



The Stanley Gibbons Group plc

**Interim Report and Accounts
for the six months ended 30 September 2018**

Contents

Page

2	Directors and Advisers
4	Chairman's Statement
5	Chief Executive's Report
11	Financial Statements and notes

Directors and Advisers

Directors	H G Wilson	Non-Executive Chairman
	GE Shircore	Chief Executive Officer
	A Cook	Chief Finance Officer
	C P Whiley	Non-Executive Director
	L E Castro	Non-Executive Director*
	M West	Non-Executive Director*

* *Independent*

Company Secretary

R K Purkis

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Tel: 020 7836 8444

Company Registration

Registered in Jersey
Number 13177

Nominated Adviser and Broker

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Auditors

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La Route de la Liberation
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Jersey JE1 1BG

Legal Advisers

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St Helier
Jersey JE4 8PX

Bird & Bird LLP
12 New Fetter Lane
London EC4A 1JP

Bankers

Barclays Bank PLC
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London
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Directors and Advisers

continued

Registrars

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Shareholder Services
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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.

Chairman's Statement

This report covers the first six months since the refinancing in March earlier this year. The previous 2 years have been mostly about fixing things and plugging holes – this work is largely complete now as one-off costs diminish and we start to rebuild from a cleaner slate. It would be nice to say that our problems are behind us but as the results show we still have a lot of work to do to achieve sustainable profitability. However, the more rewarding rebuilding phase has commenced, and some exciting work-streams have been initiated which it is hoped will unlock the full potential of our business. Technology improvements are high on that list.

The Group is now considerably smaller following the divestment of non-core activities and a substantial reduction in the head-count. Fortunately, we have been able to retain most of the specialists who enable Stanley Gibbons to offer a service to our clients which is second to none. We will look to build these teams as we move forward.

As we move into the next phase of the strategic plan the requirements of the Group are changing and in line with this, Clive Whiley is stepping down as a director with effect from today. Clive was the first of the new directors to be appointed in March 2016 and his contribution has been outstanding. It is largely as a result of his hard work that the Group has been able to overcome the issues it faced. I would like to thank him on behalf of all the stakeholders and wish him well in his new endeavours. I would also like to welcome Mark West who has just joined our Board. Mark has skills in digital innovation which we expect will make a significant contribution to our future success.

The collectibles business for stamps & coins remains solid and our brands are highly regarded. Our plan is to make our business more attractive to both existing and new clients through the investment and initiatives which we have instigated. We recognise that this will take time to show through to the bottom-line but in the meantime, I would like to thank all our stakeholders and in particular our staff for their ongoing support as we work through our rejuvenation programme.

Harry Wilson

Chairman

27 December 2018

Chief Executive's Report

Introduction

This interim report is the first set of financial reports which pertain to a period post the recapitalisation of the Group in March 2018. While the recapitalisation did not solve the Group's ongoing challenges overnight, it did allow us to begin the process of rebuilding the business and laying the foundations for a future based around growth as opposed to the necessary downsizing of the preceding 18 months.

A significant part of the restructuring of the Group involved the sale of the brands and businesses previously within our Interiors division. Additionally, following the granting of the administration order in relation to Stanley Gibbons (Guernsey) Limited, a wholly owned subsidiary through which our Investment division activities were conducted, the Group lost control of this entity. Both of these divisions have therefore been included as discontinued activities within our results and therefore not included in the individual figures for the continuing operations of the Group. The statement of comprehensive income for the 6 months ended 30 September 2018 has been disclosed accordingly and the comparative figures for 30 September 2017 have been restated.

Operating Review

Continuing Operations

	6 months to 30 Sep 2018	6 months to 30 Sep 2018	6 months to 30 Sep 2017	6 months to 30 Sep 2017	12 months to 31 Mar 2018	12 months to 31 Mar 2018
	Sales	Profit	Sales	Profit	Sales	Profit
	£000	£000	£000	£000	£000	£000
			Restated	Restated		
Philatelic	1,841	(381)	3,549	(388)	6,796	(2,101)
Publishing	936	(50)	988	(89)	2,213	(29)
Coins & medals	1,633	218	2,068	380	3,213	502
Legacy Interiors	616	9	532	67	1,136	33
Other & corporate overheads	–	(1,534)	–	(1,785)	–	(3,332)
Finance charges	–	(300)	–	(311)	–	(444)
Trading sales and losses	5,026	(2,038)	7,137	(2,126)	13,358	(5,371)
Amortisation of customer lists	–	(120)	–	(182)	–	(237)
Pension service and share option charges	–	(90)	–	(150)	–	(200)
Finance charges related to pensions	–	–	–	–	–	(152)
Gain on loan restructuring	–	–	–	–	–	4,250
Exceptional operating charges	–	(118)	–	(474)	–	(6,332)
Group total sales and loss before tax	5,026	(2,366)	7,137	(2,932)	13,358	(8,042)

Chief Executive's Report

continued

Operating Review (continued)

Overview

The business remained both cash and profit negative through the period, while underlying trading was volatile in several areas.

The significant potential of the Group however was reflected in the strong gross margins generated across the board. This, combined with the scope to increase the scale of most of our business areas without commensurately increasing our underlying cost base gives us cause for optimism. If, through the strategy currently being implemented, we are able to generate growth, we will create a sustainably profitable, cash generative business.

Delivering the scale of growth we desire requires a degree of initial investment. This has already begun and is likely to continue for some time as we position the Group to take full advantage of the two exceptional brands which it incorporates.

Coins & Medals

During the period, Baldwin's operated both profitably generating £218,000 profit and efficiently, consistently demonstrating the highest level of inventory turnover of the Group's main dealing businesses.

Having come through a period of significant upheaval, while less profitable than in the past, the underlying business is now far more sustainable. Our aim is to regrow profitability back towards the levels of the past whilst ensuring that this long-term sustainability is not sacrificed. This is likely to involve growth in the areas where Baldwin's has maintained a strong presence in recent years as well as building on the offering over time.

Philatelic Dealing

As with Baldwin's both of the Philatelic dealing teams, GB and Commonwealth, experienced volatile trading during the period, albeit with improvement being seen in the latter months.

Following a time prior to the recapitalisation where inventory balances were reduced, the period in question also saw a reversal of this with both of the dealing teams investing. While the two departments have different challenges with regard to their inventory, both are heavily focused on taking explicit action to make further progress in this regard. Our operational practices and processes also need to be improved and made more efficient and we are taking steps to ensure that this happens.

At the start of the financial year, our retail offering did not do justice to either our brands or the prime location which we enjoy. With a little investment in both inventory and staffing as well as a significant amount of effort, it is now a far more appealing place to shop. While there is undoubtedly more progress to be made, this has been reflected in an improved operational performance and increasing levels of customer satisfaction.

Chief Executive's Report

continued

Operating Review (continued)

Philatelic Auctions

We have made strong progress in our Auctions business, operating increasingly efficiently with an improved experience for vendors and purchasers alike which is mirrored by better quality catalogues and other public facing material.

Realisations have been strong with the proportion of items selling improving towards our medium term target of 80%.

The quality of material being consigned to us is also starting to improve. With a natural lag between material being consigned and actually going under the hammer, the benefits of this should be more clearly seen over the next six months.

Publications

Publications revenue is less volatile, with sales down £52,000 which generated an operating loss of £50,000. Within this, there is a full allocation of costs for our customer services team.

The catalogues which make up the largest part of the division remain the cornerstone of the Stanley Gibbons franchise and we are working on several initiatives which will allow us to operate more efficiently and in turn potentially produce more catalogues on an increasingly regular basis.

Corporate Overheads

While a lot of work has been done to simplify the business, the benefits from this will not be fully felt until next financial year, it is undeniable that the cost base remains too high for a business of this size. A significant proportion of this is not easily reduced, particularly without limiting our future potential, however we are working hard to bring it down as much as possible and further improvements should become visible over the coming months.

Chief Executive's Report

continued

Operating Review (continued)

Exceptional Operating Charges

Similar to our corporate overheads, ongoing progress and simplification of the Group should result in these charges coming down over time. Many of the legacy issues which have contributed to these costs have now been resolved or are close to being so. Others will undoubtedly arise, but we would hope and expect that these will be of a smaller scale than in the past.

Exceptional operating charges can be further analysed as follows:

	6 months to 30 Sep 2018	6 months to 30 Sep 2017 Restated	12 months to 31 Mar 2018
	£000	£000	£000
Impairment of intangible assets	–	–	541
Stock provisions	–	244	4,202
Impairment of receivables	–	–	288
Reorganisation & restructuring costs	–	42	119
Professional fees for corporate activity	118	188	1,235
Loss on disposal of tangible fixed assets	–	–	392
Release of other payables provision	–	–	(616)
Loss on disposal of subsidiary	–	–	171
	118	474	6,332

Funding & Cash Flow

In its simplest form, our strategy revolves around improving and investing in the business with the ambition of creating a larger, sustainably profitable entity which better reflects the strength of our two main brands.

To do this most effectively, while also accepting that it will take some time to become cash profitable, the business needs to have access to an appropriate amount of capital.

We were therefore very pleased to announce last week, that we have secured an additional £5m of funding in the form of an extension to the existing loan facility with Phoenix S. G. Limited. The terms of the extension are the same as the existing facility and the intention is that it will be drawn down by the Group in several tranches as needed.

Chief Executive's Report

continued

Funding & Cash Flow (continued)

As at the balance sheet date the Group had cash balances of £1.8m and a loan of £10.25m repayable in March 2023, provided there is no event of default in the meantime. This loan is due to Phoenix S. G. Limited, the Group's controlling shareholder. Subsequent to the balance sheet date the Group has agreed a further facility of up to £5m as detailed above.

As detailed in the financial statements for the year ended 31 March 2018, the Group is currently in default on its loan facilities. Although during periods of default the facilities are repayable on demand, Phoenix S. G. Limited has not requested repayment.

Cash outflows from operating activities for the six months ended 30 September 2018 were £2.8m (2017; £3.3m).

As at 20 December 2018 the Group had net cash balances of £1.6m and had not drawn down any amount from the new £5m facility.

Litigation

The Group had been in dialogue with the U.S. Securities and Exchange Commission (the "SEC"), following the conclusion of the Department of Justice's ("DOJ") criminal prosecution against a former client, (arising in part out of his dealings with Mallett, Inc) and a New York based former director of Mallett plc. Both the SEC and DOJ are aware that Mallett's new owners were not involved in the events underlying the investigation.

No criminal or civil charges have been filed against Mallett Inc. or any Mallett group company and our offer to the SEC that resolves all outstanding issues has been accepted and approved by the court.

Given the former director's admitted criminal conduct, the Group is pursuing civil action against certain former directors of Mallett plc in respect of losses it has incurred as a result of these matters.

The legal costs in relation to the above together with the agreed settlement with the SEC are estimated, as at 30 September 2018, to be £0.4m, which excludes any potential recovery from the former directors of Mallett. This amount is the accrual at the period end.

Dividend

The Directors do not recommend an interim dividend for the six months ended 30 September 2018.

Chief Executive's Report

continued

Outlook

During the period in question, a lot of work was done to prepare the ground for more tangible progress over the following months and years which will make us both more efficient and better positioned to grow the business.

All of these are consistent with the strategy which we previously laid out in the most recent annual report and over the next year we expect to be able to demonstrate more tangible developments including:

- Clarity around and development of our flagship, London location.
- Significant improvement in our technological capability, including our Publishing processes and offering and improved websites for both Baldwin's and Stanley Gibbons.
- A rebranding exercise for both brands which will make us more up to date and bring much needed consistency to what our customers see and experience when they come into contact with us.
- A range of initiatives aimed at increasing the addressable market.

While the Group remains in a challenging position and will continue to be so for some time, every indication is that both brands have huge potential if given a stable platform from which to grow and it is delivery of this on which we are all focused.

Your ongoing support, that of our customers and in particular the hard work of everybody within the Group is recognised and very much appreciated by everybody on the Board.

Graham Shircore

Chief Executive Officer

27 December 2018

Condensed statement of comprehensive income

for the 6 months ended 30 September 2018

		6 months to 30 Sep 2018 (unaudited)	6 months to 30 Sep 2017 (unaudited) Restated	12 months to 31 Mar 2018 (audited)
	Notes	£'000	£'000	£'000
Revenue	3	5,026	7,137	13,358
Cost of sales		(2,474)	(4,064)	(8,011)
Gross Profit		2,552	3,073	5,347
Administrative expenses before defined benefit pension service costs and exceptional operating costs		(2,012)	(2,005)	(5,517)
Defined benefit pension service cost		–	–	(171)
Exceptional operating charges		(118)	(474)	(6,332)
Total administrative expenses		(2,130)	(2,479)	(12,020)
Selling and distribution expenses		(2,488)	(3,215)	(5,288)
Operating Loss		(2,066)	(2,621)	(11,961)
Finance income		19	22	45
Finance costs		(319)	(333)	(489)
Gain on loan restructuring		–	–	4,250
Share of net profits of joint venture		–	–	113
Loss before tax		(2,366)	(2,932)	(8,042)
Taxation	4	–	–	133
Loss from continuing operations		(2,366)	(2,932)	(7,909)
Loss from discontinued operations		(30)	(158)	(4,260)
Loss for the financial year		(2,396)	(3,090)	(12,169)
Other comprehensive income:				
Exchange differences on translation of foreign operations		46	18	24
Actuarial gains recognised in the pension scheme		–	–	448
Tax on actuarial gains recognised in the pension scheme		–	–	(146)
Other comprehensive income for the period/year, net of tax		46	18	326
Total comprehensive loss for the period/year		(2,350)	(3,072)	(11,843)
Basic earnings per Ordinary Share	5	(0.55)p	(1.64)p	(4.21)p
Diluted earnings per Ordinary Share	5	(0.55)p	(1.64)p	(4.21)p

Total comprehensive income is attributable to the owners of the parent.

Condensed statement of financial position

as at 30 September 2018

	30 Sep 2018 (unaudited)	30 Sep 2017 (unaudited)	31 Mar 2018 (audited)
	£'000	£'000	£'000
Non-current assets			
Intangible assets	5,707	6,906	5,977
Property, plant and equipment	2,385	3,318	2,535
Deferred tax asset	1,190	1,344	1,190
Investments	113	–	113
	9,395	11,568	9,815
Current assets			
Inventories	18,142	52,011	18,303
Trade and other receivables	2,860	4,221	3,610
Assets held for sale	–	951	–
Cash and cash equivalents	1,789	1,081	4,596
	22,791	58,264	26,509
Total assets	32,186	69,832	36,324
Current liabilities			
Trade and other payables	6,378	27,846	8,404
Borrowings	10,250	17,369	10,000
	16,628	45,215	18,404
Non-current liabilities			
Trade and other payables	–	2,904	–
Retirement benefit obligations	5,227	6,086	5,329
Deferred tax liabilities	408	554	408
	5,635	9,544	5,737
Total liabilities	22,263	54,759	24,141
Net assets	9,923	15,073	12,183
Equity			
Called up share capital	4,269	1,789	4,269
Share premium account	78,217	74,847	78,217
Share compensation reserve	2,154	2,033	2,064
Capital redemption reserve	38	38	38
Revaluation reserve	346	346	346
Retained earnings	(75,101)	(63,980)	(72,751)
Equity shareholders' funds	9,923	15,073	12,183

Condensed statement of changes in equity

for the 6 months ended 30 September 2018

	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 April 2018	4,269	78,217	2,064	346	38	(72,751)	12,183
Loss for the financial year	—	—	—	—	—	(2,396)	(2,396)
Exchange differences on translation of foreign operations	—	—	—	—	—	46	46
Total Comprehensive loss	—	—	—	—	—	(2,350)	(2,350)
Cost of share options	—	—	90	—	—	—	90
At 30 September 2018	4,269	78,217	2,154	346	38	(75,101)	9,923
At 1 April 2017	1,789	74,847	1,883	346	38	(60,908)	17,995
Profit for the period	—	—	—	—	—	(3,090)	(3,090)
Exchange differences on translation of foreign operations	—	—	—	—	—	18	18
Total Comprehensive loss	—	—	—	—	—	(3,072)	(3,072)
Cost of share options	—	—	150	—	—	—	150
At 30 September 2017	1,789	74,847	2,033	346	38	(63,980)	15,073
At April 2017	1,789	74,847	1,883	346	38	(60,908)	17,995
Loss for the financial year	—	—	—	—	—	(12,169)	(12,169)
<i>Amounts which may be subsequently reclassified to profit & loss</i>							
Exchange differences on translation of foreign operations	—	—	—	—	—	24	24
<i>Amounts which will not be subsequently reclassified to profit & loss</i>							
Remeasurement of pension scheme net of deferred tax	—	—	—	—	—	302	302
Total comprehensive loss	—	—	—	—	—	(11,843)	(11,843)
Share issue	2,480	3,370	—	—	—	—	5,850
Cost of share options	—	—	181	—	—	—	181
At 31 March 2018	4,269	78,217	2,064	346	38	(72,751)	12,183

Condensed statement of cash flows

for the 6 months ended 30 September 2018

		6 months to 30 Sep 2018 (unaudited)	6 months to 30 Sep 2017 (unaudited)	12 months to 31 Mar 2018 (audited)
	Notes	£'000	£'000	£'000
Cash outflow from operating activities	6	(2,755)	(3,295)	(2,168)
Interest paid		(300)	(311)	(489)
Taxes paid		–	–	22
Net cash outflows from operating activities		(3,055)	(3,606)	(2,635)
Investing activities				
Purchase of property, plant and equipment		(2)	(6)	(35)
Purchase of intangible assets		–	(24)	(30)
Investment in joint venture		–	–	(113)
Disposal proceeds from discontinued operations		–	–	2,681
Sale of property, plant and equipment		–	–	236
Sale of financial asset		–	1,400	–
Disposal of subsidiary		–	100	–
Interest received		–	–	44
Net cash (used in)/generated from investing activities		(2)	1,470	2,783
Financing activities				
Net proceeds from issue of ordinary share capital		–	–	5,850
Net borrowings		250	(700)	4,450
Net cash generated from/(used in) financing activities		250	(700)	10,300
Net decrease in cash and cash equivalents		(2,807)	(2,836)	10,448
Cash and cash equivalents at start of period		4,596	(5,852)	(5,852)
Cash and cash equivalents at end of period		1,789	(8,688)	4,596

Notes to the Condensed Financial Statements

for the 6 months ended 30 September 2018

1 Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as approved for use in the European Union applied in accordance with the provisions of Jersey Companies Law 1991 on a historical basis except where otherwise indicated.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Report above. The Group's forecasts show that it will remain within current loan facility limits for the foreseeable future. However as highlighted above, the Group is currently in default on its borrowing facilities, due to Stanley Gibbons (Guernsey) Limited (in administration) being in administration and the qualified audit report in the March 2018 financial statements. During periods of default the loan is repayable on demand. The loan is from the Group's controlling shareholder Phoenix S. G. Limited and due for repayment in March 2023. Phoenix S. G. Limited was aware of the default at the time it acquired its interest in the Group and the Directors do not believe it will seek repayment of the loan within the foreseeable future, although there can be no certainty of this fact. The Directors' view is further supported by the fact that Phoenix S. G. has recently agreed an as yet undrawn facility for a further £5m, however in the event that Phoenix S. G. Limited requests repayment of the loan or trading deteriorates below forecasted levels, the Group would require access to additional liquidity.

The Directors acknowledge that the above risks cast doubt on the Group's ability to continue as a going concern. They recognise that Phoenix S. G. Limited has stated that it intends to be a long term investor, is the controlling shareholder with an interest of just over 58% and has given no indication that it would withdraw its support.

As such, having regard to the matters above, and after making reasonable enquiries and taking account of uncertainties discussed 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 the accounts.

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 2018.

Notes to the Condensed Financial Statements

continued

3 Segmental analysis

As outlined in the Operating Review the company has four 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.

Segmental income statement

	Philatelic £'000	Publishing £'000	Coins & Medals £'000	Legacy Interiors £'000	Unallocated £'000	Total £'000
6 months to						
30 September 2018						
Revenue	1,841	936	1,633	616	–	5,026
Operating costs	(2,222)	(986)	(1,415)	(607)	(1,744)	(6,974)
Exceptional costs	(2)	–	(17)	–	(99)	(118)
Net finance costs	–	–	–	–	(300)	(300)
Profit/(loss) before tax	(383)	(50)	201	9	(2,143)	(2,366)
Tax	–	–	–	–	–	–
Profit/(loss) for the period from continuing operations	(383)	(50)	201	9	(2,143)	(2,366)
6 months to 30 September 2017						
<i>Restated</i>						
Revenue	3,549	988	2,068	532	–	7,137
Operating costs	(3,937)	(1,077)	(1,688)	(465)	(2,117)	(9,284)
Exceptional costs	(210)	–	(72)	–	(192)	(474)
Net finance costs	–	–	(1)	–	(310)	(311)
Profit/(loss) before tax	(598)	(89)	307	67	(2,619)	(2,932)
Tax	–	–	–	–	–	–
Profit/(loss) for the period from continuing operations	(598)	(89)	307	67	(2,619)	(2,932)
12 months to 31 March 2018						
Revenue	6,796	2,213	3,213	1,136	–	13,358
Operating costs	(8,897)	(2,242)	(2,711)	(1,103)	(3,921)	(18,874)
Exceptional costs	(4,017)	29	(582)	(37)	2,525	(2,082)
Net finance costs	–	–	–	(126)	(318)	(444)
Profit/(loss) before tax	(6,118)	–	(80)	(130)	(1,714)	(8,042)
Tax	(3)	–	166	–	(30)	133
Profit/(loss) for the period from continuing operations	(6,121)	–	86	(130)	(1,744)	(7,909)

Notes to the Condensed Financial Statements

continued

3 Segmental analysis *continued*

Geographical Information

Analysis of revenue by origin and destination

	6 months to 30 Sep 2018	6 months to 30 Sep 2018	6 months to 30 Sep 2017	6 months to 30 Sep 2017	12 months to 31 Mar 2018	12 months to 31 Mar 2018
	Sales by destination	Sales by origin	Sales by destination	Sales by origin	Sales by destination	Sales by origin
	£'000	£'000	Restated £'000	Restated £'000	£'000	£'000
United Kingdom	3,202	4,459	4,726	6,606	9,178	12,222
Channel Islands	59	–	288	–	364	–
Europe	287	–	285	–	522	–
North America	1,018	567	1,310	531	2,209	1,136
Asia	302	–	136	–	519	–
Rest of the World	158	–	392	–	566	–
	5,026	5,026	7,137	7,137	13,358	13,358

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

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

Notes to the Condensed Financial Statements

continued

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 Sep 2018 (unaudited)	6 months to 30 Sep 2017 (unaudited) Restated	12 months to 31 Mar 2018 (audited)
Weighted average number of ordinary shares in issue (No.)	426,916,643	178,916,643	187,749,520
Dilutive potential ordinary shares: Employee share options (No.)	931,956	323,959	931,956
Continuing operations			
Loss after tax (£)	(2,366,000)	(2,932,000)	(7,909,000)
Pension service costs (net of tax)	-	150,000	139,000
Cost of share options (net of tax)	90,000	150,000	147,000
Amortisation of customer lists (net of tax)	120,000	180,000	192,000
Exceptional operating costs (net of tax)	118,000	474,000	708,000
Adjusted loss after tax (£)	(2,038,000)	(1,978,000)	(6,723,000)
Basic loss per share – pence per share	(0.55)p	(1.64)p	(4.21)p
Diluted loss per share – pence per share	(0.55)p	(1.64)p	(4.21)p
Adjusted loss per share – pence per share	(0.48)p	(1.11)p	(3.58)p
Adjusted diluted loss per share – pence per share	(0.48)p	(1.11)p	(3.58)p
Discontinued operations			
Loss after tax (£)	(30,000)	(158,000)	(4,260,000)
Basic loss per share – pence per share (p)	(0.01)p	(0.09)p	(2.27)p
Diluted loss per share – pence per share (p)	(0.01)p	(0.09)p	(2.27)p

Notes to the Condensed Financial Statements

continued

6 Cash outflows from operating activities

	6 months to 30 Sep 2018 (unaudited) £'000	6 months to 30 Sep 2017 (unaudited) Restated £'000	12 months to 31 Mar 2018 (audited) £'000
Operating loss (including discontinued operations)	(2,096)	(2,779)	(11,998)
Profit on sale of discontinued operations	–	–	(2,139)
Loss on sale of property, plant and equipment	–	–	392
Profit on disposal of investment	–	(1,394)	–
Impairment of tangible assets	–	–	153
Depreciation of tangible assets	231	201	678
Amortisation of intangible assets	270	340	544
Impairment of intangibles	–	150	541
Decrease in provisions	(102)	–	(308)
Income from joint venture	–	–	113
Net exchange differences	(32)	18	183
Cost of share options	90	150	181
Decrease in inventories	161	3,214	14,522
Decrease/(increase) in trade and other receivables	750	(177)	(487)
Decrease in trade and other payables	(2,027)	(3,018)	(4,543)
Cash outflows from operating activities	(2,755)	(3,295)	(2,168)

7 Agreement with Phoenix S. G. Limited ("Phoenix SG")

On 10th September the Company announced that its subsidiary, Stanley Gibbons Limited ("SGL") had entered in to an agreement with Phoenix SG to acquire approximately 1,900 items, for an initial consideration of £5.20m, which is payable in cash to Phoenix SG over the term of the agreement, as and when sales of the items are made to third parties and will be the net proceeds, after deduction of a commission payment to be made to SGL, on completed sales. Phoenix SG had acquired the items from the administrators of Stanley Gibbons (Guernsey) Limited. The agreement is for a total term of 10 years and any sale at a value that is less than the base cost of an inventory item can only be made with the specific permission of Phoenix SG. To the extent that all of the inventory is sold and the appropriate payments have been made by SGL to Phoenix SG no further consideration will be due. To the extent that items remain to be sold at the end of the agreement the relevant items will be returned to Phoenix SG and no further consideration will be due.

Notwithstanding the fact that the agreement was written as a sale from Phoenix SG to SGL, the substance of the transaction is that of a consignment stock arrangement and so has been accounted for as such. The acquired items have therefore not been included within inventories and there is no related creditor due to Phoenix SG within the balance sheet. The commission due to SGL is recognised as revenue in the accounting period of the sale to a third party. As at 30 September 2018 of the initial items totalling £5.20m, £5.18m remained unsold.

Notes to the Condensed Financial Statements

continued

8 Post Balance Sheet Event

On the 21 December the Group announced it had agreed an additional £5m of funding in the form of an extension to the existing loan facility with Phoenix SG. The terms of the extension are the same as the existing facility and the intention is that it will be drawn down by the Group in several tranches as needed.

9 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.