The Stanley Gibbons Group plc

Directors and Advisers

Directors	D M Bralsford MSc, FCA, FCT, *Chairman** M R M Hall B.Acc, CA, *Chief Executive* D P J Duff BAAF, FCA, AMCT, *Chief Operating Officer* M D Henley FCA, *Finance Director* R K Purkis, *Corporate Services Director* J Byfield, *Director** R H Henkhuzens BA, FCA, *Director** General Sir Michael Wilkes KCB, CBE, *Director** ** Non-Executive*
Company Secretary	R K Purkis
Registered Office	18 Hill Street St Helier Jersey JE2 4UA Tel: 01534 766711
Company Registration	Registered in Jersey Number 13177
Nominated Adviser and Broker	Peel Hunt LLP 111 Old Broad Street London EC2N 1PH
Auditors	Nexia Smith & Williamson Portwall Place Portwall Lane Bristol BS1 6NA
Legal Advisers	VerrasLaw 22 Hill Street St Helier Jersey JE2 4YE Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW
Bankers	NatWest 71 Bath Street St Helier Jersey JE4 8PJ NatWest Bank PLC 32 Corn Street Bristol BS99 7UG
Registrars	Capita Registrars (Jersey) Limited Shareholder Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU Tel: 0871 6640300; from overseas +44 20 8639 3399
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

Introduction

The Group's trading performance for the six months ended 30 June 2011 was in line with the Board's expectations showing solid growth in both sales and profits. The Group has made considerable progress towards its strategic goals, most notably in the launch of the principal components of the new **www.stanleygibbons.com** website at the end of May, diversification into other collectibles categories and development of sales opportunities in China.

Financials

Turnover for the half year to 30 June 2011 was £15m, over 25% up on the prior period and profit before tax was £1.7m, up 5%. Underlying profit before tax, excluding one off exceptional charges incurred in the rationalisation of our Publishing division, was £1.8m, up 12%.

Earnings per share were 5.88p (2010: 5.58p), representing an increase of 5%. Adjusted earnings per share, excluding exceptional costs, were 6.18p, up 11%, a better measure of progress in on-going trading.

Dividend

Your Board is pleased to declare an increase in the interim dividend of 11% to 2.50p (2010: 2.25p) per share, payable on 26 September 2011 to holders of Ordinary Shares on the Register at the close of business on the record date of 19 August 2011. The Board maintains its progressive policy on the dividend, which is covered 2.4 times by earnings in the first half.

The Company paid a final dividend of 3.25p per share in respect of the year ended 31 December 2010, on 16 May 2011.

Outlook

Development of online philatelic trading community

We have completed the first steps in providing an online service to the 60 million stamp collectors in the world, which ultimately will give collectors the opportunity to:

- Use our online services as the largest source of available philatelic knowledge and real-time pricing information
- Source items from the widest range of stamps and philatelic accessories available in the world
- Build and manage their own personal collections online
- Network with fellow collectors online

We now have our extensive stockholding of lower value stamps available to purchase online for the first time using this cost effective distribution channel. The online trading platform is scheduled for launch in late 2011.

Penetration into new overseas markets

We have made considerable progress in our efforts to enter the highly attractive market in the Far East and in September 2011 we are opening a new office in Hong Kong, being the primary location for Chinese region philatelic dealing.

The Hong Kong office will place Stanley Gibbons in a strong position to develop buying channels for rare Chinese stamps to satisfy increased market demand both in Britain and in Asia. The office will also provide a base to build further on the existing trading relationships developed in the region over the past year. We recently launched the "China Rarities Index", which tracks the change in prices of a representative "basket" of rare Chinese stamps. The index shows average annual growth of 44% between November 2006 and April 2011.

Following the excellent sales performance of our investment office in Jersey, we are moving to larger premises on the Island in August. The increased gallery space available will enable us to display the range of our exceptional quality collectibles and to promote brand and our investment services more professionally.

Our Chief Executive has scheduled meetings with potential trading partners in the US in September, with the aim of identifying business opportunities there. The US is the biggest collectibles market in the world and our objectives are similar to the Far East to obtain the necessary specialist expertise to trade in rare US stamps and to gain distribution into the US market.

Chairman's Statement

Diversification into other collectibles

We recently acquired the necessary specialist expertise to start to offer rare coins, commemorative medals and military medals. These classes of collectibles are compatible with our current offerings and have similar attributes. We intend to develop sales further in these areas in the second half, although remain cautious to ensure that we only trade within our sphere of confidence.

Provision of investment services in collectibles as an alternative asset class

Our aim is to become the world's leading provider of investment services in collectibles as an alternative asset class. We have successfully developed sales of high value rare collectibles as a direct investment in a tangible asset in recent years. Prevailing economic instability, together with inflationary concerns and low interest rates globally, is expected to result in continued demand for our investment services in top quality rare collectibles as a means of diversifying, protecting and growing wealth.

We continue to work with a third party distributor on the potential launch of a rare stamp investment fund.

People

We have made some important recent appointments to the management team to support the implementation of our strategy. I am delighted to welcome Richard Watkins to the team as Head of Auctions and Wayne Elliot as Retail Manager of our flagship store at 399 Strand. Additionally, as part of the re-organisation of our Publishing division in April, I also welcome Robert Swain, who has been appointed as Publisher.

Our executive team is strengthened through the appointment of Tony Grodecki (Managing Director of the Benham Group) as Business Development Director, with particular focus in the short term on development of opportunities in China and the Far East.

Martin Bralsford
Chairman
4 August 2011

Operating Review

	6 months to 30 June 2011 Sales	6 months to 30 June 2011 Profit	6 months to 30 June 2010 Sales	6 months to 30 June 2010 Profit	Year ended 31 December 2010 Sales	Year ended 31 December 2010 Profit
	£000	£000	£000	£000	£000	£000
Philatelic trading and retail operations	**11,193**	**2,130**	9,148	1,845	19,422	4,621
Publishing and philatelic accessories	**1,265**	**202**	1,380	233	3,146	672
Dealing in other collectibles	**2,472**	**476**	1,367	440	3,820	1,082
	14,930	**2,808**	11,895	2,518	26,388	6,375
Internet development	**21**	**(40)**	20	(29)	41	(24)
Corporate overheads	**-**	**(1,019)**	-	(937)	-	(1,914)
Interest and similar income (net)	**-**	**6**	-	18	-	17
Before exceptional items	**14,951**	**1,755**	11,915	1,570	26,429	4,454
Exceptional operating costs	**-**	**(105)**	-	-	-	(150)
Group total sales and profit before tax	**14,951**	**1,650**	11,915	1,570	26,429	4,304

Overview

Group turnover for the six months ended 30 June 2011 increased by £3m (25%) compared to the same period last year. The profit before tax for the period of £1.7m represented an increase of 5%. Earnings per share were 5.88p (2010: 5.58p), up 5%. Adjusted profit before tax, when excluding one-off and non-recurring charges in respect of the rationalisation of our Publishing division, was up £0.2m (12%) and adjusted earnings per share were 6.18p, up 11%.

The key contributors to sales growth in the period were:

- Sales contribution from the Benham Group acquired in September last year of £1.4m
- Trade sales £0.8m higher from stronger networking within our industry and building of mutually beneficial trading relationships in the period
- Acquisition and sale of rare stamps from China in period of £0.7m
- Sales of GB stamps and other collectibles to Chinese market through trade distributor of £0.5m
- Successful diversification and sale of rare coins of £0.4m

The above positive factors were offset to some extent by a decline of £0.7m in the sale of high value autographs and items of historical importance compared to the prior period. This was primarily the result of marketing focus being diverted towards new product offerings, particularly rare coins and Chinese stamps, together with a lack of available items of investment merit coming onto the market during the period.

The gross margin percentage for the six months ended 30 June 2011 was 37.9% compared to 40.6% in the same period last year. The decline in gross margin percentage reported compared to the prior period was impacted by lower gross margins on a higher level of trade sales in the period. Furthermore, the sales mix in the period was more towards lower margin products.

Overheads were £0.6m (19%) higher than the prior period. Overheads attributable to the recent acquisition of the Benham Group were £0.4m. On a like-for like basis, overheads were £0.2m (6%) up on the prior period. Overhead increases primarily related to higher IT costs in support of the website development and depreciation charges in respect of the 399 Strand capital refurbishment costs.

Philatelic Trading and Retail Operations

Philatelic trading and retail sales were £2m (22%) higher than the same period last year with profit contribution up by 15%. Increased trade sales and sales of rare Chinese stamps, primarily to investment clients, were the primary contributors to growth in the first half of 2011.

Specialist stamp sales to collectors, excluding trade sales, were up by 13% benefiting from the sale of £0.2m “fine used” penny blacks to the Chinese market. Sales to investment clients were up by 17% in the period highlighting the growing acceptance of collectibles as an alternative asset class and the continued success of our international and online marketing campaigns to recruit new high net worth clients.

Retail sales from 399 Strand were up 21% compared to the prior period. Sales in the prior period were however impacted by the disruption during the substantial refurbishment works undertaken in the first quarter last year.

Auction revenues were broadly flat against the prior period, although, as a comparative, our June Public Auction last year was particularly strong. Recent high profile auctions have highlighted that the stamp market remains buoyant with new high net worth collectors from overseas entering the market. The market for Chinese and Indian stamps, in particular, continues to show extraordinary realisations at auction with realisations being achieved at up to 10 times auction estimates.

Publishing and Philatelic Accessories

Publishing and philatelic accessory sales were £0.1m (8%) lower and profit contribution was down by 13%. We completed a rationalisation programme in April in our Publishing division, which will improve profit contribution from this part of our business going forward.

Sales benefited in the prior period from a stronger publishing schedule, together with the increased sales at the London 2010 Stamp Exhibition. Distractions during the restructuring this year disrupted the publishing schedule resulting in some titles being delayed, which will provide a benefit when they are published in the second half. Furthermore, a number of our key annual titles are scheduled for publication earlier this year including some new popular titles, providing a much stronger publishing schedule in the second half.

The restructured team is now better focussed on the key elements of the strategy to delivering a stronger performance in our Publishing division. Short-term initiatives underway, which we expect to benefit the second half performance include:

- Thorough review of print costs and tendering process to a wider range of potential suppliers
- Improved online sales through utilisation of the functionality of the new website enabling better management of regular special offers, e-mail campaigns and search engine optimisation to drive increased traffic to site
- Development of wider network of sales agents overseas to improve international distribution of our titles (recently appointed new agent in the US, with an initial order received of £0.06m)
- Development of online publishing opportunities

Dealing in Other Collectibles

Sales of other collectibles were £1.1m (81%) higher, although profit contribution was up by only 8%. The lower level of profit growth compared to the growth in sales reflects a change in the mix of sales to lower margin products compared to the prior period.

We have made substantial progress in the development of our strategy to diversify into other collectibles. Our range of collectibles where we have developed the internal expertise either through recruitment of specialised staff or through acquisition include, primarily:

- Celebrity signatures and memorabilia
- Historical documents and iconic signatures
- First day covers
- Rare coins and commemorative medals
- Military medals
- Rare vinyl records

The acquisition of the Benham Group in September last year for £1.5m is delivering a strong return on our investment, generating sales of £1.4m (including £0.3m of product sales into the Chinese market) and a profit contribution of £0.3m in the first half. Performance in the period benefited from the sale of Royal Wedding commemorative collectibles, although sales were lower than we had initially anticipated. The primary benefit however is in the recruitment of new clients for our continuity programmes from our Royal Wedding marketing campaigns, which provide a long term benefit to the business.

Autographs, historical documents, memorabilia and record sales and profit contribution were substantially lower than in the prior period. Sales to collectors and trade clients were however up 44% in the period benefiting from the launch of the new **www.frasersautographs.com** website in February and a consequent improvement in responses from our e-mail marketing campaigns.

Sales to investors and high net worth clients of historical documents and signatures were however minimal in the period as marketing focus was directed towards other product offerings. Fundamentally, there were few opportunities in the period to acquire the kind of exceptional pieces we would offer to investors, although we aim to source appropriate pieces in the second half from our international buying trips to recover the current shortfall.

We recently engaged one of the UK's most respected and experienced specialists in the buying and selling of coins. This has enabled us to source top quality rare coins to offer to our investment clients as a means of further diversification. Initial responses to our marketing communications have been encouraging with sales generated in the first half of £0.4m, representing the majority of the stock we had acquired for this purpose.

Internet Development

Sales reported within this department relate to online subscription revenue only. Online sales represented 4% of revenue and were 10% down on the prior period, when excluding investment sales. Sales from **www.frasersautographs.com** were however up 13% benefiting from the launch of the redesigned website in February 2011. Sales from **www.stanleygibbons.com** were down 14% in the period, partly the result of disruptions to service during the website development process. The new website was launched at the end of May 2011 and the growth in sales and visitor numbers since re-launch to date are encouraging.

Corporate Overheads

Corporate overheads were £0.1m (9%) higher than the same period last year, representing primarily higher IT resource and web development costs in support of our website development projects. The return from this investment is expected to begin to materialise in the second half of this year.

Corporate overheads include accounting charges in respect of our defined benefit pension scheme of £0.06m (2010: £0.04m) and IFRS share option charges of £0.05m (2010: £0.05m).

Cashflow

Cash generated from operating activities of £0.9m (2010: £0.8m) is net of an increased investment in our stockholding of £0.9m (2010: £1.3m). A number of exceptional buying opportunities became available in June including the acquisition of a top quality GB stamp collection. Recent acquisitions represent primarily material in areas of high demand.

The reduction in cash during the period of £0.6m (2010: £1.3m) reflects dividends paid of £0.8m, tax paid of £0.3m and capital expenditure of £0.2m.

Strategic Focus and Opportunities

The first half saw some notable building blocks being put in place to support future growth, particularly with the further enhancements we have made to our senior management team and the launch of the principal components of our new website at the end of May. We will also be able to develop further sales in the new areas of collectibles where we have acquired the necessary specialist expertise, primarily in rare coins, commemorative medals and military medals and decorations.

In terms of our geographical expansion plans, we will be focussing most of our attention in the second half on the opening of our new office in Hong Kong and are attending a major stamp exhibition there in August to begin promotion of our products and services. One of our senior specialist staff is being seconded to the Hong Kong office on opening in September and we are actively looking to recruit bi-lingual philatelic staff locally in the region. We are also reviewing options regarding the opening of an investment office in Switzerland, although our initial research has not yet produced any immediate obvious opportunities for us.

The development of the online trading platform remains the most important priority and we are currently reviewing resource requirements to accelerate the delivery of what is our most important strategic project with the potential to deliver transformational levels of new business in the future. The new website already provides opportunities to grow online revenues, with a substantial uplift in sales in this respect being experienced in the month of July.

We enter the second half of the year excited about the opportunities we are working on and remain assured about the long term strength of the collectibles market. On this basis, we feel confident in our ability to deliver continued growth to Shareholders in the second half of this trading year and beyond.

Michael Hall
Chief Executive
4 August 2011

Condensed statement of comprehensive income

	Notes	6 months to 30 June 2011 (unaudited) £'000	6 months to 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Revenue	3	**14,951**	11,915	26,429
Cost of sales		**(9,282)**	(7,079)	(14,859)
Gross Profit		**5,669**	4,836	11,570
Administrative expenses before exceptional operating costs		**(1,273)**	(1,082)	(2,269)
Selling and distribution expenses		**(2,647)**	(2,202)	(4,864)
Operating Profit before exceptional items		**1,749**	1,552	4,437
Exceptional operating costs		**(105)**	-	(150)
Operating Profit		**1,644**	1,552	4,287
Finance income		**28**	18	36
Finance costs		**(22)**	-	(19)
Profit before tax		**1,650**	1,570	4,304
Taxation	4	**(170)**	(166)	(473)
Profit for the period		**1,480**	1,404	3,831
Other comprehensive income:				
Actuarial gains recognised in the pension scheme		**-**	-	354
Tax on actuarial gains recognised in the pension scheme		**-**	-	(113)
Other comprehensive income for the period, net of tax		**-**	-	241
Total comprehensive income for the period		**1,480**	1,404	4,072
Basic earnings per Ordinary Share	5	**5.88p**	5.58p	15.22p
Diluted earnings per Ordinary Share	5	**5.67p**	5.57p	15.17p

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 2011 (unaudited) £'000	30 June 2010 (unaudited) £'000	31 December 2010 (audited) £'000
Non-current assets			
Intangible assets	**1,087**	461	1,014
Property, plant and equipment	**1,872**	1,784	1,862
Deferred tax asset	**32**	124	32
	2,991	2,369	2,908
Current assets			
Inventories	**15,629**	10,574	14,774
Trade and other receivables	**7,993**	9,663	8,866
Cash and cash equivalents	**1,271**	1,776	1,838
	24,893	22,013	25,478
Total assets	**27,884**	24,382	28,386
Current liabilities			
Trade and other payables	**4,585**	3,898	5,550
Borrowings	**250**	-	252
Current tax payable	**204**	176	349
	5,039	4,074	6,151
Non-current liabilities			
Retirement benefit obligations	**75**	442	114
Borrowings	**312**	-	435
Deferred tax liabilities	**194**	172	194
Provisions	**512**	834	504
	1,093	1,448	1,247
Total liabilities	**6,132**	5,522	7,398
Net assets	**21,752**	18,860	20,988
Equity			
Called up share capital	**252**	252	252
Share premium account	**5,243**	5,195	5,195
Share compensation reserve	**298**	217	244
Capital redemption reserve	**38**	38	38
Revaluation reserve	**201**	201	201
Retained earnings	**15,720**	12,957	15,058
Equity shareholders' funds	**21,752**	18,860	20,988

Condensed statement of changes in equity

	Called up share capital £'000	Share premium account £'000	Share compensation reserve £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2011	252	5,195	244	201	38	15,058	20,988
Profit and total comprehensive income for the period	-	-	-	-	-	1,480	1,480
Dividends	-	-	-	-	-	(818)	(818)
Share options exercised	-	48	-	-	-	-	48
Cost of share options	-	-	54	-	-	-	54
At 30 June 2011	**252**	**5,243**	**298**	**201**	**38**	**15,720**	**21,752**
At 1 January 2010	252	5,195	163	201	38	12,308	18,157
Profit and total comprehensive income for the period	-	-	-	-	-	1,404	1,404
Dividends	-	-	-	-	-	(755)	(755)
Cost of share options	-	-	54	-	-	-	54
At 30 June 2010	**252**	**5,195**	**217**	**201**	**38**	**12,957**	**18,860**
At 1 January 2010	252	5,195	163	201	38	12,308	18,157
Profit for the year	-	-	-	-	-	3,831	3,831
Actuarial gain on pension scheme net of deferred tax	-	-	-	-	-	241	241
Total comprehensive income for the year						4,072	4,072
Dividends	-	-	-	-	-	(1,322)	(1,322)
Cost of share options	-	-	81	-	-	-	81
At 31 December 2010	**252**	**5,195**	**244**	**201**	**38**	**15,058**	**20,988**

Condensed statement of cash flows

	Notes	**6 months to 30 June 2011 (unaudited) £'000**	6 months to 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Cash generated from operations	*6*	**891**	779	2,211
Interest paid		**(22)**	-	(19)
Taxes paid		**(315)**	(275)	(408)
Net cash generated from operating activities		**554**	504	1,784
Investing activities				
Purchase of property, plant and equipment		**(126)**	(747)	(871)
Purchase of intangible assets		**(101)**	(288)	(604)
Acquisition of businesses		**-**	-	(900)
Interest received		**1**	-	2
Net cash used in investing activities		**(226)**	(1,035)	(2,373)
Financing activities				
Dividends paid to company shareholders	*7*	**(818)**	(755)	(1,322)
Proceeds from borrowings		**-**	-	750
Repayment of borrowings		**(125)**	-	(63)
Share options exercised		**48**	-	-
Net cash used in financing activities		**(895)**	(755)	(635)
Net decrease in cash and cash equivalents		**(567)**	(1,286)	(1,224)
Cash and cash equivalents at start of period		**1,838**	3,062	3,062
Cash and cash equivalents at end of period		**1,271**	1,776	1,838

Notes to the condensed 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 (as amended).

2 Significant accounting policies

The accounting policies 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 2010. An actuarial valuation of the pension scheme was undertaken at 30 June 2009.

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. Segments previously reported as 'Benham first day covers' and 'Autographs, records and memorabilia' have been combined to form 'Other collectibles'. 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 2011						
Revenue	11,193	1,265	2,472	21	-	14,951
Operating costs	(9,063)	(1,063)	(1,996)	(61)	(1,019)	(13,202)
Exceptional costs	-	(105)	-	-	-	(105)
Net finance income	-	-	-	-	6	6
Profit before tax	2,130	97	476	(40)	(1,013)	1,650
Tax	-	-	-	-	(170)	(170)
Profit for the period	**2,130**	**97**	**476**	**(40)**	**(1,183)**	**1,480**
6 months to 30 June 2010						
Revenue	9,148	1,380	1,367	20	-	11,915
Operating costs	(7,303)	(1,147)	(927)	(49)	(937)	(10,363)
Net finance income	-	-	-	-	18	18
Profit before tax	1,845	233	440	(29)	(919)	1,570
Tax	-	-	-	-	(166)	(166)
Profit for the period	**1,845**	**233**	**440**	**(29)**	**(1,085)**	**1,404**
Year ended 31 December 2010						
Revenue	19,422	3,146	3,820	41	-	26,429
Operating costs	(14,801)	(2,474)	(2,738)	(65)	(1,914)	(21,992)
Exceptional costs	-	-	(127)	(23)	-	(150)
Net finance income	-	-	-	-	17	17
Profit before tax	4,621	672	955	(47)	(1,897)	4,304
Tax	-	-	-	-	(473)	(473)
Profit for the year	**4,621**	**672**	**955**	**(47)**	**(2,370)**	**3,831**

Exceptional costs in 2011 relate to staff and legal costs incurred in the rationalisation of the Publishing division. Exceptional costs in 2010 relate to acquisition costs of the Benham Group and the re-organisation of the web development department.

Notes to the condensed financial statements

3 Segmental analysis (continued)

Geographical information

Analysis of revenue by origin and destination

	Period ended 30 June 2011 Sales by destination £'000	**Period ended 30 June 2011 Sales by origin £'000**	Period ended 30 June 2010 Sales by destination £'000	Period ended 30 June 2010 Sales by origin £'000	Year ended 31 December 2010 Sales by destination £'000	Year ended 31 December 2010 Sales by origin £'000
Channel Islands	**2,014**	**8,192**	656	6,528	1,952	14,894
United Kingdom	**9,444**	**6,759**	7,682	5,387	15,838	11,535
Europe	**752**	**-**	482	-	1,239	-
North America	**1,016**	**-**	501	-	1,419	-
Rest of the World	**1,725**	**-**	2,594	-	5,981	-
	14,951	**14,951**	11,915	11,915	26,429	26,429

Rest of the World sales in the year ended 31 December 2010 included sales of £2,670,000 (period ended 30 June 2010: £1,046,000) to one individual customer. There were no customers in the period to 30 June 2011 from which the Group earned more than 10% of its revenues.

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 2011 (unaudited)	6 months to 30 June 2010 (unaudited)	Year ended 31 December 2010 (audited)
Weighted average number of ordinary shares in issue	**25,183,631**	25,177,443	25,177,443
Dilutive potential ordinary shares: Employee share options	**914,314**	42,534	84,101
Profit after tax (£)	**1,480,000**	1,404,000	3,831,000
Exceptional operating cost (net of tax - £)	**77,000**	-	120,000
Adjusted profit after tax (£)	**1,557,000**	1,404,000	3,951,000
Basic earnings per share - pence per share (p)	**5.88p**	5.58p	15.22p
Diluted earnings per share – pence per share (p)	**5.67p**	5.57p	15.17p
Adjusted earnings per share - pence per share (p)	**6.18p**	5.58p	15.69p
Adjusted diluted earnings per share - pence per share (p)	**5.97p**	5.57p	15.64p

40,000 shares were issued on 3 June 2011 following the exercise of share options.

Notes to the condensed financial statements

6 Cash generated from operations

	6 months to 30 June 2011 (unaudited)	6 months to 30 June 2010 (unaudited)	Year ended 31 December 2010 (audited)
	£'000	£'000	£'000
Operating profit	**1,644**	1,552	4,287
Depreciation	**116**	66	170
Amortisation	**29**	13	32
(Decrease) / increase in provisions	**(4)**	192	(95)
Cost of share options	**54**	54	81
Increase in inventories	**(856)**	(1,285)	(4,081)
Decrease in trade and other receivables	**873**	303	1,181
(Decrease) / increase in trade and other payables	**(965)**	(116)	636
Cash generated from operations	**891**	779	2,211

7 Dividends

	6 months to 30 June 2011 (unaudited)	6 months to 30 June 2010 (unaudited)	Year ended 31 December 2010 (audited)
	£'000	£'000	£'000
Amounts recognised as distribution to equity holders in period:			
Dividend paid	**818**	755	1,322
Dividend paid per share	**3.25p**	3.0p	5.25p
Dividend proposed but not paid	**630**	566	818
Dividend proposed per share	**2.5p**	2.25p	3.25p

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 plc, 18 Hill Street, St Helier, Jersey, JE2 4UA.