The Stanley Gibbons Group plc

Interim Report and Accounts
for the six months ended 30 September 2016

Contents

Financial Calendar

Extraordinary General Meeting 1 February 2017

Directors and Advisers

Directors	H G Wilson	Executive Chairman
	A Cook	Chief Finance Officer
	C P Whiley	Director
	L E Castro	Non-Executive Director*
	H A J Turcan	Non-Executive Director
	* *Independent*	

Company Secretary
R K Purkis

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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

This report relates to the interim unaudited results for the six month period ended 30 September 2016.

As set out in the full year results which were released at the end of the period to which this interim statement relates, 2016 has been a very difficult year for the Group. The extent of the problems facing the Group and the liquidity squeeze it faced were considerably greater than first envisaged at the beginning of the year. There have been many changes during 2016 including a complete change in the composition of the Board of Directors with all directors in situ in the corresponding period in 2015 having moved on. This is one example of the need for radical and wholesale change that was required of which further details are set out below. However the Board believes we are finally approaching a turning point for the business where with operating cost savings now visibly feeding through to day-to-day trading and the change in management and culture making an impact, the core strengths of our staff and our brands are suggesting better times ahead.

Trading

The performance in the first half of the current year is, as anticipated, slightly down from that seen in the second-half of the year ended 31 March 2016, with turnover for the six months ended 30 September 2016 at £20.2m (2015: £29.4m), down 31% on the comparative period. Trading losses before exceptional items and before pensions related finance charges, as detailed in the Operating Review, were £2.7m for the six months ended 30 September 2016 compared with a profit of £0.9m in the comparative period:

- Gross Margin at 46% (2015: 47%) was broadly similar to last year and significantly higher than that evident for the second-half of the year ended 31 March 2016; and
- the adjusted loss before tax was £6.2m, after exceptional costs of some £3.3m (2015 profit: £1.1m) although last year benefited from exceptional credits of £1.9m due to a recovery of historic legal costs.

The Board is optimistic that the trading of the Group is now beginning to reflect the giant strides made through the restructuring plan in a year of substantial transition.

Restructuring Update

Whilst significant progress has been made over the last year, with £10m of annualised operating cost reductions already identified, the new management continues to strive to:

- complete the rebalancing of total operating overheads to revenue, to ensure the Company becomes consistently cash-generative, hence securing a platform from which to build sales;
- actively manage the investment plan profile, where the Group no longer offers investment plans with contractual buy back options of any kind, in a manner which generates sound returns for both the customer and Company; and
- identify further capital-light methods, in addition to the coin joint-venture detailed below, of exploiting product gaps within the core stamp & coins division alongside tapping into the increasing interest in collectibles in parts of the world outside of the Group's existing areas of geographical operation.

The re-scoping and scaling back of the Interiors division, which aligned revenue and operating costs, was completed in the first quarter, and there are encouraging signs that a balance has been reached. This is an important staging point in restoring value to this division. We have also now substantially completed the rationalisation and integration of the Noble and Mallett acquisitions.

Finally, net debt at 30 September 2016 was £16.5m (30 September 2015: £17.0m), reduced from £20.4m at the end of March 2016, having peaked at £24m the same month. Management have worked hard on improving the liquidity of the Group's assets as the Board is determined to reduce debt further in 2017.

Coin Joint-Venture

The Baldwin's coin business suffered from a number of senior executive departures in the first quarter, arising from external competitors taking advantage of the wider Group position and this is partly reflected in reduced revenues in the first half of 2016.

Accordingly we are pleased to report the launch at The New York International Coin Convention next month of a corporate joint-venture with St James's, the well-established numismatic auction house. The new auction business will trade as Baldwin's of St James's. This will enable us to enhance the growth profile initiated following the appointment of a new Managing Director for the retail operations of Baldwin's this autumn.

Equally importantly this reinvigorated retail/auction model is likely to provide insight as we now focus our attention upon a strategy for the core philatelic activities; which are the final parts of the business to be restructured.

Provisions against trade Debtors and Stock

The active debt collection programme introduced by new management, is designed to both validate the substance of debtors and generate cash for the Group.

Accordingly, following a further review of the trade debtor balances which amounted to £13.9m net of provisions as at 30 September 2016, the Board has considered that it would be appropriate to make additional provision against these amounts due to the Group. Hence, the stated balance is after making an additional provision of £1.0m in the period.

The Marketplace

A full review of the E-Commerce strategy, initiated in February 2016, led to the closure of The Marketplace, based in the USA, on 7 September 2016 bringing to an end a project which had consumed £10m cash over the last three years. The benefit of this decision has subsequently become evident in a markedly reduced monthly cash-burn.

The Board believes there is an opportunity to grow online revenues and is refocusing resources upon selling the Group's own proprietary assets of high quality collectibles and world renowned publications via a revitalised, UK based E-Commerce strategy.

Stamps

Overall stamps sales were down 20% at £3.2m (2015: £4.0m) as a result of challenging market conditions and inadequate IT infrastructure. A new website was launched in November and we are already starting to see an improvement in online sales. New auction software is also being reviewed and is likely to be implemented in early 2017. A key objective is to reduce our stamp stock which stood at £40.1m at the 30 September 2016. We have an ambitious marketing plan and are in the process of initiating a range of sales initiatives aimed at reducing the historical build-up of stock which had reached unsustainable levels. The market for premium material remains strong, especially for British Commonwealth items, but lower quality stock is slower to sell and usually at reduced prices.

Litigation

The Group continues to cooperate fully with the U.S. Securities and Exchange Commission (the "SEC") and the Department of Justice ("DOJ"), concerning investigations into transactions that had occurred since 1 January 2010 involving a former client of Mallett Inc., Mallett's New York based subsidiary.

The Company learned of this issue following the acquisition of Mallett plc in October 2014, as it was not disclosed to the Company by the directors of Mallett plc during the due diligence process prior to the acquisition. Both the SEC and DOJ are aware that Mallett's new owners were not involved in the events underlying the investigation, and there have been discussions regarding resolution of these matters.

On 22 December 2016, the DOJ concluded its criminal prosecution against the former client, (arising in part out of his dealings with Mallett Inc.), when the former client was sentenced to two years in prison, ordered to forfeit his interest in certain antiques and pay US$657,000 in restitution. The former client previously pleaded guilty to conspiracy to obstruct justice and money laundering, arising out of his dealings with a court-appointed receiver.

On 19 May 2016, the DOJ filed criminal charges against Henry Neville, a New York based former director of Mallett plc, arising out of his dealings with the former client, the court-appointed receiver and the Government's investigation into his conduct. Mr. Neville has pleaded guilty to all criminal charges against him and awaits sentencing in March 2017.

No criminal or civil charges have been filed against Mallett Inc. or any Mallett group company to date.

The Group retains the services of US legal counsel to advise it in these matters. The Directors cannot predict with certainty whether Mallett Inc. or any other company or person in the Mallett group will be named in civil or criminal claims or litigation as a result of the investigations.

Funding

The Group has the following bank facilities, all of which are secured and guaranteed by various members of the Group, which comprise:

- a £8.3m loan facility, originally £10m, taken out to enable the acquisition of Noble in 2013 and currently benefiting from a moratorium on capital repayments, which is scheduled to recommence at £500,000 per quarter from 31 March 2017 but subject to earlier part-repayment in the event of a major asset disposal; and
- a £10m revolving credit/overdraft facility, which is available until 31 May 2018.

Whilst the Group is technically in default due to the qualified audit report of the Group's 31 March 2016 financial statements the Group's bank remains supportive, as reflected in the varied ongoing banking arrangements, which has allowed the new management team the latitude to accommodate the sharp decline in trading performance at the same time as comprehensively restructuring the business.

Group Corporate Structure

The Board has convened an Extraordinary General Meeting to consider a proposal that the Company adopts new Articles of Association.

The new Articles would, amongst other things, allow the Board to exercise management of the Company from within the United Kingdom. The majority of the Company's management function is now located in the United Kingdom and the Board and I consider that allowing us to hold board meetings from the United Kingdom would allow for more efficient and less costly management of the Company. As a corollary of these changes, the Company's tax residency would move to the United Kingdom. The Board and I consider that the Company does not currently benefit sufficiently from its Jersey tax residency to justify the burden that accompanies it. In particular, the Board believes that allowing for more efficient management of the Company outweighs any potential taxation benefits that may occur in the future.

A Notice convening the EGM, which includes a summary of the proposed changes, will be sent to shareholders with these Interim Accounts.

All of the Executive Directors are now London based which reinforces the strategy, evident since the restructuring commenced in January, to create a robust, cash-driven, UK based backbone to the business.

Dividend

As a result of the substantial reduction in revenue and profitability of the Group in the first half, the Board has not declared an interim dividend for the six months ended 30 September 2016. The Board will review dividend policy in respect of the full year ended 31 March 2017 based on current and expected future trading performance and liquidity requirements.

Board Change

In addition to the changes set out in the Annual Report, as anticipated Martin Magee retired as a non-executive Director at the conclusion of the AGM on 27 October 2016. Louis Castro was appointed as a non-executive Director with effect from 4 October 2016 and took over as Chairman of the Audit Committee on Martin Magee's retirement.

Outlook

The Board expects that following an exceptionally difficult year for the business, with a marked downturn in like-for-like revenue, gross margin and trading profits, the Group's revenues will better match its cost base in the second half of the financial year. Profits are likely to remain constrained by our continuing drive to release cash from the balance sheet where the Group is also working on a number of initiatives.

The increasingly positive signs of stabilisation within the Interiors business, where November revenues were ahead of budget, and the rebuilding of Baldwin's core auction capabilities demonstrate the underlying quality of the Group's staff and the resilience of the Group's long established and valued brands. Those divisions which were restructured first are already showing signs of recovery and it hints at better days ahead as the restructuring continues across the Group as a whole.

Harry Wilson
Chairman

30 December 2016

	6 months to 30 Sep 2016 Sales £000	6 months to 30 Sep 2016 Profit £000	6 months to 30 Sep 2015 Sales restated £000	6 months to 30 Sep 2015 Profit restated £000	12 months to 31 Mar 2016 Sales £000	12 months to 31 Mar 2016 Profit £000
Investments	9,578	1,967	8,465	1,433	22,447	1,151
Philatelic	3,184	(391)	4,003	(202)	7,545	(113)
Publishing	1,078	(24)	1,590	188	3,039	320
Coins & medals	2,631	574	5,370	1,618	8,213	1,987
Interiors	3,382	(2,056)	9,391	203	16,961	(7,545)
Other & corporate overheads	312	(2,489)	608	(2,016)	932	(6,093)
Finance charges	–	(286)	–	(279)	–	(392)
Trading sales and (losses)/profits	20,165	(2,705)	29,427	945	59,137	(10,685)
Pension service and share option charges	–	(150)	–	(300)	–	(437)
Exceptional operating (charges)/income	–	(3,327)	–	463	–	(17,769)
Group total sales and (loss)/profit before tax	20,165	(6,182)	29,427	1,108	59,137	(28,891)

Overview

The figures for the six months ended 30 September 2015 have been restated in line with the adjustments made to the Group results for the year to 31 March 2016. Turnover for the six months ended 30 September 2016 was £20.2m (2015: £29.4m as restated).

The gross margin percentage for the six months ended 30 September 2016 was 45.9% (2015: 46.9% as restated).

Trading losses, before the exceptional items detailed below and finance charges related to pensions, were £2.7m for the six months ended 30 September 2016 (2015: £0.9m profit as restated). The exceptional items have been excluded as they are considered non-recurring in nature and may distort the underlying performance of the Group.

The loss before tax for the six months ended 30 September 2016 was £6.2m (2015: profit before tax of £1.1m as restated). Earnings per share for the six months ended 30 September 2016 were (3.16)p (2015: 2.13p as restated).

Investments

Both Investment sales and profits for the six months to 30 September 2016 increased above the equivalent restated figures for the previous year. This is before a provision of £1m included within exceptional items, which relates to sales made two years ago and has been provided following a recent legal review.

We remain committed to continue to develop this division both by recruiting further members of the sales team and through our marketing spend.

Philatelic

Philatelic sales are £0.8m lower than the restated figures for 2015, largely reflecting the more difficult market conditions. The trend is largely consistent across all of our retail and auction business with the GB division being the most impacted but the underlying demand remains strong.

Publishing and Philatelic Accessories

Publishing and philatelic accessory sales for the six months ended 30 September 2016 were £0.5m lower than the same period last year and profit contribution was down by £0.2m.

This division continues through its reorganisation following the decision to outsource distribution of a substantial proportion of our catalogues, albums and accessory stock ranges. The catalogues remain at the heart of the Stanley Gibbons brand and we are currently exploring the options of making them more digitally available to extend their appeal.

Coins and Medals

Sales of coins and military medals, through Baldwin's, for the six months ended 30 September 2016 were significantly below the levels of the previous year but the division still delivered a profit contribution of £0.6m. The reduction in sales reflects some large one off sales last year and a reduction in the auction sales.

The underlying profitability of the Baldwin's brand remains encouraging, particularly in the retail element of the division. Generally the coin market continues to remain buoyant.

Interiors

Auction commissions from Dreweatts in the six months ended 30 September 2016 were £2.4m, in line with those of the previous year. Significantly lower retail sales from Malletts accounted for the reduction in sales, however this was following a radical reorganisation of this part of the division to stem the losses that were incurred in the second half of the year to March 2016.

Other & Corporate Overheads

These overheads for the six months ended 30 September 2016 were £0.5m higher than in the equivalent six months last year. The cost savings that have been previously highlighted did not have a significant impact in the period, however these costs are being rigorously reviewed and reduced.

Exceptional Operating Charges/(Income)

The items of income and expenditure listed below are either non-recurring or unusual in size and therefore distort the view of the normal trading activities of the Group. They have therefore been separately identified to give more clarity on the underlying trend of the trading performance.

	6 months to 30 Sep 2016 £000	6 months to 30 Sep 2015 restated £000	12 months to 31 Mar 2016 £000
Impairment of intangible assets	–	–	13,895
Marketplace net costs and intangible assets write off	1,955	1,087	5,986
Pension scheme recovery	–	(1,920)	(1,968)
Impairment of receivables	1,000	–	1,618
Stock provisions	–	102	1,373
Reorganisation & restructuring costs	672	375	1,156
Legal costs in relation to SEC investigation	–	–	1,074
Professional fees for corporate activity	–	82	819
Profit on disposal of tangible fixed assets	(300)	(189)	(189)
Impairment of tangible fixed assets	–	–	230
	3,327	(463)	23,994

Cashflow & Borrowings

During the period £12.4m was raised from the issue of shares. Cash outflow from operating activities for the six months ended 30 September 2016 was £11.1m (2015: £3.4m), largely as a result of trading losses coupled with the correction of the accounting treatment for certain investment plans that carry buy back guarantees at the purchase price or above. The latter resulting in the cash received initially being shown as a creditor and the sale only being recognised in later years, if the holders of the relevant plans choose to keep the collectible items once the plan and guarantees have expired.

Net debt at 30 September 2016 was £16.5m (30 September 2015: £17m).

The qualified audit report on the Group consolidated financial statements for the year to 31 March 2016, means the Group is in technical default on both facilities outlined in the Chairman's Statement. These facilities have been shown as repayable within one year in the balance sheet as at 30 September 2016, as they are technically payable on demand until the default is rectified, even though the bank has continued to support the Group and has not requested repayment. Additionally as at 31 March 2016 the facility was in default due to the net asset covenant breach at year end following the prior year adjustments. Whilst this default was rectified with the bank subsequently amending the covenant level, the facility should have been shown as a current liability in the balance sheet as at 31 March 2016 and has now been restated.

Andrew Cook
Chief Finance Officer

30 December 2016

Condensed statement of comprehensive income

for the 6 months ended 30 September 2016

	Notes	6 months to 30 Sep 2016 (unaudited) £'000	6 months to 30 Sep 2015 (unaudited) (restated) £'000	12 months to 31 Mar 2016 (audited) £'000
Revenue	3	20,165	29,427	59,137
Cost of sales		(10,919)	(15,622)	(35,304)
Gross Profit		9,246	13,805	23,833
Administrative expenses before defined benefit pension service costs and exceptional operating costs		(1,933)	(939)	(4,808)
Defined benefit pension service cost		–	(180)	194
Exceptional operating income/(charges)		(3,327)	463	(23,994)
Total administrative expenses		(5,260)	(656)	(28,608)
Selling and distribution expenses		(9,882)	(11,763)	(23,544)
Operating (Loss)/Profit		(5,896)	1,386	(28,319)
Finance income		–	6	39
Finance costs		(286)	(284)	(611)
(Loss)/Profit before tax		(6,182)	1,108	(28,891)
Taxation	4	529	(103)	(403)
(Loss)/Profit for the period/year		(5,653)	1,005	(29,294)
Other comprehensive (loss)/income:				
Exchange differences on translation of foreign operations		(379)	(79)	89
Actuarial losses recognised in the pension scheme		–	–	132
Tax on actuarial gains/(losses) recognised in the pension scheme		–	–	121
Revaluation of reference collection		–	–	22
Revaluation of financial assets for sale		–	(58)	(58)
Reclassification of realised loss on disposal		–	68	68
Other comprehensive (loss)/income for the period/year, net of tax		(379)	(69)	374
Total comprehensive (loss)/income for the period/year		(6,032)	936	(28,920)
Basic earnings per Ordinary Share	5	(3.16)p	2.13p	(62.17)p
Diluted earnings per Ordinary Share	5	(3.13)p	2.04p	(62.17)p

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

as at 30 September 2016

	30 Sep 2016 (unaudited) £'000	30 Sep 2015 (unaudited) (restated) £'000	31 Mar 2016 (audited) (restated) £'000
Non-current assets			
Intangible assets	19,460	39,166	19,631
Property, plant and equipment	4,783	6,133	4,916
Deferred tax asset	1,923	4,148	1,929
	26,166	49,447	26,476
Current assets			
Inventories	59,376	66,232	61,804
Trade and other receivables	13,872	22,832	15,574
Assets held for sale	–	–	2,545
Cash and cash equivalents	2,389	–	1,542
	75,637	89,064	81,465
Total assets	101,803	138,511	107,941
Current liabilities			
Trade and other payables	16,462	30,065	30,409
Borrowings	18,878	9,049	21,947
Current tax payable	282	311	392
	35,622	39,425	52,748
Non-current liabilities			
Trade and other payables	14,117	15,893	9,802
Retirement benefit obligations	5,222	6,028	5,222
Borrowings	–	8,000	–
Deferred tax liabilities	1,852	1,418	1,777
	21,191	31,339	16,801
Total liabilities	56,813	70,764	69,549
Net assets	44,990	67,747	38,392
Equity			
Called up share capital	1,789	471	471
Share premium account	74,844	63,682	63,682
Share compensation reserve	1,598	948	1,448
Capital redemption reserve	38	38	38
Revaluation reserve	276	254	276
Retained earnings	(33,555)	2,354	(27,523)
Equity shareholders' funds	44,990	67,747	38,392

Condensed statement of changes in equity

for the 6 months ended 30 September 2016

	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 April 2016	471	63,682	1,448	276	38	(27,523)	38,392
Profit for the period	–	–	–	–	–	(5,653)	(5,653)
Exchange differences on translation of foreign operations	–	–	–	–	–	(379)	(379)
Total comprehensive income/(loss)	–	–	–	–	–	(6,032)	(6,032)
Issue of New Shares	1,318	11,162	–	–	–	–	12,480
Cost of share options	–	–	150	–	–	–	–
At 30 September 2016	1,789	74,844	1,598	276	38	(33,555)	44,990
At 1 April 2015 (restated)	471	63,682	798	244	38	2,253	67,486
Profit for the period	–	–	–	–	–	1,005	1,005
Exchange differences on translation of foreign operations	–	–	–	–	–	(79)	(79)
Revaluation of financial asset	–	–	–	(58)	–	–	(58)
Reclassification on sale of financial asset	–	–	–	68	–	–	68
Total comprehensive income/(loss)	–	–	–	10	–	926	936
Dividends	–	–	–	–	–	(825)	(825)
Cost of share options	–	–	150	–	–	–	150
At 30 September 2015	471	63,682	948	254	38	2,354	67,747
At 1 April 2015 (restated)	471	63,682	798	244	38	2,253	67,486
Profit for the financial year	–	–	–	–	–	(29,294)	(29,294)
Amounts which may be subsequently reclassified to profit & loss							
Exchange differences on translation of foreign operations	–	–	–	–	–	89	89
Revaluation of financial asset	–	–	–	(58)	–	–	(58)
Reclassification on sale of financial asset	–	–	–	68	–	–	68
Amounts which will not be subsequently reclassified to profit & loss							
Revaluation of reference collection	–	–	–	22	–	–	22
Remeasurement of pensions scheme net of deferred tax	–	–	–	–	–	253	253
Total comprehensive income/(loss)	–	–	–	32	–	(28,952)	(28,920)
Dividends	–	–	–	–	–	(824)	(824)
Cost of share options	–	–	650	–	–	–	650
At 31 March 2016	471	63,682	1,448	276	38	(27,523)	38,392

Condensed statement of cash flows

for the 6 months ended 30 September 2016

	Notes	6 months to 30 Sep 2016 (unaudited) £'000	6 months to 30 Sep 2015 (unaudited) £'000	12 months to 31 Mar 2016 (audited) £'000
Cash outflow from operating activities	6	(11,086)	(3,434)	(5,208)
Interest paid		(286)	(284)	(611)
Taxes paid		500	(452)	(322)
Net cash outflows from operating activities		(10,872)	(4,170)	(6,141)
Investing activities				
Purchase of property, plant and equipment		(92)	(450)	(888)
Purchase of intangible assets		–	(1,687)	(2,450)
Sale of freehold property		2,500	466	466
Sale of financial asset		–	1,306	1,306
Acquisition of business		–	–	(218)
Interest received		–	6	39
Net cash generated from/(used in) investing activities		2,408	(359)	(1,745)
Financing activities				
Net proceeds from issue of ordinary share capital		12,380	–	–
Dividends paid to company shareholders	7	–	(825)	(824)
Net borrowings		1,967	(167)	6,455
Net cash generated from/(used in) financing activities		14,347	(992)	5,631
Net decrease in cash and cash equivalents		5,883	(5,521)	(2,255)
Cash and cash equivalents at start of period		(3,494)	(1,239)	(1,239)
Cash and cash equivalents at end of period		2,389	(6,760)	(3,494)

1 Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 31 March 2017.

The Group's forecasts show that, except for the technical default highlighted above in the operating review, it will remain in compliance with its banking covenants for the foreseeable period and that it will have access to sufficient liquidity. The forecasts are dependent upon liabilities and contingent liabilities, particularly in relation to redemption of investment plans, not materialising at a level greater than forecast and trading developing in line with the expectations of management. The Directors acknowledge that these may be considered material uncertainties which could cast doubt on the Group's ability to continue as a going concern.

However, the Directors have anticipated a number of mitigating courses of action, including accelerated assets sales, further cost cutting measures and pursuing overdue debt and ultimately they believe that, if necessary, the Company would have the support of alternative capital providers, be it equity, debt or a combination of both.

Having regard to the matters above, and after making reasonable enquiries and taking account of uncertainties outlined above, the Directors have a reasonable expectation that the Company and the Group have access to adequate resources to continue operations and to meet its liabilities, as and when they fall due, for the foreseeable future. For that reason, they continue to adopt the going concern basis in the preparation of these interim financial statements.

2 Significant accounting policies

The accounting policies applied by the Group in this interim report are the same as those applied by the Group in the consolidated financial statements for the year ended 31 March 2016.

Income tax

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3 Segmental analysis

As outlined in the Operating Review the company has five main business segments, as shown below. 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.

3 Segmental analysis continued

Segmental income statement	Investments £'000	Philatelic £'000	Publishing £'000	Coins & Medals £'000	Interiors £'000	Unallocated £'000	Total £'000
6 months to 30 September 2016							
Revenue	9,578	3,184	1,078	2,631	3,382	312	20,165
Operating costs	(7,611)	(3,575)	(1,102)	(2,058)	(5,438)	(2,951)	(22,734)
Exceptional costs	(1,000)	–	–	–	112	(2,440)	(3,327)
Net finance costs	–	–	–	–	(166)	(120)	(286)
Profit/(loss) before tax	967	(391)	(24)	574	(2,109)	(5,199)	(6,182)
Tax	–	–	–	529	–	–	529
Profit/(loss) for the period	**967**	**(391)**	**(24)**	**1,103**	**(2,109)**	**(5,199)**	**(5,653)**
6 months to 30 September 2015 (restated)							
Revenue	8,465	4,003	1,590	5,370	9,391	608	29,427
Operating costs	(7,032)	(4,205)	(1,402)	(3,752)	(9,188)	(2,924)	(28,503)
Exceptional costs	–	(102)	–	(99)	(82)	746	463
Net finance costs	–	–	–	–	(120)	(159)	(279)
Profit/(loss) before tax	1,433	(304)	188	1,519	1	(1,729)	1,108
Tax	–	–	–	(44)	–	(59)	(103)
Profit/(loss) for the period	**1,433**	**(304)**	**188**	**1,475**	**1**	**(1,788)**	**1,005**
12 months to 31 March 2016							
Revenue	22,447	7,545	3,039	8,213	16,961	931	59,137
Operating costs	(19,281)	(7,659)	(2,668)	(6,074)	(21,040)	(7,526)	(64,248)
Exceptional costs	(2,015)	–	(50)	(152)	(3,225)	(17,766)	(23,207)
Net finance costs	–	–	–	–	(241)	(331)	(572)
Profit/(loss) before tax	1,151	(113)	320	1,987	(7,545)	(24,692)	(28,891)
Tax	–	(37)	–	(36)	(201)	(129)	(403)
Profit/(loss) for the period	**1,151**	**(150)**	**320**	**1,951**	**(7,746)**	**(24,820)**	**(29,294)**

3 Segmental analysis continued

Geographical Information

Analysis of revenue by origin and destination

	6 months to 30 Sep 2016 Sales by destination £'000	**6 months to 30 Sep 2016 Sales by origin £'000**	6 months to 30 Sep 2015 Sales by destination (restated) £'000	6 months to 30 Sep 2015 Sales by origin (restated) £'000	12 months to 31 Mar 2016 Sales by destination £'000	12 months to 31 Mar 2016 Sales by origin £'000
Channel Islands	7,313	9,578	3,467	8,217	2,062	19,930
United Kingdom	8,884	10,498	15,950	20,894	34,549	36,562
Hong Kong	225	78	379	316	3,115	2,645
Europe	1,433	–	2,330	–	4,063	–
North America	1,183	–	4,888	–	10,678	–
Singapore	171	11	381	–	1,257	–
Asia	258	–	347	–	474	–
Rest of the World	698	–	1,685	–	2,939	–
	20,165	20,165	29,427	29,427	59,137	59,137

Destination is defined as the location of the customer. Origin is defined as the country of domicile of the Group company making the sale. All of the sales relate to external customers.

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.

5 Earnings per ordinary share continued

	6 months to 30 Sep 2016 (unaudited)	6 months to 30 Sep 2015 (unaudited) (restated)	12 months to 31 Mar 2016 (audited)
Weighted average number of ordinary shares in issue (No.)	178,916,643	47,120,357	47,120,357
Dilutive potential ordinary shares: Employee share options (No.)	1,898,559	2,076,424	1,770,977
(Loss)/profit after tax (£)	(5,653,000)	1,005,000	(29,294,000)
Pension service costs (net of tax)	190,000	173,010	(14,220)
Cost of share options (net of tax)	150,000	150,000	650,000
Amortisation of customer lists	180,000	180,000	360,000
Exceptional operating (income)/costs (net of tax)	3,130,160	(125,100)	23,556,710
Adjusted (loss)/profit after tax (£)	(2,002,840)	1,382,910	(4,741,510)
Basic earnings per share – pence per share (p)	(3.16)p	2.13p	(62.17)p
Diluted earnings per share – pence per share (p)	(3.13)p	2.04p	(62.17)p
Adjusted earnings per share – pence per share (p)	(1.12)p	2.93p	(10.06)p
Adjusted diluted earnings per share – pence per share (p)	(1.11)p	2.81p	(10.06)p

6 Cash used from operations

	6 months to 30 Sep 2016 (unaudited) £'000	6 months to 30 Sep 2015 (unaudited) (restated) £'000	12 months to 31 Mar 2016 (audited) £'000
Operating (loss)/profit	(5,896)	1,386	(28,319)
Profit on sale of property	(300)	(189)	(183)
Loss on sale of financial asset	–	68	58
Impairment of tangible assets	–	–	230
Depreciation	225	568	911
Amortisation	171	367	1,002
Impairment of intangibles	–	–	19,881
Increase/(decrease) in provisions	–	202	(462)
Net exchange differences	(379)	–	89
Cost of share options	150	150	650
Decrease/(increase) in inventories	2,428	(1,129)	11,244
Decrease/(increase) in trade and other receivables	1,702	(1,507)	5,830
Decrease in trade and other payables (less deferred consideration)	(9,187)	(3,350)	(16,139)
Cash outflow from operating activities	(11,086)	(3,434)	(5,208)

7 Dividends

	6 months to 30 Sep 2016 (unaudited) £'000	6 months to 30 Sep 2015 (unaudited) (restated) £'000	12 months to 31 Mar 2016 (audited) £'000
Amounts recognised as distribution to equity holders in period:			
Dividend paid	–	825	–
Dividend paid per share	–	1.75p	–

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

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