9 May 2017

THE STANLEY GIBBONS GROUP PLC

(the "Company" or the "Group")

Sale of certain assets and liabilities of the Interiors division, trading and restructuring update

The Stanley Gibbons Group plc (AIM:SGI), is pleased to announce the sale of a major part of its Interiors division and to provide an update on its current trading and the restructuring.

Sale of the Group's Interiors Division

The Group has today agreed the sale of certain assets and liabilities of Dreweatts and the intellectual property rights and goodwill in respect of the Mallett and Made by Meta brands, all currently part of the Group's Interiors division (the "Sale Assets"). The Sale Assets will be transferred into a newly incorporated company that the Group has agreed to sell to Millicent Holdings Limited (the "Sale").

The Sale is for a consideration of £2.4 million payable as to £2.25 million on completion and £0.15 million on 30 November 2017.

The Group will retain the Mallett inventory, the rental income from the former Mallett New York premises, the Bloomsbury auction and retail business and its interests in Masterpiece London Ltd and other associated companies, which will allow the Company to derive additional value from the Interiors division in the coming months.

It is intended that the proceeds of the Sale will be used to reduce bank debt, support the ongoing rationalisation exercise and to provide additional working capital for the Group.

The Interiors division, which includes the Dreweatts, Malletts and Bloomsbury businesses, made an operating loss before exceptional costs of £4.1 million in the year to March 2016 and £2.1 million in the six months to September 2016.

Background and Progress

Whilst the current Board believes that the strategic decisions of the previous Board caused undeniable damage to the Company, the demonstrable strengths of the underlying businesses, and the people within them, are becoming ever more clear. Today's transaction is testament to the restructuring that has already been effected over the last 12 months.

Following the Sale, the core activities of the Group will be conducted via Baldwin's, Stanley Gibbons and Murray Payne, which share similar characteristics alongside the competitive advantages associated with being market leaders in the numismatic and philatelic markets respectively:

- large global markets;
- brand integrity and leadership;
- loyal collector customer base;

- invaluable industry expertise which is revered worldwide; and
- heritage.

Since the Company's last update, Baldwin's in particular has performed well under new operational management with the Baldwin's of St James's joint venture established last December progressing well.

Indeed we believe that this business model of a consolidated, capital light, specialist dealing and auction platform has established a template that is equally applicable to the stamp division

Accordingly, we are further restructuring our stamp businesses to make both additional cost savings and to harvest the operating synergies available from integrating the underlying entities.

Restructuring update

During the last year, we have continued to implement major operational and organisational change, whilst dealing with legacy legal and accounting matters. The steps taken to date have ensured that we have far exceeded our original cost saving targets, where annualised operating cost reductions, prior to the Sale, would have exceeded £10 million.

Throughout this process, our focus has been to:

- identify the sustainable revenue characteristics of the operating businesses;
- reduce cash out-flows through significant cost cutting and restructuring to the point where we are no longer consuming cash on an ongoing basis;
- upgrade systems and controls to ensure improved management information;
- simplify the location, bandwidth and operating structure of the Group to match the scale of the continuing core business; and
- place the emphasis on cash management, whilst recognising the associated attrition to margins, as we contain debt levels.

This has transformed the Group from a collection of businesses, which despite potential synergies, had no common systems, operating platform or cohesive strategy. Acquisitions had been made after insufficient due diligence and then neglected with business integration effectively ceasing at the time of acquisition.

The Group now has a clear focus and understanding of its competitive advantages and achievable corporate goals.

Legacy issues

SEC and DOJ

The Group cooperated 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 Group learned of this issue following the acquisition of Mallett plc in October 2014 and was not involved in the events underlying the investigation.

On 28 April 2017 the DOJ concluded its criminal prosecution (arising in part out of a former client's dealings with Mallett Inc.), when Henry Neville, a New York based former director of Mallett plc, was sentenced to two years' probation and ordered to pay US$160,000 in restitution arising out of his dealings with the former client, the court-appointed receiver and the Government's investigation into his conduct.

To date no criminal or civil charges have been filed against Mallett Inc. or any Mallett group company, which entities do not form part of the Sale detailed above, and the Company 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 and discussions continue with both the SEC and DOJ regarding a resolution of these matters.

Accordingly, following the sentencing of Mr Neville, the Group is now pursuing the remedies available to it for recouping the losses suffered as a result of these matters. In view of the time it may take to bring matters to a conclusion we have been careful to preserve our ability to do so in parallel with the restructuring programme.

Accounting

In pursuing certain debts, a significant debtor has indicated that it may wish to pursue a counterclaim against a subsidiary company. Although management intends to vigorously contest any such counterclaim, at present the Directors cannot quantify with any certainty the final outcome.

As has been previously announced the Group had, over several years, been incorrectly recording and reporting sales and profits in relation to some of the investment plans. Since that announcement, the Group has been validating the legacy information used to quantify the adjustments booked in the March 2016 Report and Accounts. This exercise is ongoing but it has shown that there will need to be further reallocations between the creditors, inventory and profit recognised in previously notified results, that may also lead to prior year adjustments. The estimated net impact on profits and net assets at 31 March 2016 is a reduction of around £1.0 million and for the six months to 30 September 2016 a further reduction of around £1.5 million. No such adjustments or reallocations will impact the cash level of the Group or its trading position.

Trading Update

As at 31 March 2017, the Group was utilising £17.2million out of its total facilities of £18.3million. Of the £2.4million to be received from the Sale, £1.1million will be used to repay a proportion of the current facilities and £1.3million will largely be used to reduce the Group's net indebtedness. The Group's facilities are due for review on 31 May 2018. Notwithstanding the turnaround in Baldwin's, overall Group trading remains subdued; in particular sales of rare philatelic collectibles to high net worth clients are slower than expected.

However, the focus of the last 12 months has been to undertake a dramatic but necessary cost reduction programme to enable a more stable and focused business to emerge. Whilst these exercises are unsettling, the exhaustive efforts of the new management team and our staff has ensured that the Group is now in a clearer and stronger position, than for some considerable time and the business is currently broadly cash neutral.

There will undoubtedly be further challenges ahead but following the Sale and taking into account the cost reduction measures that we have already taken the Group can finally start to look to the future and focus on its core businesses. Despite the upheaval of the last 15 months, the resilient and inherent value of our brands has continued to be recognised across the industry and we look forward to ensuring that this is reflected in shareholder value.

For further information, contact:

The Stanley Gibbons Group plc
Harry Wilson
Andrew Cook
+44 (0)1534 766 711

finnCap Ltd (Nomad and Broker)
Stuart Andrews / Christopher Raggett (corporate finance)
Tim Redfern / Simon Johnson (corporate broking)
+44 (0)20 7220 0500

Yellow Jersey PR (Financial PR)
Charles Goodwin
+44 (0)7747 788 221