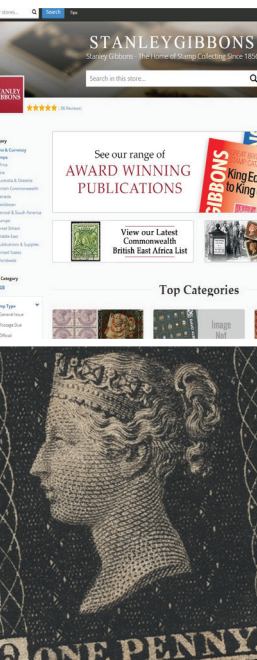


# Interim Report

For the 6 months ended 30 September 2015



## Directors and Advisors

**Directors** D M Bralsford MSc, FCA, FCT, *Non-Executive Chairman*  
M R M Hall B.Acc, CA, *Chief Executive*  
D P J Duff BAAF, FCA, AMCT, *Chief Finance Officer*  
M P Magee, CA, *Non-Executive Director*  
S Perrée, *Non-Executive Director*  
C Jones, *Non-Executive Director*

**Company Secretary** R K Purkis

**Registered Office** 2nd Floor  
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St Helier, Jersey JE2 4WQ  
Tel: 01534 766711

**Company Registration** Registered in Jersey  
Number 13177

**Nominated Adviser and Broker** Peel Hunt LLP  
Moor House, 120 London Wall  
London EC2Y 5ET

**Auditors** Nexia Smith & Williamson Audit Limited  
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Bristol BS1 6NA

**Legal Advisers** Mourant Ozannes  
22 Grenville Street, St Helier  
Jersey JE4 8PX  
  
Wragge Lawrence Graham & Co LLP  
4 More London Riverside  
London SE1 2AU

**Bankers** NatWest Bank  
71 Bath Street  
St Helier Jersey JE4 8PJ  
  
The Royal Bank of Scotland Group PLC  
3 Hampshire Corporate Park  
Templars Way, Chandlers Ford  
SO53 3RY

**Registrars** Capita Registrars (Jersey) Limited  
Shareholder Services  
The Registry  
34 Beckenham Road, Beckenham  
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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](http://www.stanleygibbons.com)

## Chairman's Statement

### Introduction

This report relates to the interim unaudited results for the six month period ended 30 September 2015. On 20 October 2014, the Group acquired Mallett plc ("Mallett"). Consequently, the prior period does not include any contribution from this acquisition and a like-for-like comparison of performance, where appropriate, is provided within this report.

### Trading

Turnover for the six months ended 30 September 2015 was £27.0m, broadly in line with the prior period of £27.1m but like-for-like turnover, excluding Mallett, was £21.6m, down 21% on the prior period. Trading profits, as detailed in the Operating Review, were £0.5m for the six months ended 30 September 2015 compared to £6.1m in the prior period. Trading profits, excluding losses incurred in Mallett for the period, were £0.7m.

Trading in the six months ended 30 September 2015 was materially affected by a substantial reduction in sales and lower gross margins from core philatelic dealing compared to the prior period, which had benefited from high margin sales of inventory sold from exceptional major collections. A number of expected high value sales being worked on with potential new clients did not materialise in the period together with an experienced weakness in particular from our Asian operations.

The Group has made a number of strategic investments in the past two years, including Noble Investments (UK) plc and Mallett plc. The integration of these businesses in the period included simplifying the management structure and combining certain functions at Group level. Rationalisation cost savings in Senior Executive positions implemented at the end of the first half, excluding exceptional costs, will generate annualised cost savings of £1.4m. Management's focus in the period on the integration of acquisitions represented a distraction to short term sales initiatives contributing significantly to the decline in trading performance experienced.

Total online revenues for the six months ended 30 September 2015 were £6.3m, up 25% on the prior period driven by substantial growth in online auction bidding benefiting from the implementation of a new improved web auction platform last year. Further enhancements are being made to our new online marketplace and we are now beginning to see improvements to conversion rates through improving the customer experience from design improvements, the use of content to enrich the customer experience and enhanced search functionality.

### Dividend

As a result of the substantial reduction in profitability of the Group in the first half, the Board has not declared an interim dividend for the six months ended 30 September 2015. The Board will review dividend payments again for the final dividend in respect of the full year ended 31 March 2016 based on current and expected future trading performance and liquidity requirements.

### Board Change

John Byfield, Corporate Development Director stepped down from the Board with effect from 17 September 2015, giving twelve months notice of his intention to retire from his position with the Company. John has been a Director of Stanley Gibbons since 2010, initially as an Independent Director. During that time he has overseen the implementation of our sizeable stockholding of rare collectibles, particularly philatelic. The Board would like to thank John for his contribution and hard work during his time with the Group.

### Outlook

The Board expects that the Group will deliver materially higher revenue and profit in the second half of the financial year than in the first half, partially assisted by this year's auction calendar being more heavily weighted towards the second half. The Group also continues to work on a number of initiatives with the aim of delivering substantial sales from our sizeable stockholding of rare collectibles, particularly philatelic.

Following the completion of the integration and rationalisation of recent acquisitions, the Group expects to benefit from a reduced fixed cost base and better cross selling of products and services across our customer base in the second half.

The Group continues to implement its strategy to evolve and diversify its activities, including an effective online and auction business model with more predictable revenue streams and profits.

**Martin Bralsford**

Chairman

12 November 2015

## Operating Review

	6 months to 30 Sept 2015 Sales £000	6 months to 30 Sept 2015 Profit £000	6 months to 30 Sept 2014 Sales £000	6 months to 30 Sept 2014 Profit £000	12 months to 31 March 2015 Sales £000	12 months to 31 March 2015 Profit £000
Philatelic trading and retail operations	9,122	368	15,138	4,932	23,866	6,679
Publishing and philatelic accessories	1,601	195	1,301	250	2,976	795
Coins and military medals	6,250	1,736	4,941	1,843	11,882	3,073
Dealing in other collectibles	9,926	92	5,660	707	17,949	1,707
Corporate overheads	–	(1,726)	–	(1,593)	–	(3,228)
Finance charges	–	(209)	–	(16)	–	(254)
<b>Trading sales and profits</b>	<b>26,899</b>	<b>456</b>	<b>27,040</b>	<b>6,123</b>	<b>56,673</b>	<b>8,772</b>
Internet development	73	(1,085)	79	(830)	192	(1,321)
<b>Adjusted sales and profit/(loss) before tax</b>	<b>26,972</b>	<b>(629)</b>	<b>27,119</b>	<b>5,293</b>	<b>56,865</b>	<b>7,451</b>
Pension service and share option charges	–	(300)	–	(225)	–	(518)
Amortisation of customer lists	–	(180)	–	(180)	–	(360)
Finance charges related to pensions	–	(69)	–	(69)	–	(170)
Exceptional operating income/(charges)	–	1,550	–	(1,083)	–	(3,255)
<b>Group total sales and profit before tax</b>	<b>26,972</b>	<b>372</b>	<b>27,119</b>	<b>3,736</b>	<b>56,865</b>	<b>3,148</b>

### Overview

Group turnover for the six months ended 30 September 2015 was £27.0m (2014: £27.1m). Like-for-like turnover, excluding the Mallett acquisition, was £5.6m lower than the prior period at £21.6m.

The gross margin percentage for the six months ended 30 September 2015 was 48.5% (2014: 60.4%). The like-for-like gross margin percentage, excluding Mallett, was 51.4%. The prior period gross margin benefited substantially from high margin sales of material sold from exceptional acquisitions of major collections. The gross margin percentage was also impacted by a lower level of auction commissions compared to the prior period due to the auction calendar for this year being more heavily weighted to the second half.

Trading profits, before internet development costs, other accounting adjustments and finance charges related to pensions, were £0.5m for the six months ended 30 September 2015 (2014: £6.1m). Trading profits, excluding losses incurred in Mallett for the period, were £0.7m. The decline in like-for-like trading profits of £5.4m is mainly the result of lower sales from philatelic trading and retail operations due to the substantial reduction in high values sales to key clients in the period compared to the prior period.

Overheads, excluding exceptional charges, were £2.5m (21%) higher than the prior period. Like-for-like overheads, excluding Mallett, were £0.2m (2%) higher relating mainly to the increased investment in online and IT systems development.

Profit before tax for the six months ended 30 September 2015 was £0.4m (2014: £3.7m). Earnings per share for the six months ended 30 September 2015 were 0.57p (2014: 7.02p).

### Philatelic Trading and Retail Operations

Philatelic trading and retail sales were £6.0m (40%) lower than the same period last year with profit contribution down by £4.6m (93%).

Philatelic trading in the prior period benefited from high margin sales made to high net worth clients from acquisitions of major collections. Trading performance in philatelic dealing is largely influenced by high value sales made to key high net worth clients. The top ten clients accounted for sales of £3.0m in the six months ended 30 September 2015 (2014: £7.2m).

Our offices in Asia (Hong Kong and Singapore) experienced a difficult trading period contributing sales of £0.4m (2014: £1.5m) and incurring a loss of £0.2m (2014: profit of £0.6m). Despite this substantial decline in performance, we remain committed to further developing our business operations and sales in Asia, which is a key geographical collecting market, irrespective of recent economic challenges experienced there.

## Operating Review (continued)

### Publishing and Philatelic Accessories

Publishing and philatelic accessory sales for the six months ended 30 September 2015 were £0.3m (23%) higher than the same period last year although profit contribution was down by £0.1m (22%).

The reduction in profit contribution, despite increased sales, was due to lower gross margins, following the decision to outsource distribution of a substantial proportion of our catalogues, albums and accessory stock ranges at the beginning of the financial year. The full cost savings from outsourcing have not yet been fully realised and further overhead reductions planned will increase profit contribution in subsequent financial periods. As a result of outsourcing, the cost of stocks held of catalogues, albums and accessories reduced from £1.2m at 30 September 2014 to £0.3m at 30 September 2015.

### Coins and military medals

Sales of coins and military medals, principally through Baldwin's, for the six months ended 30 September 2015 were £1.3m (26%) higher although profit contribution was down by £0.1m (6%).

The increase in sales reflects the strength of the market for rare coins at this time and benefits from an exceptional performance by the team at Baldwin's despite a weaker auction schedule compared to the same period last year, which included the world collection of the late Ake Linden.

Of particular note was the world record price achieved by Baldwin's at our recent London auction for a superb Queen Victoria, 1839 Una & Lion proof set that fetched over £500,000 that was originally purchased in 1856 for only £10 10s. Baldwin's achieved another world record at our Hong Kong August auction for a gold British Trade Dollar that fetched over \$270,000 although this world record was eclipsed a month later by another Victorian gold British Trade Dollar that fetched over £220,000 at our London September auction. Demand for high value numismatic rarities still outstrip supply, although we continue to travel around the world in search of rarities.

### Dealing in Other Collectibles

Dealing in other collectibles can be further analysed as follows:

	6 months to 30 Sept 2015 Sales £000	6 months to 30 Sept 2015 Profit £000	6 months to 30 Sept 2014 Sales £000	6 months to 30 Sept 2014 Profit £000	12 months to 31 March 2015 Sales £000	12 months to 31 March 2015 Profit £000
Dealing in autographs, historical documents, memorabilia, rare books & records	1,807	(38)	2,499	131	5,009	436
Dealing in antiques, watches, fine wine, jewellery and other collectibles	7,842	140	2,398	550	11,354	1,122
Benham first day covers	277	(10)	763	26	1,586	149
<b>Trading sales and profit contribution</b>	<b>9,926</b>	<b>92</b>	<b>5,660</b>	<b>707</b>	<b>17,949</b>	<b>1,707</b>

Sales of other collectibles for the six months ended 30 September 2015 were £9.9m (2014: £5.7m) with profit contribution of £0.1m (2014: £0.7m). Like-for-like sales, excluding the Mallett acquisition, were £1.2m (20%) lower than the same period last year with profit contribution down by £0.4m (53%).

Autographs, historical documents, memorabilia, rare books and record sales for the six months ended 30 September 2015 were £1.8m (2014: £2.5m) and incurred a small loss on trading. Bloomsbury Auctions delivered an acceptable first half performance with auction commissions up 6% on the prior period.

Fraser's autographs experienced a poor trading period with sales down £0.7m and incurring a loss of £0.1m compared to a profit contribution of £0.1m in the prior period. The prior period performance benefited from some high value sales of exceptional rarities. A new management team was put in place recently for this area of the business and a number of sales initiatives are planned for the second half to improve performance.

Sales of antiques, watches, fine wine, jewellery and other collectibles include commissions from Dreweatts auctions, together with retail and auction sales from the Mallett acquisition. Sales at Mallett Antiques were £5.4m for the period incurring a loss of £0.2m. The Mallett business underwent a fundamental restructuring of the executive team in the period. This resulted in a short term decline in trading whilst the new management team focussed on structural and operational issues, together with developing a stronger business plan from which to take the newly acquired business forward with a focus on reducing existing stock levels and improving future return on capital.

Auction commissions from Dreweatts in the six months ended 30 September 2015 were £2.4m (2014: £2.4m) with a profit contribution of £0.4m (2014: £0.5m). Dreweatts have strong auction consignments scheduled for the second

## Operating Review *(continued)*

half of the year and are achieving significant success from our internal online auction bidding platform to increase overall bidder numbers and realisation values.

Benham first day covers and other collectibles sales for the period up to its disposal in May 2015 were £0.3m (2014: £0.8m) with no material impact on profit contribution in either accounting period.

### Internet Development

Sales reported within this division relate solely to commissions generated from third party sales through our online marketplace and online subscription revenues. Online e-commerce retail and auction revenues through our trading websites are reported within the respective trading departments.

The table below provides a comparison of website visitor numbers and Gross Merchandise Value ("GMV") for the six months ended 30 September 2015 and 30 September 2014 from our principal websites:

	6 months to 30 Sept 2015 Visitor Nos.	6 months to 30 Sept 2014 Visitor Nos.	% Change	6 months to 30 Sept 2015 GMV £000	6 months to 30 Sept 2014 GMV £000	% Change
Stanley Gibbons & marketplace	581,375	629,635	-8%	461	593	-22%
bidStart	1,033,805	1,312,174	-21%	397	405	-2%
Stanley Gibbons investments	73,090	19,568	274%	-	-	See note below
Dreweatts & Bloomsbury	314,645	246,429	28%	4,155	1,525	172%
Baldwin's	168,255	163,442	3%	1,272	2,501	-49%
Mallett	45,364	-	-	-	-	-
<b>Total</b>	<b>2,216,534</b>	<b>2,371,248</b>	<b>-7%</b>	<b>6,285</b>	<b>5,024</b>	<b>25%</b>

Visitor numbers across all websites were down 7% to 2.2 million in the six month period ended 30 September 2015 mainly from the 21% reduction in visitors to bidStart. The fall in visitor numbers was expected due to an absence of any marketing spend or promotional work in the period as it is intended to divert such focus to the new Stanley Gibbons marketplace.

Following the launch of the Stanley Gibbons marketplace in May 2015, we have been monitoring our web data and gathering feedback from buyers and sellers. This feedback has been used to prioritise the development of further improvements deemed essential to user experience. As a result of the ongoing development work being undertaken, we have held off on marketing and promotional spend meaning that visitor numbers were down 8% in the period.

Total GMV through our websites was up 25% in the period to £6.3m benefiting from the 172% increase in online auction realisations from Dreweatts & Bloomsbury auctions. The growth in online bidding at our auctions following the launch of our in-house bidding platform has exceeded expectations and is expected to form a key element of future growth within our auction businesses.

Visitor numbers to the Stanley Gibbons Investment website were up 274% since being redesigned in the second half of last year together with the implementation of improved online marketing techniques to drive traffic to the site. No sales are reported due to the high value nature of such clients meaning that such sales are not transacted online.

The Baldwin's website is currently undergoing a significant redesign and is scheduled for re-launch in December 2015. It is expected, as a result, and supported by improved online marketing campaigns, that GMV from the Baldwin's website will show improved performance in the last quarter of this financial year.

Overheads were expensed in the six months ended 30 September 2015 of £1.2m (2014: £0.9m) relating mainly to salary costs of software engineers in our internet development team in Raleigh, US.

### Corporate Overheads

Corporate overheads for the six months ended 30 September 2015 were £1.7m (2014: £1.6m). Savings in corporate overheads are expected in the second half of the year as a result of the completion of the rationalisation and restructuring of the senior executive team completed in October 2015.

### Other Accounting Adjustments & Finance Charges related to pensions

Pension service & share option charges, amortisation of Noble customer lists & finance charges related to pensions for the six months ended 30 September 2015 were £0.6m (2014: £0.5m). In the opinion of the Directors, such accounting charges do not form part of the operating performance of the Group.

## Operating Review *(continued)*

### Exceptional Operating Income/(Charges)

Exceptional operating income/(charges) can be further analysed as follows:

	<b>6 months to 30 Sept 2015</b>	6 months to 30 Sept 2014	12 months to 31 March 2015
	<b>£000</b>	£000	£000
Loss on sale of business	<b>(99)</b>	–	(2,331)
Acquisition costs	<b>(82)</b>	(550)	(939)
Net cost recovery in respect of defined benefit pension scheme	<b>1,920</b>	(440)	(895)
Impairment against receivable	–	–	(500)
Sale of freehold property	<b>189</b>	–	1,543
Creation of long term incentive plan	–	–	(140)
Deferred consideration	–	–	363
Reorganisation & restructuring costs	<b>(208)</b>	(5)	–
Stock rationalisation	<b>(102)</b>	–	(225)
Other	<b>(68)</b>	(88)	(131)
	<b>1,550</b>	(1,083)	(3,255)

The exceptional income of £1.9m recognised in the period relates to the net recovery settlement in respect of legal action against the professional advisers of the Company's defined benefit pension scheme.

### Cashflow

Cash used in operations in the six months ended 30 September 2015 of £3.4m (2014: £8.3m) is principally in connection with the settlement of high value stamp collections purchased on extended payment terms in the prior period reflected by the decrease in trade and other payables in the period of £2.6m. The increase in trade and other receivables includes one large trade sale of £1.3m made in September 2015, which was settled in October 2015.

Net debt at 30 September 2015 was £17.0m (30 September 2014: £3.3m). Net debt includes an acquisition loan in respect of Mallett of £10.0m. The Board expects the net debt in the Group to reduce in the second half of the financial year.

### Michael Hall

Chief Executive  
12 November 2015



## Condensed statement of comprehensive income

	Notes	6 months to 30 September 2015 (unaudited) £'000	6 months to 30 September 2014 (unaudited) £'000	12 months to 31 March 2015 (audited) £'000
<b>Revenue</b>	3	<b>26,972</b>	27,119	56,865
Cost of sales		<b>(13,903)</b>	(10,736)	(24,600)
<b>Gross Profit</b>		<b>13,069</b>	16,383	32,265
Administrative expenses before defined benefit pension service costs and exceptional operating costs		<b>(2,026)</b>	(1,845)	(3,768)
Defined benefit pension service cost		<b>(180)</b>	(150)	(368)
Exceptional operating income/(charges)		<b>1,550</b>	(1,083)	(3,255)
Total administrative expenses		<b>(656)</b>	(3,078)	(7,391)
Selling and distribution expenses		<b>(11,763)</b>	(9,484)	(21,302)
<b>Operating Profit</b>		<b>650</b>	3,821	3,572
Finance income		<b>6</b>	4	4
Finance costs		<b>(284)</b>	(89)	(428)
<b>Profit before tax</b>		<b>372</b>	3,736	3,148
Taxation	4	<b>(103)</b>	(466)	(1,197)
<b>Profit for the period/year</b>		<b>269</b>	3,270	1,951
<b>Other comprehensive (cost)/income:</b>				
Exchange differences on translation of foreign operations		<b>(79)</b>	–	(165)
Actuarial losses recognised in the pension scheme		–	–	(1,074)
Tax on actuarial losses recognised in the pension scheme		–	–	178
Revaluation of financial assets for sale		<b>(58)</b>	(49)	(109)
Reclassification of realised loss on disposal		<b>68</b>	–	–
<b>Other comprehensive loss for the period/year, net of tax</b>		<b>(69)</b>	(49)	(1,170)
<b>Total comprehensive income for the period/year</b>		<b>200</b>	3,221	781
<b>Basic earnings per Ordinary Share</b>	5	<b>0.57p</b>	7.02p	4.17p
<b>Diluted earnings per Ordinary Share</b>	5	<b>0.55p</b>	6.69p	3.98p

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 September 2015 (unaudited) £'000	30 September 2014 (unaudited) £'000	31 March 2015 (audited) £'000
<b>Non-current assets</b>			
Intangible assets	39,166	33,126	37,846
Property, plant and equipment	6,133	6,800	6,528
Deferred tax asset	4,148	900	4,063
Available for sale financial assets	–	1,424	1,364
	<b>49,447</b>	<b>42,250</b>	<b>49,801</b>
<b>Current assets</b>			
Inventories	54,932	50,657	53,822
Trade and other receivables	22,832	15,086	19,604
Assets in disposal group held for sale	–	–	1,800
	<b>77,764</b>	<b>65,743</b>	<b>75,226</b>
<b>Total assets</b>	<b>127,211</b>	<b>107,993</b>	<b>125,027</b>
<b>Current liabilities</b>			
Trade and other payables	20,180	10,480	22,363
Deferred consideration	–	2,153	–
Bank overdraft	6,760	2,712	1,239
Borrowings	2,289	276	1,283
Current tax payable	311	96	569
	<b>29,540</b>	<b>15,717</b>	<b>25,454</b>
<b>Non-current liabilities</b>			
Trade and other payables	–	1,800	450
Retirement benefit obligations	6,028	3,504	5,816
Borrowings	8,000	361	9,173
Deferred tax liabilities	1,418	750	1,424
Provisions	296	484	306
	<b>15,742</b>	<b>6,899</b>	<b>17,169</b>
<b>Total liabilities</b>	<b>45,282</b>	<b>22,616</b>	<b>42,623</b>
<b>Net assets</b>	<b>81,929</b>	<b>85,377</b>	<b>82,404</b>
<b>Equity</b>			
Called up share capital	471	466	471
Share premium account	63,682	62,565	63,682
Shares to be issued	–	209	–
Share compensation reserve	948	723	798
Capital redemption reserve	38	38	38
Revaluation reserve	254	304	244
Retained earnings	16,536	21,072	17,171
<b>Equity shareholders' funds</b>	<b>81,929</b>	<b>85,377</b>	<b>82,404</b>

## Condensed statement of changes in equity

	Called up share capital £'000	Share premium account £'000	Shares to be issued £'000	Share compen- sation reserve £'000	Re- valuation reserve £'000	Capital redemp- tion reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2015	471	63,682	–	798	244	38	17,171	82,404
Profit for the period	–	–	–	–	–	–	269	269
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(79)	(79)
Revaluation of financial asset	–	–	–	–	(58)	–	–	(58)
Reclassification on sale of financial asset	–	–	–	–	68	–	–	68
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10</b>	<b>–</b>	<b>190</b>	<b>200</b>
Dividends	–	–	–	–	–	–	(825)	(825)
Cost of share options	–	–	–	150	–	–	–	150
<b>At 30 September 2015</b>	<b>471</b>	<b>63,682</b>	<b>–</b>	<b>948</b>	<b>254</b>	<b>38</b>	<b>16,536</b>	<b>81,929</b>
At 1 April 2014	466	62,565	209	648	353	38	19,666	83,945
Profit for the period	–	–	–	–	–	–	3,270	3,270
Revaluation of financial asset	–	–	–	–	(49)	–	–	(49)
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(49)</b>	<b>–</b>	<b>3,270</b>	<b>3,221</b>
Dividends	–	–	–	–	–	–	(1,864)	(1,864)
Cost of share options	–	–	–	75	–	–	–	75
<b>At 30 September 2014</b>	<b>466</b>	<b>62,565</b>	<b>209</b>	<b>723</b>	<b>304</b>	<b>38</b>	<b>21,072</b>	<b>85,377</b>
At 1 April 2014	466	62,565	209	648	353	38	19,666	83,945
Profit for the financial year	–	–	–	–	–	–	1,951	1,951
<i>Amounts which may be subsequently reclassified to profit &amp; loss</i>								
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(165)	(165)
Revaluation of financial asset	–	–	–	–	(109)	–	–	(109)
<i>Amounts which will not be subsequently reclassified to profit &amp; loss</i>								
Remeasurement of pensions scheme net of deferred tax	–	–	–	–	–	–	(896)	(896)
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(109)</b>	<b>–</b>	<b>890</b>	<b>781</b>
Dividends	–	–	–	–	–	–	(3,385)	(3,385)
Cost of share options	–	–	–	150	–	–	–	150
Share options exercised	3	541	–	–	–	–	–	544
Shares issued as deferred consideration	2	576	(209)	–	–	–	–	369
<b>At 31 March 2015</b>	<b>471</b>	<b>63,682</b>	<b>–</b>	<b>798</b>	<b>244</b>	<b>38</b>	<b>17,171</b>	<b>82,404</b>

## Condensed statement of cash flows

	Notes	6 months to 30 September 2015 (unaudited) £'000	6 months to 30 September 2014 (unaudited) £'000	12 months to 31 March 2015 (audited) £'000
<b>Cash used in operations</b>	6	<b>(3,434)</b>	(8,273)	(7,400)
Interest paid		(284)	(89)	(258)
Taxes paid		(452)	(67)	(367)
<b>Net cash used in operating activities</b>		<b>(4,170)</b>	(8,429)	(8,025)
<b>Investing activities</b>				
Purchase of property, plant and equipment		(450)	(817)	(1,442)
Purchase of intangible assets		(1,687)	(938)	(2,692)
Overdraft acquired with subsidiary		–	–	(1,190)
Sale of freehold property		466	–	4,411
Sale of financial asset		1,306	–	–
Acquisition of business		–	–	(8,615)
Interest received		6	4	4
<b>Net cash used in investing activities</b>		<b>(359)</b>	(1,751)	(9,524)
<b>Financing activities</b>				
Dividends paid to company shareholders	7	(825)	(1,864)	(3,385)
Net borrowings		(167)	(167)	9,652
Net proceeds from issue of ordinary share capital		–	–	544
<b>Net cash (used in)/generated from financing activities</b>		<b>(992)</b>	(2,031)	6,811
<b>Net decrease in cash and cash equivalents</b>		<b>(5,521)</b>	(12,211)	(10,738)
Cash and cash equivalents at start of period		(1,239)	9,499	9,499
<b>Cash and cash equivalents at end of period</b>		<b>(6,760)</b>	(2,712)	(1,239)

## Notes to the condensed financial statements

### 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 2016.

### 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 2015.

#### 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, operations being split between Philatelic trading, Publishing and philatelic accessories, Coins and military medals, Other collectibles and Internet development. 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.

Segmental income statement	Philatelic trading & retail operations £'000	Publishing and philatelic accessories £'000	Coins & military medals £'000	Other collectibles £'000	Internet development £'000	Unallocated £'000	Group £'000
<b>6 months to 30 September 2015</b>							
Revenue	9,122	1,601	6,250	9,926	73	–	26,972
Operating costs	(8,754)	(1,406)	(4,514)	(9,834)	(1,158)	(2,206)	(27,872)
Exceptional income/(costs)	–	–	–	–	–	1,550	1,550
Net finance costs	–	–	–	–	–	(278)	(278)
Profit/(loss) before tax	368	195	1,736	92	(1,085)	(934)	372
Tax	–	–	–	–	–	(103)	(103)
<b>Profit/(loss) for the period</b>	<b>368</b>	<b>195</b>	<b>1,736</b>	<b>92</b>	<b>(1,085)</b>	<b>(1,037)</b>	<b>269</b>
<b>6 months to 30 September 2014</b>							
Revenue	15,138	1,301	4,941	5,660	79	–	27,119
Operating costs	(10,206)	(1,051)	(3,098)	(4,953)	(909)	(1,998)	(22,215)
Exceptional income/(costs)	–	–	–	–	–	(1,083)	(1,083)
Net finance costs	–	–	–	–	–	(85)	(85)
Profit/(loss) before tax	4,932	250	1,843	707	(830)	(3,166)	3,736
Tax	–	–	–	–	–	(466)	(466)
<b>Profit/(loss) for the period</b>	<b>4,932</b>	<b>250</b>	<b>1,843</b>	<b>707</b>	<b>(830)</b>	<b>(3,632)</b>	<b>3,270</b>
<b>12 months to 31 March 2015</b>							
Revenue	23,866	2,976	11,882	17,949	192	–	56,865
Operating costs	(17,187)	(2,181)	(8,809)	(16,242)	(1,513)	(4,106)	(50,038)
Exceptional income/(costs)	–	–	–	–	–	(3,255)	(3,255)
Net finance costs	–	–	–	–	–	(424)	(424)
Profit/(loss) before tax	6,679	795	3,073	1,707	(1,321)	(7,785)	3,148
Tax	–	–	–	–	–	(1,197)	(1,197)
<b>Profit/(loss) for the year</b>	<b>6,679</b>	<b>795</b>	<b>3,073</b>	<b>1,707</b>	<b>(1,321)</b>	<b>(8,982)</b>	<b>1,951</b>

## Notes to the condensed financial statements (continued)

### 3 Segmental analysis (continued)

#### Geographical information

##### Analysis of revenue by origin and destination

	6 months to 30 Sept 2015 Sales by destination £'000	6 months to 30 Sept 2015 Sales by origin £'000	6 months to 30 Sept 2014 Sales by destination £'000	6 months to 30 Sept 2014 Sales by origin £'000	12 months to 31 March 2015 Sales by destination £'000	12 months to 31 March 2015 Sales by origin £'000
Channel Islands	1,012	5,762	771	9,333	2,431	14,930
United Kingdom	15,950	20,894	17,861	16,313	30,397	36,932
Hong Kong	379	316	958	1,473	2,591	2,349
Europe	2,330	–	536	–	4,041	–
North America	4,888	–	2,057	–	9,695	2,654
Singapore	381	–	3,057	–	3,139	–
Asia	347	–	841	–	2,117	–
Rest of the World	1,685	–	1,038	–	2,454	–
	<b>26,972</b>	<b>26,972</b>	<b>27,119</b>	<b>27,119</b>	<b>56,865</b>	<b>56,865</b>

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.

Singapore sales in the period ended 30 September 2014 include £3.0m to one individual customer.

### 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 September 2015 (unaudited)	6 months to 30 September 2014 (unaudited)	12 months to 31 March 2015 (audited)
Weighted average number of ordinary shares in issue (No.)	<b>47,120,357</b>	46,597,859	46,774,755
Dilutive potential ordinary shares: Employee share options (No.)	<b>2,076,424</b>	2,266,549	2,293,308
Profit after tax (£)	<b>269,000</b>	3,270,000	1,951,000
Pension service costs (net of tax)	<b>173,010</b>	173,010	425,020
Cost of share options (net of tax)	<b>150,000</b>	75,000	150,000
Amortisation of customer lists	<b>180,000</b>	180,000	360,000
Exceptional operating (income)/costs (net of tax)	<b>(1,218,550)</b>	971,115	3,152,014
Adjusted (loss)/profit after tax (£)	<b>(446,540)</b>	4,669,125	6,038,034
Basic earnings per share - pence per share (p)	<b>0.57p</b>	7.02p	4.17p
Diluted earnings per share - pence per share (p)	<b>0.55p</b>	6.69p	3.98p
Adjusted earnings per share - pence per share (p)	<b>(0.95)p</b>	10.02p	12.91p
Adjusted diluted earnings per share - pence per share (p)	<b>(0.95)p</b>	9.56p	12.31p

## Notes to the condensed financial statements *(continued)*

### 6. Cash used from operations

	<b>6 months to 30 Sept 2015 (unaudited) £'000</b>	6 months to 30 Sept 2014 (unaudited) £'000	12 months to 31 March 2015 (audited) £'000
Operating profit	650	3,821	3,572
Profit on sale of property	(189)	–	(1,613)
Loss on sale of financial asset	68	–	–
Impairment of tangible assets	–	–	70
Depreciation	568	310	778
Amortisation	367	384	761
Write-off of intangibles	–	–	156
Increase/(decrease) in provisions	202	329	(69)
Cost of share options	150	75	150
Increase in inventories	(1,110)	(8,539)	(7,887)
Increase in trade and other receivables	(1,507)	(2,594)	(4,166)
(Decrease)/increase in trade and other payables	(2,633)	(2,059)	848
<b>Cash used from operations</b>	<b>(3,434)</b>	<b>(8,273)</b>	<b>(7,400)</b>

### 7. Dividends

	<b>6 months to 30 Sept 2015 (unaudited) £'000</b>	6 months to 30 Sept 2014 (unaudited) £'000	12 months to 31 March 2015 (audited) £'000
Amounts recognised as distribution to equity holders in period:			
Dividend paid	825	1,864	3,385
Dividend paid per share	1.75p	4.00p	7.25p
Dividend proposed but not paid	–	1,517	825
Dividend proposed per share	–	3.25p	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](http://www.stanleygibbons.com). Further copies are available on request from: The Company Secretary, The Stanley Gibbons Group plc, 2nd Floor, Minden House, Minden Place, St Helier, Jersey JE2 4WQ.



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[www.stanleygibbonsplc.com](http://www.stanleygibbonsplc.com)

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