



The Stanley Gibbons Group plc  
2nd Floor, Minden House, Minden Place, St Helier, Jersey, JE2 4WQ  
Tel: +44 (0)1534 766711 Fax: +44 (0)1534 766177  
www.stanleygibbons.com

**THE STANLEY GIBBONS GROUP PLC  
(the "Company" or the "Group")**

15 July 2016 07.00

**Corporate Update, Board Changes and Audit Update**

**Tax Restructuring and Board Update**

The Stanley Gibbons Group plc (AIM:SGI) announces that, as part of its rationalisation and repositioning, which has already exceeded the targeted annualised operating cost savings of £5 million, and which was referred to in the Circular to Shareholders dated 11 March 2016 and recognising that the majority of the Group's activities, following the acquisitions of recent years, are now located in the UK, the Board is reconsidering the benefits of off-shore status for the Group as a whole. Having regard to the fact that most of the activities are now in the UK, the Board has also concluded that the geographical locations of the Executive Board and management team should have more UK emphasis in order that they may be better able to meet the needs of the Group. Accordingly, the following management and board changes take immediate effect:

- Due to the proposed relocation of the key executive positions to the UK, both Mike Hall's and Donal Duff's roles as Chief Executive and Chief Financial Officer, respectively, will become redundant and they have stepped down from the Board. However, both remain committed to the Group and will be available to advise on investment sales and financial reporting respectively for a handover period at least until the conclusion of the audit for the year ended 31 March 2016;
- Andrew Cook, who was appointed Group Managing Director on 31 May 2016, has joined the Board as Chief Financial Officer. Mr Cook is an experienced finance executive having previously held the position of Group Finance Director at Orchard & Shipman Group plc and at Medina Dairy Ltd. Prior to this Mr. Cook held senior finance, commercial and executive roles for various companies including Kelly Services and The Body Shop;
- Harry Wilson, who joined the Board on 17 May 2016, will become Executive Chairman. His interest and expertise in philately has had an immediate and positive impact on staff and his leadership is proving instrumental in the ongoing rationalisation of the Group;
- Further to the announcement of 17 May that Martin Bralsford had stepped down as Chairman he has resigned as a director of the Company. In addition, Simon Perree, having served a three year term as Non-Executive Director has decided not to seek re-election at the Company's next AGM and has decided to resign as a director with immediate effect.

The Board believe that despite its recent difficulties, the Group is fortunate to have a loyal and dedicated workforce with a great depth of experience and expertise. These staff have enabled the individual businesses within the Group to retain the support of their customers, both collectors and investors alike, who, in this period of economic uncertainty can be provided with access to tangible assets of lasting value.

## **Business Rationalisation**

In addition to the measures outlined above, the initial actions of the business rationalisation exercise have been directed towards realigning the business around predictable revenue streams, such that the Company does not have to rely upon material one-off high value sales or major auction consignments to achieve profitability, and in developing coherent and reliable plans for the underlying businesses that will enable the Group to operate within its available funding resources. In particular, the following has been achieved:-

- the target of reducing annualised operating costs, by not less than £5 million, has already been exceeded and this process remains ongoing with further savings identified;
- the Interiors Division has been comprehensively restructured over the last six months leading to a significantly reduced cost base (including the disposal of leasehold interests in New York and London as announced on 24 May 2016) to accommodate a lower and more realistic revenue target. The division is currently operating broadly in line with those revenue targets and, as the effects of the cost-cutting come through, should begin to return to profitability once more;
- the Company is undertaking a full review of its E-Commerce strategy which will refocus resources upon selling its own proprietary assets of high class collectibles and world renowned publications. The Board continues to believe there is an opportunity to grow online revenues and, at the same time materially reducing the monthly cash outflow;
- the Group continues to operate within its available funding resources and, indeed, has been able to reduce the amount of the term loan with part of the proceeds from the disposal of its leasehold interests;
- the Group has appointed a new Executive Chairman, Harry Wilson, an experienced public company chairman with a keen interest and good knowledge of philately, and a Managing Director of the London-based businesses, Andrew Cook, who has extensive experience of both managing change and of the retail industry. Andrew Cook has today also been appointed as Chief Financial Officer to the Group;

## **Audit Update**

On the 30 June 2016 the Company announced its intention to release results for the year ended 31 March 2016 later than in previous years, reflecting the additional complexity of the audit due to the ongoing restructuring and the appointment of new auditors.

As part of the audit process the Board is currently reviewing its accounting policy and past accounting treatment with regard to the recognition of revenue in the philatelic trading business, specifically in relation to certain of the investment plans which have been offered by the Group in earlier years, this review is being undertaken in light of the contractual terms of those investment plans and the requirements of International Financial Reporting Standards. The new auditors consider that the previous recognition of revenue related to certain of the investment plans may not have been appropriate and the Board are likely to correct this in the 31 March 2016 financial statements by way of a prior year adjustment. The consequence of any such adjustment and correction of the accounting policy for revenue recognition is that there will be a reduction to the philatelic trading business revenue recognised in prior years, which will now be de-recognised. Depending on subsequent events, the value of outstanding investment plans, which offer clients an option at the end of the contract term to sell back to Stanley Gibbons, would fall to be recognised as revenue in later financial periods, including in the year ended 31 March 2016. Although the trading results of later years are likely to be beneficially effected, the historic reported revenue and profit

will be materially reduced as a consequence of the unwinding of a material part of the previously reported investment plan revenues and profits. The necessary accounting adjustments will also increase the carrying value of creditors at 31 March 2016 and require the carrying value of a related element of stock to be reduced from the price at which it was repurchased back to original cost. Any accounting adjustment would also bring back into stock those items where the Group retains a contractual obligation to repurchase the stock from clients at the end of the investment plan term, notwithstanding the fact that many clients do not exercise this option at the end of their contract. It is emphasised that there would be no change to the cash position or the trading prospects for the Group.

Whilst these accounting adjustments would result in a reduction in the Group's underlying net asset value, the Board considers that it would also encourage and support the Group sales strategy to reduce the historic stock build up and to generate cash. In addition to these adjustments, the Board is also reviewing the carrying value of certain other assets, in particular goodwill relating to some of its recent investments and capitalised computer costs. The Board expects that a write down will be made against these intangible assets as at 31 March 2016 although, again, it is emphasised that this will not impact the reported cash position of the Group.

Harry Wilson commented:

*"The restructuring of Stanley Gibbons is unsettling for all concerned with the business and the Directors would like to thank both its staff and customers for their ongoing support. Whilst there are undoubtedly challenges ahead, at the heart of the business are some of the leading experts in their respective fields together with stock items that are the envy of our competitors the world over. This combination is an excellent platform from which to restore the trading fortunes and reputation of the Group."*

The following information regarding the appointment of Andrew Cook, aged 53, is disclosed under Schedule 2(g) of the AIM Rules for Companies:

Andrew Cook

**Current directorships and/or partnerships:**

None

**Former directorships and/or partnerships  
(within the last five years):**

Kiosk Limited  
Orchard & Shipman Group plc

**The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014**

**For further information, contact:**

**The Stanley Gibbons Group plc**

Harry Wilson

Andrew Cook

+44 (0)1534 766 711

**finnCap Ltd (Nomad & Broker)**

Stuart Andrews / Christopher Raggett (corporate finance)

Tim Redfern / Simon Johnson (corporate broking)

+44 (0)20 7220 0500