credit crisis and a backdrop of world economic gloom, the GB30 Rarities Stamp Price Index increased by 39%. Current performance within the market for rare stamps and historical signatures demonstrates an absence of recession fears. In fact it has proved contra-cyclical to trends elsewhere in the world market. Given the turmoil elsewhere, the stage is set for an increased participation from investors seeking diversification into assets having low correlation with traditional asset classes. We have positioned our business to meet this anticipated growth in demand.

We have increased our focus on developing our investment business overseas through sourcing suitable investment partners to market our products as agents. Three new agents were appointed in the first half of the year in Hong Kong, Canada and Japan. We are in

discussions with a further eight potential agents. Based on our experience to date, it is clear that the Asia Pacific region offers the most potential. The distribution of our products through intermediaries worldwide provides the opportunities of scale to enable us to deliver international sales growth in the second half and beyond.

We have made a considerable investment to strengthen and exploit the future prospects and growth of the business, the cost of which has been charged to profit in the current period, including the costs associated with recruitment of key personnel, marketing and costs associated with the development and redesign of our website. The benefits of this investment should start to come through in the second half of the year. Our confidence is strengthened by us achieving a primary objective within the first half year: the acquisition of sufficient quality rare stamps and signatures to support the second half growth projections.

The current weaknesses in the financial markets create some interesting opportunities in both potential large inventory and also business acquisitions. The Board is currently evaluating a number of opportunities that will be pursued if we are confident they will enhance the Group's profitability and cash flows, and are the best use of our investment resources.

Board

The Board has recognised the need to strengthen the management team to facilitate or accelerate the implementation of the numerous opportunities within our business. The Chief Executive has now created a management board of Senior Executives to assist him in the successful development and implementation of the strategy. It is intended to further strengthen the management team over the coming months to ensure that the Group has the capabilities successfully to deliver on our long term profit growth objectives.

I would also like to record the Board's appreciation of the contribution made by Steve Sjuggerud who steps down on 31 August 2008 to concentrate on his own projects. The US continues to be a key marketplace and the strong business relationships we have developed through Steve Sjuggerud will enable us to continue to pursue our expansion plans there.

Stakeholders

I would like to thank all our colleagues in the Group for their continued dedication and contribution to the positive result achieved for the first half of the year, and take this opportunity to extend a welcome to the new Shareholders to our Company following the considerable changes in composition which were announced in April.

Martin Bralsford
Chairman

7 August 2008

Operating Review

	6 months to 30 June 2008 Sales £000	6 months to 30 June 2008 Profit £000	6 months to 30 June 2007 Sales £000	6 months to 30 June 2007 Profit £000	Year ended 31 December 2007 Sales £000	Year ended 31 December 2007 Profit £000
Philatelic trading and retail operations	7,313	1,704	6,327	1,509	14,945	3,868
Publishing and philatelic accessories	1,309	318	1,297	310	2,919	868
Dealing in autographs, records and related memorabilia	1,206	539	1,172	545	2,284	1,076
	9,828	2,561	8,796	2,364	20,148	5,812
Internet development	19	(66)	23	(25)	43	(65)
Corporate overheads		(669)		(707)		(1,269)
Interest and similar income		69		72		147
Before exceptional items	9,847	1,895	8,819	1,704	20,191	4,625
Exceptional operating costs		(88)		-		(117)
Group total sales and profit before tax	9,847	1,807	8,819	1,704	20,191	4,508

Overview

Overall group turnover increased by £1,028,000 (12%) compared to the same period last year. The profit before tax for the period of £1,807,000 compared to a profit in the prior period of £1,704,000, representing an increase of 6%. Excluding exceptional operating costs incurred in the period of £88,000, profit before tax was £1,895,000, representing an increase of 11%.

A significant element of the growth achieved was from our Guernsey investment operation. There have been significant changes in the Guernsey tax regime in 2008 and, consequently, the effective rate of tax in the period was 12% compared to 24% in the prior period. As a result of the lower effective rate of tax, adjusted earnings per share for the six months ended 30 June 2008 were 6.68p, up nearly 30%.

The key contributors to growth in the period were:

- The continuing benefit from our increased investment in high value rarities resulting in an increase in average order values and the recruitment of new high net worth clients
- The successful development of agency relationships for investment services overseas. The benefit of new agents signed up in May and June will crystallise in the second half of the year
- Growth in investment sales to overseas clients, particularly in the Far East benefiting from our overseas seminars and exhibition attendances
- Benefits from building our e-mail database via online marketing channels and sales generated by delivering a quality product communicated through compelling and effective sales copy
- Successful launch of a new investment product:

active management investment portfolios. Such portfolios enable investors to benefit from a proactive and dedicated service to realise the best value from their investment over their chosen timeframe but do not offer any guaranteed returns

- Continued use of trade partners to reduce surplus or slow moving stock levels

Our publicity and marketing spend increased by 50% to £350,000 demonstrating our confidence in the market and provided a sufficient return on investment. An element of the marketing expenditure incurred in the period related to long term brand awareness building and prospect generation, the benefits of which will not be recognised until the second half of the year.

Philatelic trading and retail operations

Philatelic trading and retail sales were 16% higher than the same period last year with profit contribution up by 13%. A strong stockholding in the right kind of material has helped facilitate continued growth in sales to collectors.

Sales to investment clients and high net worth collectors increased by 43% (2007: 12%). This was achieved despite the withdrawal of our long term interest free credit investment portfolios at the end of March which contributed £1.2m of sales in the first half last year. Revenue from this product, which tied up cash for periods of more than one year, has been successfully substituted by the introduction of our active management investment portfolio service.

The first of our guaranteed minimum return investment contracts reached maturity in June. It was encouraging that, as a result of the strong performance achieved in most portfolios, many investors chose to re-invest for a further

Operating Review

term illustrating their confidence in the long term prospects of the rare stamp market.

Publishing and philatelic accessories

Publishing and philatelic accessory sales increased by 1% from the same period last year with profit contribution up by 3%. Sales growth was achieved despite a 32% reduction in sales made to our three main wholesale customers in the period. The loss of revenue from this source has been compensated by a 28% increase in online sales benefiting from some exciting new product launches in the period.

Sales of our printed catalogues remained steady during the period although it is clear that there remains an undeveloped opportunity to improve our worldwide distribution channels for our publications. We anticipate making a senior appointment in this area of the business to facilitate the successful implementation of our strategy and to fully unleash the growth potential inherent within the strength of our brand in both printed and online pricing information.

Autographs, records and related memorabilia

Autographs, records and related memorabilia sales were 3% higher than in the same period last year with profit contribution down by 1%. Sales in the prior period included a large individual sale of Einstein letters for £175,000. Excluding this sale, underlying autograph sales have increased by 21%.

We have continued to make considerable progress in acquiring top quality historical signatures which are proving attractive to existing and new investors. The autograph market is still fairly immature as an asset class and consequently presents real long term growth potential to investors.

Internet development

Sales reported within this department relate to online subscription revenue only. In the six months ended 30 June 2008, £2,369,000 (24%) of sales were made to customers recruited from our websites compared to £1,077,000 (12%) of sales in the prior period. Our websites received just over 2 million visitors in the first six months of 2008 compared to 1.9 million in the prior period, representing an increase of 6%.

We have invested in the development and redesign of our website resulting in a cost of £85,000 charged in the first half of the year. The level of new business generated from our website highlights why this is core to our strategy and vindicates the importance of our investment in this area of our business. Development work on our website will continue throughout the remainder of the year and will result in an improved shopping experience for all users, new content and functionality and improved ease of usability. The benefits of this investment are unlikely to be fully experienced until next year.

Corporate overheads

Corporate overheads were £38,000 (5%) lower than the

same period last year. Cost savings mainly relate to lower IT salary costs as a result of the more efficient running of the department together with the negotiation of lower prices for hardware and software related support and consumables.

Exceptional operating costs

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

Cashflow

The net cash outflow from operating activities of £695,000 (2007: £612,000) included an increase in the cost of our stockholding of £2,577,000 since the year end. This is in line with our strategy to invest in our stockholding of high value rarities when opportunities arise in the market. The increase in trade and other receivables at 30 June 2008 is accompanied by a corresponding increase in trade and other payables and reflects the increased level of trading, including our public auction, experienced during the month of June.

Strategic focus and opportunities

The Group has significant opportunities to grow profits across all areas of the business. Our key areas of focus in the second half include:

- Continue to invest at the top end of the market in rare collectibles of premium quality to ensure that we can meet the expected increase in demand
- Continue to promote investment solutions to a worldwide investment community to provide a means of protecting capital in a difficult economic climate
- Strengthen management team to facilitate and accelerate the implementation of the strategy
- Pursue acquisition opportunities where valuations are sufficiently compelling to enhance group profitability, cashflows and introduce new specialist skills to the business

In recent months we have received a number of approaches from investment bodies interested in working with us to launch a regulated Rare Stamp Fund. We are currently in early discussions with a Fund promoter and will provide an update in our year end report on how this progresses.

Michael Hall
Chief Executive

7 August 2008

Consolidated Income Statement

	Notes	6 months to 30 June 2008 (unaudited) £'000	6 months to 30 June 2007 (unaudited) £'000	Year ended 31 December 2007 (audited) £'000
Revenue		9,847	8,819	20,191
Cost of sales		(5,313)	(4,691)	(10,815)
Gross Profit		4,534	4,128	9,376
Administrative expenses		(848)	(884)	(1,610)
Distribution costs		(1,860)	(1,612)	(3,288)
Exceptional operating costs		(88)	-	(117)
Operating Profit		1,738	1,632	4,361
Finance income		69	74	149
Finance costs		-	(2)	(2)
Profit before tax		1,807	1,704	4,508
Taxation	4	(216)	(408)	(1,125)
Profit for the financial period		1,591	1,296	3,383
Earnings per Ordinary Share	5	6.33p	5.16p	13.46p
Diluted earnings per Ordinary Share	5	6.31p	5.14p	13.41p

Consolidated Statement of Recognised Income & Expense

	6 months to 30 June 2008 (unaudited) £'000	6 months to 30 June 2007 (unaudited) £'000	Year ended 31 December 2007 (audited) £'000
Profit for the financial period	1,591	1,296	3,383
Deferred tax attributable to revaluation of assets	-	-	5
Actuarial losses recognised in the pension scheme	-	-	(115)
Deferred tax attributable to actuarial losses	-	-	31
Total recognised income for the period	1,591	1,296	3,304

Consolidated Balance Sheet

	Notes	30 June 2008 (unaudited) £'000	30 June 2007 (unaudited) £'000	31 December 2007 (audited) £'000
Non-current assets				
Intangible assets		27	59	37
Property, plant and equipment		953	1,018	978
Deferred tax asset		71	33	71
Trade and other receivables		3,251	1,427	2,846
		4,302	2,537	3,932
Current Assets				
Inventories		9,686	7,261	7,109
Trade and other receivables		5,180	4,277	4,248
Cash and cash equivalents		1,094	1,460	3,013
		15,960	12,998	14,370
Total assets		20,262	15,535	18,302
Current liabilities				
Trade and other payables		4,366	2,495	3,118
Current tax payable		597	580	908
		4,963	3,075	4,026
Non-current liabilities				
Retirement benefit obligations		252	110	252
Deferred tax liabilities		152	167	150
Other financial liabilities		384	222	300
Other provisions for liabilities		75	48	62
		863	547	764
Total liabilities		5,826	3,622	4,790
Net assets		14,436	11,913	13,512
Equity				
Called up share capital		251	251	251
Share premium account		5,148	5,148	5,148
Shares to be issued		68	12	44
Capital redemption reserve		38	38	38
Revaluation reserve		182	177	182
Retained earnings		8,749	6,287	7,849
Equity shareholders' funds		14,436	11,913	13,512

Consolidated Cash Flow Statement

	Notes	6 months to 30 June 2008 (unaudited) £'000	6 months to 30 June 2007 (unaudited) £'000	Year ended 31 December 2007 (audited) £'000
Cash (used in) / generated from operations	6	(695)	(612)	1,782
Interest paid		-	(2)	(2)
Taxes paid		(525)	(361)	(770)
Net cash (used in) / generated from operating activities		(1,220)	(975)	1,010
Investing activities				
Purchase of property, plant and equipment		(48)	(57)	(88)
Purchase of other intangible assets		(4)	(4)	(7)
Interest received		44	41	83
Net cash used in investing activities		(8)	(20)	(12)
Financing activities				
Dividends paid to company shareholders	7	(691)	(628)	(1,068)
Net cash used in financing activities		(691)	(628)	(1,068)
Net decrease in cash and cash equivalents		(1,919)	(1,623)	(70)
Cash and cash equivalents at start of period		3,013	3,083	3,083
Cash and cash equivalents at end of period		1,094	1,460	3,013

Notes to the consolidated financial statements

1 Basis of preparation

These condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

2 Significant accounting policies

The accounting policies and presentation followed in the preparation of this condensed interim report have been applied consistently to all periods in these financial statements and are the same as those applied by the Group in the preparation of its Annual Report for the year ended 31 December 2007. No actuarial valuation of the pension scheme was undertaken at 30 June 2008.

3 Segmental reporting

As per IAS 14 "Segmental Reporting", based on the entity's risks and returns which are reflected within the internal financial reporting structures of the Group, the Board considers that the primary reporting format is business segment. There is only one business segment being the dealing of stamps, autographs, rare records and collectibles and all related activities. Therefore the disclosures for the primary segment have already been given in these financial statements.

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. The provision is not discounted.

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. Adjusted earnings per share has been calculated to exclude the effect of exceptional operating costs. The Directors believe this gives a more meaningful measure of the underlying performance of the Group.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has only one category of dilutive ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period. Also in existence were 265,492 options issued under the Company's 2007 Long-Term Incentive Plan (LTIP). These options were not dilutive at 30 June 2008.

	6 months to 30 June 2008 (unaudited)	6 months to 30 June 2007 (unaudited)	Year ended 31 December 2007 (audited)
Weighted average number of ordinary shares in issue	25,137,443	25,137,443	25,137,443
Dilutive potential ordinary shares: Employee share options	64,276	72,892	81,113
Profit after tax (£)	1,591,000	1,296,000	3,383,000
Exceptional operating cost (net of tax)	88,000	-	94,000
Adjusted profit after tax (£)	1,679,000	1,296,000	3,477,000
Basic earnings per share - pence per share (p)	6.33p	5.16p	13.46p
Diluted earnings per share – pence per share (p)	6.31p	5.14p	13.41p
Adjusted earnings per share – pence per share (p)	6.68p	5.16p	13.83p

Notes to the consolidated financial statements

6 Cash (used in) / generated from operations

	6 months to 30 June 2008 (unaudited) £'000	6 months to 30 June 2007 (unaudited) £'000	Year ended 31 December 2007 (audited) £'000
Operating profit	1,738	1,632	4,361
Depreciation	73	72	144
Amortisation	14	29	53
Increase in provisions	122	108	260
Cost of share options	24	12	44
Increase in inventories	(2,577)	(1,226)	(1,074)
Increase in trade and other receivables	(1,337)	(1,840)	(3,230)
Increase in trade and other payables	1,248	601	1,224
Cash (used in) / generated from operations	(695)	(612)	1,782

7 Dividends

	6 months to 30 June 2008 (unaudited) £'000	6 months to 30 June 2007 (unaudited) £'000	Year ended 31 December 2007 (audited) £'000
Amounts recognised as distribution to equity holders in period			
Dividend paid	691	628	1,068
Dividend paid per share	2.75p	2.5p	4.25p
Dividend proposed but not paid	503	440	691
Dividend proposed per share	2.0p	1.75p	2.75p

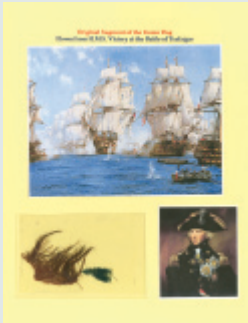
8 Further copies of this statement

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 Limited, 399 Strand, London, WC2R 0LX

A selection of our finest items...

We recommend these items to you for your pleasure and their excellent investment potential. These are offered on a first-come, first-served basis and we apologise in advance for those of you who will miss out.

Don't miss out. Call us today on 01481 708 274 or email investment@stanleygibbons.co.uk.



Admiral Lord Nelson - The greatest hero in British naval history. One of the most important flag relics extant, exceptionally rare blue & red fragments of Union flag flown from HMS Victory at Battle of Trafalgar, accompanied by documentation from University Archives. **£9,950**

Investment potential: The long-term "romantic" appeal of items like this assures high levels of demand. The index value of a standard Nelson signature has shown growth in value between 1997 and 2008 of 497%



Silk American flag carried to the moon during the Apollo 11 mission, 5.5 x 4, affixed at the corners to a printed colour presentation mount and original mat measuring 12.5 x 14.5 overall, inscribed in a secretarial hand and signed in black felt tip on the mount: 'Neil Armstrong', 'Michael Collins' and 'Buzz Aldrin'. **£29,500**

Investment potential: Armstrong stopped signing autographs for the general public in 1994 and demand for Apollo 11 autographs continue to outweigh supply



1840 1d Black Pl.5 (2nd registration sheet). The superb unused huge four margin imprimatur lettered TL, from the bottomright hand corner, showing plate number and part sheet inscription "ove the Cement.". An exceptional line engraved rarity of the highest calibre, unique. **£250,000**

Investment potential: This is a high quality and unique example of the first postage stamp ever issued. Consistent demand together with increasing scarcity makes this the perfect "safe" investment in stamps.



1902 10s Ultramarine (I.R. Official). Very fine and fresh unused original gum example of this rare departmental issue and one of the great rarities of GB philately accompanied by certificates from Nissen, Harmer Rooke (1951), Royal Philatelic Society (1951) and the BPA (2007). Ex. H. M. King Carol II of Romania. **£85,000**

Investment potential: Historic investment return between 1998 and 2008 of 467%. The market for rare stamps from Great Britain is strong and rarities such as this consistently set new levels when they appear at auction.

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