



Annual Report and Accounts

Fifteen months ending 31 March 2014



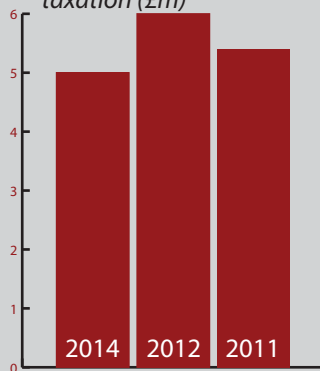
Our online mission

“To provide people with the best marketplace for collectibles, built on a community of honest and knowledgeable collectors. A place where buyers and sellers can connect with each other, share their passion and grow their hobby.”

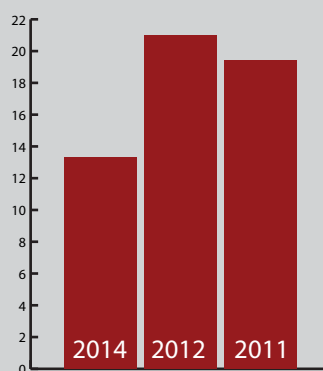
Financial Highlights

| | 15 months ended 31 March 2014 | Year ended 31 December 2012 <i>restated</i> | Year ended 31 December 2011 |
|--------------------------------------|----------------------------------|---|--------------------------------|
| Group Turnover (£m) | 51.8 | 35.6 | 35.7 |
| Trading profits (£m) | 6.9 | 6.3 | 5.5 |
| Profit before taxation (£m) | 2.2 | 5.2 | 4.9 |
| Adjusted profit before taxation (£m) | 5.0 | 6.0 | 5.4 |
| Basic earnings per share (p) | 6.3 | 18.5 | 17.9 |
| Adjusted earnings per share (p) | 13.3 | 21.0 | 19.4 |
| Dividend per share (p) | 7.0 | 6.5 | 6.0 |
| Cash balances (£m) | 9.5 | 6.8 | 3.2 |
| Net assets per share (p) | 180.1 | 111.5 | 88.7 |

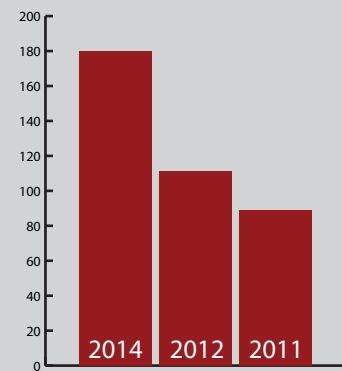
Adjusted Profit before taxation (£m)



Adjusted Earnings per share



Net assets per share (p)



Contents

| | Page |
|--|-------|
| Directors and Advisers | 1 |
| Chairman's Statement | 2 |
| Operating Review | 3-4 |
| Financial Review | 5 |
| Corporate Governance | 6 |
| Report on Remuneration | 6-7 |
| Directors' Report | 8-10 |
| Independent Auditors' Report | 11 |
| Consolidated statement of comprehensive income | 12 |
| Consolidated statement of financial position | 13 |
| Consolidated statement of changes in equity | 14 |
| Consolidated statement of cash flows | 15 |
| Notes to the Financial Statements | 16-39 |
| Directors' Biographical Details | 40 |

Financial Calendar

| | |
|---------------------------------|------------------|
| Annual General Meeting | 30 July 2014 |
| Announcement of Interim Results | 14 November 2014 |
| Interim Dividend Payment Date | 12 January 2015 |

Highlights

- Sales of £51.8m for the fifteen months ended 31 March 2014 (year ended 31 December 2012: £35.6m)
- Trading profits* for the fifteen months ended 31 March 2014 of £6.9m (year ended 31 December 2012: £6.3m)
- Investment in online developments expensed to the statement of comprehensive income in the fifteen months ended 31 March 2014 of £1.8m (year ended 31 December 2012: £0.3m)
- Adjusted profit before tax** for the fifteen months ended 31 March 2014 of £5.0m (year ended 31 December 2012: £6.0m)
- Adjusted earnings per share for the fifteen months ended 31 March 2014 of 13.30p (year ended 31 December 2012: 20.98p)
- Total dividend for the fifteen months ended 31 March 2014 of 7.0p per share (year ended 31 December 2012: 6.5p)
- Although traditionally the quietest quarter of the year, turnover was £10.2m for the quarter ended 31 March 2014 up 79% on the same period last year as a result of the Noble acquisition
- Net assets per share at 31 March 2014 of 180.1p (31 December 2012: 111.5p), representing an increase of 62%
- Net cash balances of £9.5m at 31 March 2014 (31 December 2012: £6.8m)
- Stock at 31 March 2014 stated at historic cost of £42.1m (31 December 2012: £20.7m) including stock balances on acquisition of Noble Investments (UK) plc (Noble) and Murray Payne Limited of £11.1m

*Excludes investment on internet development, exceptional operating charges and actuarial accounting adjustments

**Excludes exceptional operating charges and actuarial accounting adjustments

Directors and Advisers

Directors D M Bralsford MSc, FCA, FCT, *Chairman**
 M R M Hall B.Acc CA, *Chief Executive*
 J Byfield, *Corporate Development Director*
 D P J Duff BAAF, AMCT, FCA, *Chief Finance Officer*
 I G Goldbart, *Managing Director – Dealing & Auctions (appointed 21 November 2013)*
 M P Magee CA, *Director**
 S Perrée, *Director* (appointed 1 May 2013)*
 C Jones, *Director* (appointed 28 March 2014)*
 * Non Executive

Company Secretary R K Purkis

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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
 Portwall Place
 Portwall Lane
 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
 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
 Kent BR3 4TU
 Tel: 0871 664 0300; from overseas +44 20 8639 3399

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

Introduction

This report relates to the final audited results for the fifteen months ended 31 March 2014 following the change in the Company's financial year end from 31 December to 31 March. The prior year comparative figures presented represent the audited results for the twelve months ended 31 December 2012.

Financials

Turnover for the fifteen months ended 31 March 2014 was £51.8m compared to £35.6m for the twelve months ended 31 December 2012.

Trading profits, before internet costs, exceptional charges and actuarial accounting adjustments, were £6.9m for the fifteen months ended 31 March 2014 (year ended 31 December 2012: £6.3m). The net investment in our online development project expensed to the statement of comprehensive income in the fifteen months ended 31 March 2014 was £1.8m (year ended 31 December 2012: £0.3m). The investment was in line with plan and financed as part of the fundraising of £6m in November 2012.

Profit before tax for the fifteen months ended 31 March 2014, after charging internet development costs, but before exceptional charges and actuarial accounting adjustments, was £5.0m (year ended 31 December 2012: £6.0m) reflecting the increased investment in the development of our online strategy in the period.

Adjusted earnings per share, excluding exceptional costs and actuarial accounting adjustments for the fifteen months ended 31 March 2014 were 13.30p (year ended 31 December 2012: 20.98p, as restated).

Dividend

Your Board declared a second interim dividend, in respect of the six month period to 31 December 2013, of 4.00p (2012: 3.75p). The total dividend from earnings for the fifteen months ended 31 March 2014 was 7.00p (2012: 6.50p), an increase of 8%.

Outlook

The Group started its new financial year in April with a strong balance sheet position, including net cash of £9.5m and a high quality stockholding of rare collectibles carried at a historic cost of £42.1m. Most important in this respect, we have recently secured two exceptional and prestigious stamp collections. The quality and breadth of our stockholding at this time provides a solid platform to deliver growth in core dealing activities to both specialist collectors and investors.

The integration of Noble Investments (UK) plc ("Noble") is progressing in line with plan. Our principal leasehold retail premises at 399 Strand, London are currently undergoing refurbishment to create additional office space and better presentation to accommodate the move of the Baldwin's team from Adelphi Terrace to The Strand later this year. Following this move, we will be in a position to sell our freehold property at Adelphi Terrace.

We are already experiencing some notable success in cross selling between Stanley Gibbons and Noble. It is expected that the benefits of being able to provide a first class service in a wide range of collectibles to our combined client base will provide further increased sales opportunities in the current year.

We are encouraged that we have, in recent months, secured some strong consignments for our auction business, which provides some visibility of future earnings. The quality of the recent collections consigned provides an initial indicator that the strength of the enlarged Group's combined expertise is beginning to be recognised by the market and potential vendors of major collections. Our global reach, specialist expertise and perhaps most importantly, our integrity, which is central to our brand values, is

of obvious attraction to sellers looking to realise the best price for their collection.

The most important milestone in the current financial year is the forthcoming launch of our Stanley Gibbons branded online marketplace. This will represent the first step towards realising our ultimate goal, which is to become the globally recognised marketplace for trading collectibles online.

People

The Group now employs over 250 people as a consequence of our recent acquisitions and development of our services into a wide range of collectible categories. It is the dedication and specialist expertise of our team that ensure our brand name continues to be revered across the global collectibles community. Specifically, our team's values ensure that we always strive to deliver an exceptional service to our clients.

I take this opportunity to formally thank all members of the Stanley Gibbons Group for their contribution and efforts during the past fifteen months.

Board

I am delighted to welcome Clive Jones to your Company's Board following his appointment as independent non-executive director on 28 March 2014. Clive, who until recently was Chairman of the Jersey Financial Services Commission after a career in banking, strengthens your Board through his extensive knowledge of corporate governance, financial regulation and wealth management.

Martin Bralsford,
CHAIRMAN

26 June 2014

Operating Review

FOR THE PERIOD ENDED 31 MARCH 2014

| | 15 months to 31 March | | 12 months to 31 December | | 12 months to 31 December | |
|--|--------------------------|--------------|-----------------------------|---------|-----------------------------|---------|
| | 2014 | 2014 | 2012 | 2012 | 2011 | 2011 |
| | Sales | Profit | Sales | Profit | Sales | Profit |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Philatelic trading and retail operations | 33,413 | 7,628 | 26,341 | 7,099 | 27,727 | 5,943 |
| Publishing and philatelic accessories | 3,617 | 764 | 3,148 | 782 | 2,980 | 677 |
| Coins and military medals | 6,981 | 1,225 | 1,045 | 239 | 800 | 133 |
| Dealing in other collectibles | 7,480 | 982 | 4,987 | 877 | 4,155 | 702 |
| Corporate overheads | - | (3,780) | - | (2,615) | - | (1,881) |
| Finance income/(charges) – net | - | 33 | - | (38) | - | (55) |
| Trading sales and profits | 51,491 | 6,852 | 35,521 | 6,344 | 35,662 | 5,519 |
| Internet development | 281 | (1,822) | 78 | (302) | 42 | (127) |
| Adjusted sales and profit before tax | 51,772 | 5,030 | 35,599 | 6,042 | 35,704 | 5,392 |
| Actuarial accounting adjustments | - | (563) | - | (368) | - | (290) |
| Finance charges related to pensions | - | (173) | - | (170) | - | (44) |
| Exceptional operating charges | - | (2,081) | - | (349) | - | (112) |
| Group total sales and profit before tax | 51,772 | 2,213 | 35,599 | 5,155 | 35,704 | 4,946 |

Overview

Group turnover for the fifteen months ended 31 March 2014 was £51.8m (year ended 31 December 2012: £35.6m).

The gross margin percentage for the fifteen months ended 31 March 2014 was 44.1% compared to 43.7% for the year ended 31 December 2012.

Underlying trading profits, excluding investment on internet development, actuarial accounting adjustments and exceptional operating charges, were £6.9m for the fifteen months ended 31 March 2014 (year ended 31 December 2012: £6.3m).

Profit before tax for the fifteen months ended 31 March 2014 was £2.2m (year ended 31 December 2012: £5.2m, as restated). The reduction in statutory profits reflects the increased investment in online developments with a net investment of £1.8m in the fifteen months ended 31 March 2014 (year ended 31 December 2012: £0.3m) and higher exceptional operating charges of £2.1m (2012: £0.3m).

Philatelic Trading and Retail Operations

Philatelic trading and retail sales for the fifteen months ended 31 March 2014 were £33.4m (year ended 31 December 2012: £26.3m) with profit contribution of £7.6m (2012: £7.1m).

Philatelic trading showed a strong performance in the fifteen months ended 31 March 2014 benefiting from the quality of our stockholding of high value philatelic rarities and sales made to our existing high net worth clients. Core trading in stamps from Great Britain and British Commonwealth countries showed significant growth in the period.

Chinese rare stamps remain in high demand although sales levels remain restricted by the limited quantity of material coming on to the market of “Stanley Gibbons’ quality”. Despite these inherent limitations, we are beginning to generate new sources of supply through our office in Hong Kong with some success.

Enhanced by recent acquisitions, our auction business is beginning to show promise with our February 2014 public auction being one of our strongest in recent years.

Publishing and Philatelic Accessories

Publishing and philatelic accessory sales for the fifteen months ended 31 March 2014 were £3.6m (year ended 31 December 2012: £3.1m) with profit contribution of £0.8m (2012: £0.8m).

Sales performance suffered following the closure of our largest wholesale distributor and the loss of the substantial bulk orders, which we would ordinarily have benefited from. We are making progress, however, in recruiting new trade clients previously handled by this distributor.

Coins and military medals

Sales of rare coins and military medals for the fifteen months ended 31 March 2014 were £7.0m (year ended 31 December 2012: £1.0m) with profit contribution of £1.2m (2012: £0.2m). Sales included £2.5m from Baldwin’s in respect of the Noble acquisition. The high level of growth achieved related primarily to the sale of rare coins from Baldwin’s extensive stockholding, following acquisition in November 2013, to Stanley Gibbons’ high net worth clients.

Dealing in Other Collectibles

Dealing in other collectibles can be further analysed as follows:

| | 15 months to 31 March | | 12 months to 31 December | | 12 months to 31 December | |
|--|--------------------------|------------|-----------------------------|--------|-----------------------------|--------|
| | 2014 | 2014 | 2012 | 2012 | 2011 | 2011 |
| | Sales | Profit | Sales | Profit | Sales | Profit |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Dealing in autographs, historical documents, memorabilia, rare books and records | 3,135 | 154 | 1,615 | 150 | 1,567 | 127 |
| Dealing in antiques, watches, fine wine, jewellery and other collectibles | 1,535 | 255 | - | - | - | - |
| Benham first day covers | 2,810 | 573 | 3,372 | 727 | 2,588 | 575 |
| Total sales and profit contribution | 7,480 | 982 | 4,987 | 877 | 4,155 | 702 |

Sales of other collectibles for the fifteen months ended 31 March 2014 were £7.5m (year ended 31 December 2012: £5.0m) with

Operating Review

profit contribution of £1.0m (2012: £0.9m). Other collectibles sales in the fifteen months ended 31 March 2014 include £5.9m in respect of Noble since acquisition in November 2013.

Autographs, historical documents, memorabilia, rare books and record sales for the fifteen months ended 31 March 2014 were £3.1m (year ended 31 December 2012: £1.6m) with profit contribution of £0.2m (2012: £0.2m). Fraser's autographs business has now been integrated with Bloomsbury auctions, with Fraser's autographs being relocated from 399 Strand, London to the Bloomsbury auctions premises at 24 Maddox Street, London. The integration has shown immediate benefits, with Fraser's autographs sharing Bloomsbury Auctions' extensive resources and expertise.

Sales of antiques, watches, fine wine, jewellery and other collectibles relate entirely to auction commission from Dreweatts as part of the Noble acquisition in November 2013. Auction commissions from Dreweatts in the period since acquisition to 31 March 2014 were £1.5m with a profit contribution of £0.3m. The Dreweatts business is dependent on the timing of major auctions and the short trading period reported since acquisition does not reflect the underlying profitability of the business annually.

Benham first day covers and other collectibles sales for the fifteen months ended 31 March 2014 were £2.8m (year ended 31 December 2012: £3.4m) with profit contribution of £0.6m (2012: £0.7m). Sales in the prior year included £0.6m of London 2012 Olympics commemorative products to our trade distributor in China. Prior year sales and profit contribution also benefited from commemorative products in respect of the Queen's Diamond Jubilee.

Corporate Overheads

Corporate overheads for the fifteen months ended 31 March 2014 were £3.8m (year ended 31 December 2012: £2.6m). The increased corporate overheads reflect the investment to develop the necessary support functions to manage the enlarged group, including Finance, HR and Group marketing department. These support functions provide a vital element to delivering future growth in earnings of the enlarged Group.

Internet Development

Sales reported within this division relate solely to commissions generated from third party sales through our online marketplace www.bidstart.com and online subscription revenues. Online e-commerce sales through our trading websites www.stanleygibbons.com, www.frasersautographs.com, www.baldwin.co.uk and www.dreweatts.com are reported within the respective trading departments.

Online commissions and subscription revenue was £0.3m for the fifteen months ended 31 March 2014.

The beta version of the new Stanley Gibbons branded online marketplace is currently undergoing rigorous testing by both our own internal specialists and a taskforce of external users.

Overheads were expensed in the fifteen months ended 31 March 2014 of £2.1m (year ended 31 December 2012: £0.4m) with the increase relating mainly to salary costs of software engineers making up our internet development team in Raleigh, US and e-commerce and online marketing team in Jersey, CI and London, UK.

Actuarial Accounting Adjustments & Finance charges related to pensions

Actuarial accounting adjustments & finance charges related to pensions for the fifteen months ended 31 March 2014 were £0.7m (year ended 31 December 2012: £0.5m, as restated). In the opinion of the Directors, such accounting charges do not form part of the operating performance of the Group. Further information on such charges is provided in the Financial Review and note 26 of these financial statements.

Exceptional Operating Charges

Exceptional operating charges can be further analysed as follows:

| | 15 months to 31 March 2014 | 12 months to 31 December 2012 |
|--|-------------------------------|----------------------------------|
| | £000 | £000 |
| Legal costs in respect of defined benefit pension scheme | 820 | - |
| Aborted IT system development costs | 139 | - |
| Aborted overseas offices opening costs | 121 | - |
| Re-organisation and restructuring costs | 290 | 130 |
| Stock rationalisation | 208 | - |
| Acquisition costs | 503 | 154 |
| Fair value adjustment relating to Benham acquisition | - | 65 |
| Total exceptional operating charges | 2,081 | 349 |

Legal costs in respect of the defined benefit scheme incurred of £0.8m relate to legal action for recovery against the professional advisers in respect of the Company's defined benefit pension scheme. Acquisition costs of £0.5m relate primarily to legal and professional fees in respect of the acquisition of Noble. Re-organisation and restructuring costs of £0.5m represent one-off charges in respect of restructuring Group head office functions and the integration of Noble.

Michael Hall,
CHIEF EXECUTIVE

26 June 2014

Financial Review

Balance Sheet

Net assets have increased substantially during the fifteen month period from £31.7m to £83.9m mainly from the successful placing and fundraising of £40m for the acquisition of Noble Investments (UK) plc on 21 November 2013. Details of this acquisition, along with that of Murray Payne Limited, are outlined in note 30 to these financial statements. The transactions have resulted in the identification of intangible assets of £30.0m including goodwill (£23.9m), customer lists (£2.6m) and brands & trademarks (£3.5m).

The Group increased its stockholding significantly during the fifteen months, as indicated below:

| | 31 March 2014 £000 | 31 December 2012 £000 |
|--|--------------------------|-----------------------------|
| Philatelic rarities | 19,891 | 8,318 |
| Philatelic stock (general) | 4,212 | 2,160 |
| Coins and medals | 7,888 | 1,112 |
| Autographs, historical documents and related memorabilia | 5,341 | 4,545 |
| First day covers & other collectibles | 3,379 | 2,969 |
| Publications, albums and accessories | 1,407 | 1,624 |
| | 42,118 | 20,728 |

As outlined in note 30, the Group acquired £11.1m of inventory through two acquisitions during the year. In view of the strong demand we are witnessing for collectibles and our history of delivering strong returns on this asset class, we remain confident that this type of investment is a very effective use of Shareholder Funds.

Cash Flow

EBITDA for the period, as outlined below, was £6.1m (2012: £6.5m), a decrease of £0.4m. A summary reconciliation of this important financial metric to cash generated from operating activities is given below:

| | 15 months to 31 March 2014 £000 | 12 months to 31 December 2012 £000 |
|---|--|---|
| Operating profit | 2,354 | 5,363 |
| Exceptional items | 2,081 | 349 |
| Depreciation/Amortisation/asset writeoffs | 1,121 | 439 |
| IAS 19 employee benefit costs | 375 | 260 |
| IFRS2 accounting charge for share options | 188 | 108 |
| EBITDA | 6,119 | 6,519 |
| Increase in inventories | (10,280) | (3,927) |
| Net decrease/(increase) in debtors and creditors | 2,500 | (761) |
| Cash contributions to defined benefit pension scheme | (177) | (150) |
| Increase/(decrease) in contract provision | 15 | (325) |
| Exceptional items | (2,081) | (349) |
| Operating cash (consumed)/generated in period/year | (3,904) | 1,007 |

The Group's cash funds at 31 March 2014 were £9.5m, compared to £6.8m at 31 December 2012. The Board is satisfied that the Group has sufficient funds to meet its forecast working capital and capital expenditure plans over the next 12 months.

The increase in cash during the fifteen months to March 2014 of £2.7m (year ended 31 December 2012: increase of £3.5m) is net of dividends paid of £1.9m (2012: £1.6m), tax paid of £0.4m (2012: £0.6m) and a net drawdown of borrowings of £0.6m (2012: net repayment of £0.3m). It includes balances acquired on the acquisition of Noble of £6.3m and net surplus funds raised from the share placing of £4.6m which have since largely been reinvested in high quality stock acquisitions.

Surplus funds are currently invested in short term deposits which generate low rates of interest in the current economic climate but with lower risk. It is Group policy to re-invest cash funds into

business assets, which deliver a higher return on capital including its inventory of rare collectibles, IT systems and value enhancing acquisitions. It is not Group policy to engage in speculative activity using financial derivatives or other complex financial instruments.

At 31 March 2014, the Group had bank borrowings of £0.8m (31 December 2012: £0.2m) with NatWest Bank PLC. This primarily relates to a loan drawn down in January 2014 to fund the acquisition of Murray Payne Limited at that time. It bears a rate of LIBOR plus 1.5% and will be repaid quarterly over a 3-year period. The outstanding loan balance from the prior year relating to the Benham acquisition was repaid in full during 2013.

The Group invested £2.0m (31 December 2012: £0.5m) in capital expenditure, excluding assets acquired as part of the Noble and Murray Payne acquisitions during the period, and this can be analysed as follows:

| | 15 months ended 31 March 2014 £000 | Year ended 31 December 2012 £000 |
|---|---|---|
| System upgrades | 489 | 192 |
| Refurbishment of offices | 235 | 211 |
| Website development costs | 1,047 | 43 |
| Reference collection | 74 | 37 |
| Other tangible and intangible capital expenditure | 219 | 23 |
| Total Capital Expenditure in the period/year | 2,064 | 506 |

Such capital investment is expected to increase the long-term value of the business and to generate substantial cash flows in future accounting periods.

Finance income/(costs)

Group cash funds generated £32,000 (31 December 2012: £3,000) bank interest for the reporting period.

Finance Costs comprise a cost of £173,000 (31 December 2012: £170,000, as restated), representing the interest on net defined benefit liabilities under IAS19 (Amendment) "Employee Benefits". The prior year figure also includes £17,000 of overdraft fees incurred for one off facilities to finance short term working capital requirements.

Taxation

The tax charge for the fifteen months to 31 March 2014 (excluding deferred taxation) was £182,000 (year ended 31 December 2012: £351,000) incurred on UK and overseas profits, resulting in an effective rate of 8.2% (31 December 2012: 6.8%). Profits from Channel Island trading companies are currently subject to tax at 0%.

Dividend

The Board has declared total dividends of 7.00p for the fifteen months to 31 March 2014 (year ended 31 December 2012: 6.50p) representing an increase of 8% and covered almost two times by adjusted earnings for the period.

Accounting Policies

Accounting policies are detailed in Note 1 to the Financial Statements on pages 16 to 19.

Donal Duff,

CHIEF FINANCE OFFICER

26 June 2014

Corporate Governance

So far as is appropriate, the Board aims to apply the underlying principles of the UK Corporate Governance Code, having regard to the size of the Group. The principal areas where these are applied in the running of the Group are set out below.

The Company holds board meetings regularly throughout the period at which operating and financial reports are considered. The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and senior personnel appointments. Mr C Jones is the Senior Independent Director.

Audit Committee

The Audit Committee comprises only independent Non-Executive Directors, and it met five times during the period since approval of the previous financial statements. It has written terms of reference, which were refreshed in January 2014, setting out its responsibilities that include:

- monitoring the financial reporting process, the integrity of the company's financial statements and announcements relating to financial performance and reviewing significant financial judgements contained in them;
- keeping under review the company's internal controls and risk management systems;
- considering annually the need for a separate internal audit function and making recommendations to the Board;
- making recommendations to the Board regarding the appointment, reappointment or removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor; and
- reviewing and monitoring the external auditor's independence and the effectiveness of the audit process.

In addition, following the publication of the revised version of the UK Corporate Governance Code, the Board requested that the Committee advise them on whether they believe the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy. The Audit Committee has concluded that this is the case and has reported this to the Board.

Non-audit services are reviewed on a case by case basis and also in terms of materiality of the fee. Note 4 to the Financial Statements details the quantum and split of auditor fees.

In the course of its work the Audit Committee meets with the external auditors and reviews the reports from them relating to the financial statements. It also reviews the likely significant issues in advance of publication both of the half and full year results and in particular any critical accounting judgements identified by both the Company and the external auditors most of which are disclosed in Note 2 to the Financial Statements (Critical Accounting Judgements).

Members of the Audit Committee at the date of the report were M P Magee (Chairman), S Perrée and C Jones.

Nomination Committee

A separate Nomination Committee is in operation. It comprises the Non-Executive Chairman, two Non-Executive Directors and the Chief Executive. The committee considers appointments to the Board and is responsible for nominating candidates to fill Board vacancies and for making recommendations on Board composition. A Company wide policy exists on diversity. The board recognises such benefits of and will continue to appoint Executive and Non Executive Directors to ensure diversity of background and on the basis of their skills and experience.

Members of the Nomination Committee at the date of the report were D M Bralsford (Chairman), M R M Hall, M P Magee and S Perrée.

Report on Remuneration

The Remuneration Committee comprises only independent Non-Executive Directors. It reviews the performance of the Executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders.

The Remuneration Committee has responsibility for making recommendations to the Board on the Group's general policy on remuneration and also specific packages for individual Directors. It carries out the policy on behalf of the Board.

Members of the Remuneration Committee at the date of the report were S Perrée (Chairman), M P Magee and C Jones.

S Perrée and M P Magee are shareholders; none of the members of the committee have day to day involvement in the running of the business.

Policy on Executive Directors' Remuneration

The Committee reviews remuneration of Executive Directors and senior management each year. The main aim of the Group's executive pay policy is to provide an appropriate reward for their work which is sufficient to attract and retain the Directors needed to meet the Group's objectives and satisfy shareholder expectations.

The Committee has given full consideration to the provisions of Schedule A of the UK Corporate Governance Code.

Executive Share options are granted to Directors and other employees on a phased basis. The value of those options ensures that this spreads any reward over a number of years, allied to growth in shareholder value over the long term.

Options granted under the Group Share Option Plan 2010, Inland Revenue approved 2000 UK Executive Share Option Scheme and the 2000 Jersey Executive Share Option Scheme are exercisable between the third and tenth anniversaries of the date of grant. Options granted are not normally exercisable unless the performance target is satisfied.

Options issued in 2010 had the target of a minimum EPS of 17.3 pence for the year ended 31 December 2012. 25% of the granted options vest if this target is reached, rising on a straight line basis to 100% of options granted to vest if an EPS of 21.5 pence is achieved.

Options issued in 2011 had the target of a minimum EPS of 19.2 pence for the year ended 31 December 2013. 25% of the granted options vest if this target is reached, rising on a straight line basis to 100% of options granted to vest if an EPS of 22.7 pence is achieved.

Options issued in 2012 had the target of a minimum EPS of 21.8 pence for the year ended 31 December 2014. 25% of the granted options vest if this target is reached rising on a straight line basis to 100% of options granted to vest if an EPS of 25.7 pence is achieved.

Options issued in 2014 require that the Company's compound average Total Shareholder Return ("TSR") growth over the performance period must match or exceed 8% per annum. The options shall vest over a number of shares determined as follows:

| Compound average annual TSR growth over the performance period | Percentage of Option which vests (with straight line vesting between each point) |
|--|--|
| Less than 8% | 0% |
| 8% | 25% |
| 15% or more | 100% |

The Company Secretary is a member of the Group's defined benefit pension scheme. Contributions are paid on behalf of the Chief Executive, Chief Finance Officer and Corporate Development Director to defined contribution schemes.

Benefits include the provision of family private healthcare insurance and death in service insurance.

Directors are awarded annual bonuses calculated on the basis of defined criteria relating to Group performance compared to prior year and budget and other specific objectives which contribute to growth in earnings per share, cash generation and return on capital employed.

Report on Remuneration

(Continued)

Service contracts

No Director has a notice period exceeding twelve months.

Directors' Remuneration

For each Director, remuneration for the fifteen months to 31 March 2014 can be analysed as follows:

| | 15 months to 31 March 2014 | 15 months to 31 March 2014 | 15 months to 31 March 2014 | 15 months to 31 March 2014 | 15 months to 31 March 2014 | 12 months to 31 Dec 2012 |
|-----------------------------|-------------------------------|---------------------------------------|-------------------------------|-----------------------------------|-------------------------------|-----------------------------|
| | Salary & Fees £'000 | Performance Related Bonus £'000 | Other Benefits £'000 | Pension Contributions £'000 | Total £'000 | Total £'000 |
| D M Bralsford | 73 | – | – | – | 73 | 53 |
| M R M Hall | 306 | 90 | 1 | 30 | 427 | 297 |
| D P J Duff | 220 | 40 | 4 | 22 | 286 | 212 |
| J Byfield | 200 | 30 | 4 | 20 | 254 | 134 |
| I Goldbart* | 74 | – | – | – | 74 | – |
| M Magee* | 40 | – | – | – | 40 | 13 |
| S Perrée* | 30 | – | – | – | 30 | – |
| C Jones* | – | – | – | – | – | – |
| General Sir Michael Wilkes* | 27 | – | – | – | 27 | 30 |
| R H Henkhuzens | – | – | – | – | – | 12 |
| R K Purkis* | 104 | 2 | – | – | 106 | 104 |
| | 1,074 | 162 | 9 | 72 | 1,317 | 855 |

*Served as a Director for part of the period.

Directors' Share Options

| | Date of grant | Earliest exercise date | Expiry date | Exercise Price (1p shares) | Number at 31 Dec 12 | Granted in period | Exercised In period | Forfeited in period | Number at 31 March 2014 |
|------------|------------------|------------------------------|----------------|----------------------------------|------------------------|----------------------|------------------------|------------------------|-------------------------------|
| M Hall | 12/8/09* | 12/8/12 | 11/8/19 | 127.00p | 145,669 | – | (79,185) | (66,484) | – |
| | 1/6/10** | 1/6/13 | 31/5/20 | 123.50p | 299,595 | – | (296,389) | (3,206) | – |
| | 6/5/11** | 6/5/14 | 5/5/21 | 179.00p | 160,000 | – | – | – | 160,000 |
| | 4/5/12** | 4/5/15 | 3/5/22 | 227.50p | 144,736 | – | – | – | 144,736 |
| | 27/1/14** | 27/1/17 | 26/1/24 | 363.00p | – | 137,741 | – | – | 137,741 |
| D Duff | 12/8/09* | 12/8/12 | 11/8/19 | 127.00p | 354,330 | – | (192,613) | (161,717) | – |
| | 1/6/10** | 1/6/13 | 31/5/20 | 123.50p | 60,728 | – | (60,078) | (650) | – |
| | 6/5/11** | 6/5/14 | 5/5/21 | 179.00p | 100,000 | – | – | – | 100,000 |
| | 27/1/14** | 27/1/17 | 26/1/24 | 363.00p | – | 97,796 | – | – | 97,796 |
| I Goldbart | 27/1/14** | 27/1/17 | 26/1/24 | 363.00p | – | 110,192 | – | – | 110,192 |
| J Byfield | 27/1/14** | 27/1/17 | 26/1/24 | 363.00p | – | 90,909 | – | – | 90,909 |
| R Purkis | 3/3/06* | 4/3/09 | 2/3/16 | 119.75p | 40,000 | – | – | (40,000) | – |
| | 12/8/09* | 12/8/12 | 11/8/19 | 127.00p | 60,531 | – | (32,904) | (27,627) | – |
| | 1/6/10** | 1/6/13 | 31/5/20 | 123.50p | 6,802 | – | – | (73) | 6,729 |
| | 1/6/10* | 1/6/13 | 31/5/20 | 123.50p | 24,291 | – | (24,031) | (260) | – |
| | 6/5/11** | 6/5/14 | 5/5/21 | 179.00p | 25,000 | – | – | – | 25,000 |
| | 4/5/12** | 4/5/15 | 3/5/22 | 227.50p | 8,376 | – | – | – | 8,376 |
| | | | | | 1,430,058 | 436,638 | (685,200) | (300,017) | 881,479 |

*Options granted under the 2000 Jersey Executive Share Option Scheme.

**Options granted under Group Share Option Plan 2010.

The market price of the Company's shares at 31 March 2014 was 340.0p and the range of market prices during the fifteen month period was between 233.5p and 383.5p.

In the period between 31 March 2014 and the signing date of these financial statements Mr M Hall, Mr D Duff, Mr Goldbart & Mr Byfield were granted options over 157,977, 112,164, 126,382 and 104,265 shares respectively at 316.5 pence per share. The performance criteria for these options was the same as for those granted in January 2014 as outlined on page 6.

Directors' Report

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

The Directors present their report and the audited financial statements for the fifteen months ended 31 March 2014.

Incorporation

The Company is incorporated in Jersey, Channel Islands.

Directors' responsibilities for the financial statements

Directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group as at the end of the financial period and of the Group profit or loss for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The maintenance and integrity of the Stanley Gibbons web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the web site.

Legislation in Jersey governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

In so far as each of the Directors is aware:

- There is no relevant audit information of which the Company's auditors are unaware; and
- Each of the Directors have taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Principal activities

The principal activities of the Group are those of dealing in collectibles, the development and operation of collectible websites, philatelic publishing, auctioneering, mail order, retailing, and the manufacture of philatelic accessories.

Business review

Included within this report is a fair review of the business of the Group during the financial period ended 31 March 2014 and the position of the Group at the end of the period. This review is contained in the Chairman's Statement on page 2 and the Operating and Financial Review on pages 3 to 5. Key Performance Indicators and a description of the principal risks and uncertainties are referred to below.

Principal risks and uncertainties

The principal risks faced by the Group, together with the controls in place to manage those risks, are documented by the Executives and

Senior Management team and are regularly reviewed throughout the period.

The principal risk faced by the Group centres around the inherent difficulties in creating scalability in a business which sells assets which are scarce in nature and is dependent on a small number of specialists within the business to recognise and obtain these scarce assets. Our strategy is to overcome this through a mixture of recruitment of further specialist expertise, building of trading partnerships with key specialists and by acquisition.

The Group is also aware of the potential risk in connection with a commitment to buy-back in the future certain assets sold under guaranteed minimum return investment contracts in previous accounting periods. The Group therefore bears the risk in the event that the underlying assets go down in value during the contract period. Based on the level of quality and rarity of the assets held under such contracts, and from historic pricing evidence over the past 50 years, the Directors are of the opinion that the risk of the assets going down materially in value in the future is slight.

A provision of £375,000 (2012: £360,000) is included in the financial statements against guaranteed minimum return investment contracts entered into in prior years. This is disclosed in note 20 to these financial statements. Assets included within contracts are revalued annually and in the event that any items declined in value, a further provision would be made on an annual basis. Furthermore, the Directors imposed internal restrictions on the total value of sales permitted containing buy-back guarantees at a level appropriate to the size, asset value and liquidity of the business. The Group no longer offers any investment products with buy-back commitments.

Further details on investment products containing buy back guarantees is provided in note 1 'Accounting policies and presentation' in the Revenue section.

Key Performance Indicators (KPIs)

The Directors manage the business on a monthly cycle of management reports and information combined with weekly sales and margins reporting. A monthly information pack is provided to the Board incorporating individual reports from each of the executive committee members and commentary on key performance indicators. Appropriate matters are summarised and appropriate decisions made at Board meetings. Key performance measures are disclosed and discussed in the Operating Review on pages 3 to 4.

The diverse nature of the Group's activities dictates that specific financial and non financial performance indicators and reporting templates are in place unique to each department to enable the successful management of each operating division. Examples of some of the most important KPIs used in this reporting environment are:

- Sales and gross margins compared to last year and budget
- Overhead variations against budget
- Personnel and resource matters (eg performance, attendance and training)
- New customers recruited and marketing response rates
- Value of stock purchases and stock levels at the end of each month against budget
- Website visitor activity statistics

Results and dividends

The consolidated statement of comprehensive income of the Group for the fifteen months ended 31 March 2014 is set out on page 12. An interim dividend of 3.00p per Ordinary Share (year ended 31

Directors' Report

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

Dec 2012: 2.75p) was paid on 30 September 2013. The Directors recommended a second interim dividend of 4.00p per Ordinary Share for the fifteen months ended 31 March 2014 (year ended 31 December 2012: 3.75p) and this was paid on 27 May 2014.

Directors

The Directors of the Company during the 15 month period to 31 March were as follows:

Mr D M Bralsford MSc, FCA, FCT

Mr M R M Hall B.Acc, CA

Mr D P J Duff BAAF, AMCT, FCA

Mr J Byfield

Mr I G Goldbart (appointed 21 November 2013)

Mr R K Purkis (resigned 31 January 2013)

General Sir Michael Wilkes (deceased 27 October 2013)

Mr M P Magee CA (Non-Executive)

Mr S Perrée (Non-Executive, appointed 1 May 2013)

Mr C S Jones (Non-Executive, appointed 28 March 2014)

Mr Bralsford, Mr Magee, Mr Perrée & Mr Jones are considered to be Independent in accordance with the principles of the UK corporate governance code.

Biographical details of the Directors are given on page 40.

Directors' interests

The interests of the Directors in the shares of the Company, all of which are beneficial, at 31 March 2014 together with their interests at 1 January 2013 were:

| | Ordinary 1p Shares 31 March 2014 | Ordinary 1p Shares 1 January 2013 |
|---------------|---|---|
| D M Bralsford | 182,800 | 115,000 |
| M R M Hall | 227,648 | 147,365 |
| D P J Duff | 100,000 | 10,000 |
| J Byfield | 68,898 | 34,998 |
| I G Goldbart | 368,551 | – |
| M P Magee | 9,456 | 2,676 |
| S Perrée | 52,400* | – |

*Mr S Perrée was the beneficial owner of 18,500 Ordinary shares at the date of his appointment.

Details of the Directors' share options are given in the Remuneration Report on page 7.

Apart from service contracts and the transactions referred to in note 29 of the financial statements, none of the Directors had a material interest in any contract of significance to which the Company or any of its subsidiaries was a party during the year.

Research and development

Costs associated with research and development relate to internal web development work in the creation of an online collectibles marketplace. Research and development costs are written off in the year incurred and are disclosed under the heading 'Internet development' in the Operating Review on page 4.

Financial Risk Management

The Group principally finances its operations through the generation of cash from operating activities and has no interest rate exposure on financial liabilities except those disclosed in note 28. Liquidity risk is managed through forecasting the future cash flow requirements of the business and maintaining sufficient cash at bank balances. Further disclosure on the company's financial risk management can be found in note 16 (Provision for impairment of receivables and collateral held) and note 28 (Financial instruments).

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operating Review on pages 3 to 4. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on page 5. In addition note 28 in the financial statements include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, and its exposure to credit risk and liquidity risk.

The Group has a strong balance sheet and a clear strategy in place to take the Group forward. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Charitable and political donations

During the period the Group made charitable donations of £15,143 (year ended 31 December 2012: £4,970).

Intangible Assets

Except for those acquired in the Noble acquisition, no value is attributed in the balance sheet to the Group's brand names, the value of the Stanley Gibbons stamp referencing system, editorial intellectual property or its database of customer lists as an accurate valuation of these items would be impractical to establish and the capitalisation of internally generated assets is not allowed under IAS38. External costs incurred in the development of the software for the Digital Asset Management system and the redevelopment of the Group's websites have been capitalised and are being amortised in accordance with IAS38.

Substantial Shareholdings

As at 9 June 2014, the Company had been notified of the following interests in 3% or more of its issued share capital:

| | |
|---|-------|
| BlackRock Inc | 9.20% |
| (of which BlackRock UK Emerging Companies Hedge Fund holds 4.23%) | |
| Henderson Global Investors | 7.87% |
| Artemis Investment Management LLP | 5.44% |
| Standard Life Investments Ltd | 5.14% |
| FIL Limited | 4.94% |
| Invesco Limited | 4.43% |
| FMR LLC | 3.43% |

Purchase of Own Shares

The Company did not purchase any of its shares for cancellation during the year. The Company has authority to purchase up to 15% of its own shares. A resolution to renew this authority will be proposed at the AGM.

Employees

The Group's policy is to provide equal opportunities to all present and potential employees. The Group gives full consideration to applications for employment from disabled persons and where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions.

Directors' Report

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

The Group operates an annual performance review system with employees to discuss performance against agreed objectives and career development.

The Group believes in respecting individuals and their rights in the workplace. With this in mind, specific policies are in place covering harassment and bullying, whistle-blowing, equal opportunities and data protection.

Secretary

Mr R K Purkis has been secretary for the entire period ended 31 March 2014.

Auditors

Nexia Smith & Williamson have expressed their willingness to continue as auditors to the Company and a resolution to reappoint Nexia Smith & Williamson as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the AGM.

By order of the board

R K Purkis
Secretary
26 June 2014

Registered office:

2nd Floor, Minden House,
Minden Place
St Helier, Jersey
JE2 4WQ

Independent Auditors' Report

TO THE MEMBERS OF THE STANLEY GIBBONS GROUP PLC

We have audited the group financial statements of The Stanley Gibbons Group plc for the fifteen months ended 31 March 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law, 1991.

James Keeton

For and on behalf of

Nexia Smith & Williamson

Statutory Auditor
Chartered Accountants

Portwall Place
Portwall Lane
Bristol BS1 6NA

Date: 26 June 2014

Consolidated statement of comprehensive income

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

| | | 15 months ended 31 March 2014 | Year ended 31 December 2012 (restated) |
|--|-------|----------------------------------|--|
| | Notes | £'000 | £'000 |
| Revenue | 1, 3 | 51,772 | 35,599 |
| Cost of sales | | (28,937) | (20,031) |
| Gross Profit | | 22,835 | 15,568 |
| Administrative expenses before defined benefit pension service costs and exceptional operating costs | | (7,404) | (3,072) |
| Defined benefit pension service costs | 26 | (375) | (260) |
| Exceptional operating charges | 5 | (2,081) | (349) |
| Total administrative expenses | | (9,860) | (3,681) |
| Selling and distribution expenses | | (10,621) | (6,524) |
| Operating Profit | 4 | 2,354 | 5,363 |
| Finance income | | 32 | 3 |
| Finance costs | 28 | (173) | (211) |
| Profit before tax | | 2,213 | 5,155 |
| Taxation | 8 | (78) | (389) |
| Profit for the financial period/year | | 2,135 | 4,766 |
| Other comprehensive income: | | | |
| Actuarial gains/(losses) recognised in the pension scheme | 26 | 247 | (120) |
| Tax on actuarial gains/(losses) recognised in the pension scheme | | (98) | 21 |
| Revaluation of financial assets for sale | | 99 | – |
| Other comprehensive income/(loss) for the period/year, net of tax | | 248 | (99) |
| Total comprehensive income for the period/year | | 2,383 | 4,667 |
| Basic earnings per Ordinary share | 10 | 6.32p | 18.48p |
| Diluted earnings per Ordinary share | 10 | 6.25p | 18.10p |

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

The notes on pages 16 to 39 are an integral part of these consolidated financial statements.

Consolidated Statement of financial position

AS AT 31 MARCH 2014

| | Notes | 31 March 2014 £'000 | 31 December 2012 £'000 | 31 December 2011 £'000 |
|-------------------------------------|-------|---------------------------|------------------------------|------------------------------|
| Non-current assets | | | | |
| Intangible assets | 11 | 32,571 | 1,723 | 1,133 |
| Property, plant and equipment | 12 | 6,294 | 2,145 | 2,032 |
| Deferred tax asset | 19,26 | 1,016 | 735 | 732 |
| Available for sale financial assets | | 1,473 | – | – |
| Trade and other receivables | 15 | – | 229 | 420 |
| | | 41,354 | 4,832 | 4,317 |
| Current assets | | | | |
| Inventories | 13 | 42,118 | 20,728 | 16,801 |
| Trade and other receivables | 14 | 14,144 | 11,668 | 9,178 |
| Current tax receivable | | 135 | – | – |
| Cash and cash equivalents | | 9,499 | 6,766 | 3,230 |
| | | 65,896 | 39,162 | 29,209 |
| Total assets | | 107,250 | 43,994 | 33,526 |
| Current liabilities | | | | |
| Trade and other payables | 17 | 15,928 | 8,179 | 6,641 |
| Deferred consideration | | 2,153 | – | – |
| Borrowings | 18 | 276 | 188 | 250 |
| Current tax payable | | – | 169 | 370 |
| | | 18,357 | 8,536 | 7,261 |
| Non-current liabilities | | | | |
| Retirement benefit obligations | 26 | 3,285 | 3,161 | 2,761 |
| Borrowings | 18 | 528 | – | 188 |
| Deferred tax liabilities | 19 | 760 | 233 | 213 |
| Provisions | 20 | 375 | 360 | 685 |
| | | 4,948 | 3,754 | 3,847 |
| Total liabilities | | 23,305 | 12,290 | 11,108 |
| Net assets | | 83,945 | 31,704 | 22,418 |
| Equity | | | | |
| Called up share capital | 21 | 466 | 284 | 253 |
| Share premium account | 23 | 62,565 | 11,137 | 5,285 |
| Shares to be issued | 23 | 209 | 209 | – |
| Share compensation reserve | 23 | 648 | 460 | 352 |
| Capital redemption reserve | 23 | 38 | 38 | 38 |
| Revaluation reserve | 23 | 353 | 254 | 254 |
| Retained earnings | 23 | 19,666 | 19,322 | 16,236 |
| Equity shareholders' funds | | 83,945 | 31,704 | 22,418 |

The financial statements on pages 12 to 39 were approved by the board of Directors on 26 June 2014, were authorised for issue on that date and were signed on its behalf by:

D P J Duff }
M R M Hall } Directors

The notes on pages 16 to 39 are an integral part of these consolidated financial statements.

Consolidated Statement of changes in equity

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

| | Called up share capital £'000 | Share premium account £'000 | Shares to be issued £'000 | Share compen- sation reserve £'000 | Revalua- tion reserve £'000 | Capital redemp- tion reserve £'000 | Retained earnings £'000 | Total £'000 |
|---|--|--------------------------------------|------------------------------------|--|--------------------------------------|--|-------------------------------|----------------|
| At 1 January 2013 | 284 | 11,137 | 209 | 460 | 254 | 38 | 19,322 | 31,704 |
| Profit for the financial period | - | - | - | - | - | - | 2,135 | 2,135 |
| <i>Amounts which may be subsequently reclassified to profit & loss</i> | | | | | | | | |
| Revaluation of financial asset | - | - | - | - | 99 | - | - | 99 |
| <i>Amounts which will not be subsequently reclassified to profit & loss</i> | | | | | | | | |
| Remeasurement of pension scheme net of deferred tax | - | - | - | - | - | - | 149 | 149 |
| Total comprehensive income | - | - | - | - | 99 | - | 2,284 | 2,383 |
| Dividends | - | - | - | - | - | - | (1,940) | (1,940) |
| Cost of share options | - | - | - | 188 | - | - | - | 188 |
| Share options exercised | 8 | 937 | - | - | - | - | - | 945 |
| Issue of ordinary share capital for acquisition | 38 | 12,082 | - | - | - | - | - | 12,120 |
| Gross proceeds from issue of ordinary share capital | 136 | 39,864 | - | - | - | - | - | 40,000 |
| Placement costs | - | (1,455) | - | - | - | - | - | (1,455) |
| At 31 March 2014 | 466 | 62,565 | 209 | 648 | 353 | 38 | 19,666 | 83,945 |
| At 1 January 2012 | 253 | 5,285 | - | 352 | 254 | 38 | 16,236 | 22,418 |
| Profit for the financial year – as originally stated | - | - | - | - | - | - | 4,883 | 4,883 |
| Prior year adjustment | - | - | - | - | - | - | (117) | (117) |
| Profit for the financial year – restated | - | - | - | - | - | - | 4,766 | 4,766 |
| <i>Amounts which will not be subsequently reclassified to profit & loss</i> | | | | | | | | |
| Remeasurement of pension scheme net of deferred tax – as originally stated | - | - | - | - | - | - | (216) | (216) |
| Prior year adjustment | - | - | - | - | - | - | 117 | 117 |
| Actuarial loss on pension scheme net of deferred tax – restated | - | - | - | - | - | - | (99) | (99) |
| Total comprehensive income | - | - | - | - | - | - | 4,667 | 4,667 |
| Dividends | - | - | - | - | - | - | (1,581) | (1,581) |
| Cost of share options | - | - | - | 108 | - | - | - | 108 |
| Share options exercised | - | 78 | - | - | - | - | - | 78 |
| Deferred consideration | - | - | 209 | - | - | - | - | 209 |
| Net proceeds from issue of ordinary share capital | 31 | 5,774 | - | - | - | - | - | 5,805 |
| At 31 December 2012 | 284 | 11,137 | 209 | 460 | 254 | 38 | 19,322 | 31,704 |

The notes on pages 16 to 39 are an integral part of these consolidated financial statements.

Consolidated Statement of cash flows

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

| | Notes | 31 March 2014 £'000 | 31 December 2012 £'000 |
|--|-------|------------------------------------|------------------------------|
| Cash (consumed)/generated from operations | 24 | (3,904) | 1,007 |
| Interest paid | | (4) | (41) |
| Taxes paid | | (433) | (552) |
| Net cash (consumed)/generated from operating activities | | (4,341) | 414 |
| Investing activities | | | |
| Purchase of property, plant and equipment | | (536) | (368) |
| Purchase of intangible assets | | (1,528) | (138) |
| Acquisition of business assets (net of cash acquired) | 30 | (29,036) | (382) |
| Interest received | | 36 | 3 |
| Net cash used in investing activities | | (31,064) | (885) |
| Financing activities | | | |
| Net proceeds from issue of ordinary share capital | | 39,490 | 5,838 |
| Dividends paid to company shareholders | 9 | (1,940) | (1,581) |
| Net borrowings | | 588 | (250) |
| Net cash generated from financing activities | | 38,138 | 4,007 |
| Net increase in cash and cash equivalents | | 2,733 | 3,536 |
| Cash and cash equivalents at start of period/year | | 6,766 | 3,230 |
| Cash and cash equivalents at end of period/year | | 9,499 | 6,766 |

The notes on pages 16 to 39 are an integral part of these consolidated financial statements.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

1. Accounting policies and presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards as approved for use in the European Union applied in accordance with the provisions of Companies (Jersey) Law 1991 on a historical cost basis except where otherwise indicated.

The company has not prepared separate company accounts, as permitted under Jersey Company Law 1991 Amendment 4 Part 16 (substituted), as consolidated accounts are prepared.

Accounting standards and interpretations adopted during the period

“IAS 19 (Amendment), Employee benefits” has been adopted for the first time in the current financial year. This has resulted in a net increased charge to the statement of comprehensive income because the assumed asset return is now set to the same level as the liability discount rate.

“IFRS 13, Fair value measurement” and “IAS 1 (Amendment) Presentation of financial statements” have been adopted in the year but they have only had a presentation and disclosure impact on these financial statements.

Other than this, there have only been minor improvements to existing International Financial Reporting Standards and interpretations that are effective for the first time in the current financial year that have been adopted by the Group. These have had no impact on its consolidated results or financial position.

Standards, amendments and interpretations that are expected to be effective for periods beginning on or after 1 April 2014 for standards, amendments subject to EU endorsement:

IFRS 7 Disclosures, amendments to offsetting disclosure

IFRS 9, Financial Instruments, effective for annual periods beginning on or after 1 January 2018, subject to EU endorsement. The standard is part of a wider project to replace IAS 39, Financial Instruments: Recognition and Measurement

IFRS 10, Consolidated financial statements

IFRS 11, Joint arrangements

IFRS 12, Disclosure of interests in other entities

IFRS 15, Revenue from contracts with customers (effective for periods beginning on or after 1 January 2017, subject to EU endorsement)

IAS 27 (Revised), Separate financial statements

IAS 28 (Revised), Associates and joint ventures

The Directors are currently assessing the impact of these on the Group's results, assets and liabilities. The Directors do not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries prepared to 31 March 2014 and exclude all intra-group transactions.

As part of the integration of the recently acquired Noble Investments (UK) plc, the financial year end of The Stanley Gibbons Group plc was moved from 31 December to 31 March. The Board believes that the change in accounting reference date will provide management with an improved level of visibility of the performance of the enlarged Group throughout the financial calendar. As such, the amounts presented in these financial statements for the fifteen months to 31 March 2014 are not entirely comparable with the figures reported for the year ended 31 December 2012.

Business combinations

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Intangible Assets

Computer software

In accordance with IAS 38, purchased computer software that will generate economic benefit beyond one year is capitalised as an intangible asset and amortised over its expected useful economic life of four years on a straight-line basis. This charge is allocated to administrative expenses in the consolidated statement of comprehensive income. The purchase and development of software related to the Group's websites and the Digital Asset Management system is capitalised and amortised over its expected useful economic life of four to ten years on a straight line basis.

Brands

In accordance with IAS 38, brands acquired in a business combination are recognised at fair value at the acquisition date. Brands with an indeterminate life are not amortised but are the subject of an annual impairment review.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

1 Accounting policies and presentation (Continued)

Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are amortised using the straight line method over their estimated useful life of 8 years.

Customer lists

In accordance with IAS 38, customer lists acquired have been capitalised as an intangible asset and are amortised on a straight line basis over 8 years. Internally generated customer lists are not capitalised or shown as an intangible asset.

Goodwill

Goodwill represents the excess of the cost of acquisitions over the fair value of the net assets at the date of acquisition. Goodwill is not amortised but tested annually for impairment and carried at cost less accumulated impairment losses.

Publishing rights

Publishing rights represent the cost paid to third parties to acquire copyright of publications. Publishing rights are not amortised but tested annually for impairment and carried at cost less accumulated impairment losses.

Property, plant and equipment and depreciation

Tangible fixed assets other than the reference collection

Tangible fixed assets, other than the reference collection, are stated at their purchase price, including any incidental expenses of acquisition. Depreciation is calculated to write down the net book value of tangible fixed assets less their residual value on a straight-line basis, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

| | |
|---|----------------------|
| Freehold buildings | 2% |
| Vehicles, plant and machinery | 20 – 25% |
| Fixtures, fittings, tools and equipment | 25% |
| Leasehold improvements | Over period of lease |

Reference collection

Fixed assets include a reference collection of certain stamps & coins held on a long term basis. The reference collection for stamps is subject to a full valuation every five years by a qualified external valuer and an interim valuation is carried out every three years by the Group's expert stamp dealers. The residual value of the numismatic reference library is revalued each year.

In both cases, no depreciation charge is deemed necessary as the revalued amounts are typically greater than the carrying values.

Available for sale financial assets

Available for sale financial assets comprise investments in quoted equity instruments and are measured at level 1 of the fair value hierarchy. Purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to buy or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available for sale financial assets are subsequently carried at fair value. The fair values of quoted investments are determined based upon current bid price.

Changes in the value of securities classified as available for sale are recognised within other comprehensive income.

Inventories

Inventories are valued at the lower of cost and net realisable value after making allowance for obsolete and slow moving items. In the case of stamp inventories it is not always practicable to ascertain individual costs. The cost of parcels of high value stamps is apportioned between the items purchased on the basis of the expert opinion of the Group's stamp dealers. Lower value stamp inventories are valued as a proportion of their anticipated realisable value, as a best estimate of cost, based on the expert opinion of the Group's stamp dealers.

Financial Instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the statement of comprehensive income.

Cash and cash equivalents comprise cash held by the company and short term bank deposits with an original maturity of three months or less.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

1 Accounting policies and presentation (Continued)

Financial liabilities issued by the Group are classified in accordance with the contractual arrangements entered into and the definitions of a financial liability.

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax relating to charges made directly to equity is recognised in other comprehensive income.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Foreign currency monetary assets and liabilities are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

Leased Assets

Rentals payable and receivable under operating leases are charged or credited to profit or loss on a straight line basis over the lease term.

Retirement benefits

The Group operates a defined benefit pension scheme. The assets of the scheme are held and managed separately from those of the Group. In accordance with IAS 19 (Amendment) for Employee Benefits, the liability in the statement of financial position represents the present value of the defined benefit obligations at that date less the fair value of plan assets. The defined benefit obligation is calculated periodically by an independent actuary.

Current service costs are recognised in administrative expenses in the statement of comprehensive income. Interest costs on plan liabilities and the expected return on plan assets are recognised in finance charges. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

Pension scheme assets are measured at their market value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond or equivalent currency and term to the scheme liabilities. The actuarial valuations are performed by a qualified actuary on a triennial basis and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately as a non-current asset or liability on the face of the statement of financial position.

Under IAS 19 the retirement benefit obligation is presented gross of deferred tax.

The Group also maintains a number of defined contribution pension schemes. For these schemes the Group has no further obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the income statement in the year when they are due.

Share options and awards

The fair value of share options and awards granted to certain employees and Directors is recognised as an expense. The total amount to be apportioned over the vesting period of the benefit is determined by reference to the fair value of the options and awards determined at the grant date. The performance conditions (other than market conditions) are reflected in assumptions about the number of options and awards that are expected to become exercisable. The estimate is revised at each reporting date and any adjustments are charged or credited to profit or loss, with the corresponding adjustment to equity.

The proceeds received on exercise of the options are credited to equity.

Revenue

Revenue represents amounts invoiced by the Group in respect of goods sold and services provided during the year falling within the Group's ordinary activities, excluding intra-group sales, estimated and actual sales returns, trade discounts and any applicable value added tax.

Revenue from the provision of goods is recognised when substantially all the risks and rewards of ownership of goods have transferred to the customer. The risks and rewards of ownership of goods are deemed to have been transferred when the goods are allocated to a customer and that customer has made an irrevocable commitment to complete the purchase.

Revenue from the provision of all goods and services is only recognised when the amounts to be recognised are fixed or determinable and collectability is reasonably assured.

In respect of certain investment products income is recognised at point of customer commitment in line with the normal course of trade. Any subsequent cancellations would be removed from Revenue. Investment products sold in the year under review include

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

1 Accounting policies and presentation (Continued)

Capital Growth Plans (CGP), Flexible Trading Portfolios (FTP), Portfolio Builders (PB) and Personal Managed Funds (PMF).

In respect of auctions held by the Group, revenue represents amounts invoiced in respect of vendors' commissions and buyers' premiums, excluding value added tax and is recognised at point of sale on the day of the auction.

Further detail of the Group's revenue streams can be found in the Operating Review on pages 3 to 4.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation to transfer economic resources as a result of past events. Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are discounted if the effect of the time value of money is material.

2. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Retirement benefits

The costs, assets and liabilities of the defined benefit retirement scheme operating within the Group is determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in note 26. The Directors take advice from independent actuaries relating to the appropriateness of the assumptions. It is important to note, however, that comparatively small changes in the assumptions used may have a significant effect on the statement of consolidated income statement and the statement of financial position.

Inventory valuation

Inventory is valued at the lower of cost and net realisable value. Where necessary, provision is made for slow-moving and damaged stock. This provision represents the difference between the cost of the stock and its estimated market value, based upon stock turn rates, market conditions and trends in consumer demand.

Provisions

Guaranteed Minimum Return Contracts (GMRC)

A provision is included in the financial statements against guaranteed minimum return investment contracts entered into in prior years which is disclosed in note 20 to these financial statements. The valuation of underlying assets included within such contracts are subject to annual review based on current listed catalogue prices and recent market realisations. In the event that these assets declined in value in the future, a further provision would be required.

Capital Protected Growth Plan (CPGP)

In prior years, some customers purchased a portfolio of rare collectibles and entered into a contract which allowed the customer if they wish, for a limited period at the end of the fixed term to sell those assets to the Group at the original purchase price. At each year end the directors review the likelihood that customers, at the expiry of their contract, will take the opportunity to sell stock back to the Group and make provision accordingly. At this year end, the directors do not anticipate that any customers will choose this option.

There is currently no provision required. Should the valuations of investment portfolios sold on this basis decrease by more than 5% of their purchase price, a potential net provision would be required. A 10% fall in valuations below purchase price would result in a maximum potential net provision of £543,000.

Platinum Investment Portfolio (PIP)

The customer purchases a portfolio of rare collectibles and enters into a contract which allows the customer if they wish, for a limited period at the end of the fixed term to sell those assets to the Group at the original purchase price. At each year end the directors review the likelihood that customers at the expiry of their contract, will take the opportunity to sell stock back to the Group and make provision accordingly. At this year end, the directors do not anticipate that any customers will choose this option.

There is currently no provision required. Should the valuations of investment portfolios sold on this basis decrease by more than 20% of their purchase price, a potential net provision would be required. A 25% fall in valuations below purchase price would result in a maximum potential net provision of £14,000.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

3. Segmental Analysis

IFRS 8 requires operating segments to be identified based on internal reporting to the Chief Operating Decision Maker. Accordingly, the determination of the Group's operating segments is based on the following organisation units for which management accounting information is reported to the Group's management and used to make strategic decisions:

- Philatelic trading and retail operations;
- Publishing and philatelic accessories;
- Coins and medals
- Other collectibles;
- Internet development.

Other collectibles encompasses autographs, historical documents, memorabilia, rare books, records, antiques, watches, fine wine, jewellery and Benham first day covers. The activities, products and services of the reportable segments are detailed in the Operating Review on pages 3 to 4.

| Segmental income statement | Philatelic trading and retail operations £'000 | Publishing and philatelic accessories £'000 | Coins & medals £'000 | Other collectibles £'000 | Internet development £'000 | Unallocated £'000 | Total £'000 |
|--|---|--|-------------------------|-----------------------------|-------------------------------|----------------------|----------------|
| Fifteen months ended | | | | | | | |
| 31 March 2014 | | | | | | | |
| Revenue | 33,413 | 3,617 | 6,981 | 7,480 | 281 | – | 51,772 |
| Operating costs | (25,785) | (2,853) | (5,756) | (6,498) | (2,103) | (4,342) | (47,337) |
| Exceptional costs | (18) | (150) | – | (40) | – | (1,873) | (2,081) |
| Net finance cost | – | – | – | – | – | (141) | (141) |
| Profit/(loss) before tax | 7,610 | 614 | 1,225 | 942 | (1,822) | (6,356) | 2,213 |
| Tax | – | – | – | – | – | (78) | (78) |
| Profit/(loss) for the period | 7,610 | 614 | 1,225 | 942 | (1,822) | (6,434) | 2,135 |
| Segmental balance sheet as at 31 March 2014 | | | | | | | |
| Total assets | 26,101 | 1,639 | 12,991 | 9,459 | 1,712 | 55,348 | 107,250 |
| Total liabilities | (345) | – | – | – | – | (22,960) | (23,305) |
| Net assets | 25,756 | 1,639 | 12,991 | 9,459 | 1,712 | 32,388 | 83,945 |
| Other segmental items | | | | | | | |
| Depreciation | 213 | 26 | 51 | 71 | 24 | 90 | 475 |
| Amortisation of other intangible assets | – | 40 | – | – | – | 467 | 507 |
| Capital expenditure | 252 | 2 | 70 | 102 | 1,104 | 534 | 2,064 |

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

3 Segmental Analysis (continued)

| | Philatelic trading and retail operations | Publishing and philatelic accessories | Coins & medals | Other collectibles | Internet development | Unallocated restated | Total restated |
|---|--|---------------------------------------|----------------|--------------------|----------------------|----------------------|----------------|
| Segmental income statement restated | £'000 | £'000 | £000 | £'000 | £'000 | £'000 | £'000 |
| Year ended 31 December 2012 | | | | | | | |
| Revenue | 26,341 | 3,148 | 1,045 | 4,987 | 78 | – | 35,599 |
| Operating costs | (19,242) | (2,366) | (806) | (4,110) | (380) | (2,983) | (29,887) |
| Exceptional costs | – | – | – | – | – | (349) | (349) |
| Net finance cost | – | – | – | – | – | (208) | (208) |
| Profit/(loss) before tax | 7,099 | 782 | 239 | 877 | (302) | (3,540) | 5,155 |
| Tax | – | – | – | – | – | (389) | (389) |
| Profit/(loss) for the year | 7,099 | 782 | 239 | 877 | (302) | (3,929) | 4,766 |
| Segmental balance sheet as at 31 December 2012 | | | | | | | |
| Total assets | 12,500 | 2,127 | 1,112 | 7,398 | 636 | 19,275 | 43,048 |
| Total liabilities | (360) | – | – | – | – | (10,984) | (11,344) |
| Net assets | 12,140 | 2,127 | 1,112 | 7,398 | 636 | 8,291 | 31,704 |
| Other segmental items | | | | | | | |
| Depreciation | 164 | 24 | – | 21 | – | 46 | 255 |
| Amortisation of other intangible assets | – | – | – | – | – | 184 | 184 |
| Capital expenditure | 251 | 4 | – | 16 | – | 235 | 506 |

Income from philatelic trading and retail operations include £672,000 (2012: £671,000) from the rendering of services. Income from publishing and philatelic accessories include £591,000 (2012: £464,000) from the rendering of services. All internet development income is for the rendering of services. All other income relates to the sale of goods.

Geographical information

Analysis of revenue by origin and destination

| | 15 months ended 31 March 2014 | 15 months ended 31 March 2014 | Year ended 31 December 2012 | Year ended 31 December 2012 |
|-------------------|-------------------------------|-------------------------------|-----------------------------|-----------------------------|
| | Sales by destination | Sales by origin | Sales by destination | Sales by origin |
| | £'000 | £'000 | £'000 | £'000 |
| Channel Islands | 8,281 | 27,142 | 2,213 | 18,655 |
| United Kingdom | 25,921 | 21,644 | 17,734 | 13,795 |
| Hong Kong | 2,466 | 2,986 | 1,986 | 3,149 |
| Europe | 2,905 | – | 2,028 | – |
| North America | 3,036 | – | 2,058 | – |
| Singapore | 5,844 | – | 4,913 | – |
| Rest of Asia | 807 | – | 1,159 | – |
| Rest of the World | 2,512 | – | 3,508 | – |
| | 51,772 | 51,772 | 35,599 | 35,599 |

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.

In 2014 sales were made in the period of £5,277,000 (2012: nil) to one individual customer. There were no other customers in either 2014 or 2012 from which the Group earned more than 10% of its revenues. One individual customer had sales of £4,785,000 in 2012 (2014: – £4,907,000).

Property, plant and equipment of £6,294,000 was split between the UK £5,990,000 (2012: £1,964,000) and the Channel Islands £304,000 (2012: £181,000).

Intangible assets of £31,996,000 were split between the UK £30,059,000 (2012: £831,000) and the Channel Islands £1,937,000 (2012: £892,000).

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

4. Operating profit

| | 15 months ended 31 March 2014 £'000 | Year ended 31 December 2012 £'000 |
|--|---|---|
| Profit from operations has been arrived at after charging/(crediting): | | |
| Depreciation of property, plant and equipment | 475 | 255 |
| Amortisation of intangible assets | 507 | 184 |
| Fees payable to the company's auditor for the audit of the Group's annual accounts, including subsidiaries | 117 | 57 |
| Fees payable to the company's auditor for tax compliance & advisory services | 23 | 20 |
| Fees payable to the company's auditor for other advisory services | 10 | – |
| Cost of inventories recognised as an expense | 28,937 | 20,031 |
| Operating lease charges – leased premises | 1,050 | 580 |
| Property rental income – leased premises | (131) | (173) |
| Foreign exchange losses | 19 | 16 |

Fees paid to the auditors in respect of non-audit work in the period are principally in respect of corporation tax and VAT compliance work and technical advice. The company also incurred fees in the sum of £10,000 during the period relating to due diligence work on an acquisition. These services are reviewed by the Directors to ensure that the independence of the auditors is not compromised.

5. Exceptional operating charges

| | 15 months ended 31 March 2014 £'000 | Year ended 31 December 2012 £'000 |
|--|---|---|
| Legal costs in respect of defined benefit scheme | 820 | – |
| Acquisition costs | 503 | 154 |
| Stock rationalisation | 208 | – |
| Aborted IT system development costs | 139 | – |
| Aborted overseas offices opening costs | 121 | – |
| Re-organisation & restructuring costs | 290 | 130 |
| Fair value adjustment relating to Benham acquisition | – | 65 |
| | 2,081 | 349 |

6. Directors' emoluments

The remuneration paid to the Directors of The Stanley Gibbons Group plc was:

| | 15 months ended 31 March 2014 £'000 | Year ended 31 December 2012 £'000 |
|--|---|---|
| Fees | 170 | 108 |
| Salaries | 904 | 603 |
| Benefits | 171 | 106 |
| Short-term employee benefits | 1,245 | 817 |
| Post-employment benefits | 72 | 38 |
| Share-based payment | 77 | 77 |
| Key management personnel compensation | 1,394 | 932 |
| Number of Directors included in the defined benefit pension scheme (note 26) | – | 1 |

The detailed numerical analysis of Directors' remuneration is included in the Report on Remuneration on page 7.

The charge to profit in respect of share options and awards issued to the Directors was £77,000 (2012: £77,000).

M Hall and D Duff are members of the Company's defined contribution pension scheme which they joined in 2010. The company makes payments in to a personal pension plan of J Byfield which came into effect in 2012. Total cost of these pension contributions to the company were £72,000 (2012: £38,000). The Company made no other pension contributions in respect of any Directors in the period or the preceding year.

Details of share options exercised by Directors during the period are disclosed in the Report on Remuneration on page 7.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

7. Employee information

The average number of persons (including executive Directors) employed by the Group during the period was 197 (2012: 152).

| | 15 months ended 31 March 2014 | Year ended 31 December 2012 |
|-------------------------------|--|--------------------------------|
| | No. | No. |
| Management and Administration | 54 | 33 |
| Sales | 92 | 78 |
| Production and Editorial | 27 | 16 |
| Distribution | 11 | 12 |
| Marketing | 13 | 13 |
| | 197 | 152 |

Staff costs relating to those persons during the period/year amounted to:

| | 15 months ended 31 March 2014 | Year ended 31 December 2012 |
|--|--|--------------------------------|
| | £'000 | £'000 |
| | | <i>restated</i> |
| Wages and salaries | 8,714 | 4,576 |
| Social security costs | 702 | 349 |
| Pension costs – defined benefit scheme (note 26) | 548 | 430 |
| Pension costs – defined contribution scheme | 216 | 107 |
| Share option cost | 188 | 108 |
| | 10,368 | 5,570 |

8. Taxation

UK corporation tax and overseas tax on profits for the year

| | 15 months ended 31 March 2014 | Year ended 31 December 2012 |
|--|--|--------------------------------|
| | £'000 | £'000 |
| Current tax: | | |
| UK corporation tax at 23.2% (2012: 24.5%) | 122 | 375 |
| Overseas tax | 60 | 50 |
| Adjustment relating to earlier periods | – | (74) |
| | 182 | 351 |
| Deferred taxation | 15 | 20 |
| Deferred taxation movement on pension scheme liability | (119) | 18 |
| Tax charge | 78 | 389 |

The Company is registered in the Channel Islands and has subsidiaries in the Channel Islands, the UK, Hong Kong, Singapore and the USA. However a significant proportion of the profits in the Group are taxed in the UK. Accordingly, the difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit is as follows:

Tax charge reconciliation

| | 15 months ended 31 March 2014 | Year ended 31 December 2012 |
|--|--|--------------------------------|
| | % | % |
| The standard rate of corporation tax in the UK | 23.2 | 24.5 |
| Effects of: | | |
| Capital allowances greater than depreciation | – | 0.6 |
| Disallowable exceptional items | 2.0 | – |
| Overseas profits taxable at lower rates | (25.3) | (16.4) |
| Losses for which no deferred asset recognised | 3.6 | – |
| Adjustments relating to prior years charge | – | (1.3) |
| Effective rate of corporation tax for period/year | 3.5 | 7.4 |

The main rate of corporation tax in the UK was 24% for financial years starting on 1 April 2012, 23% for financial years starting on 1 April 2013 and it will be 21% for financial years starting on 1 April 2014.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

9. Dividends

| | 15 months ended 31 March 2014 £'000 | Year ended 31 December 2012 £'000 |
|--|--|---|
| Amounts recognised as distribution to equity holders in the period/year: | | |
| Dividend paid | 1,940 | 1,581 |
| Dividend paid per share | 6.75p | 6.25p |
| Dividend proposed but not paid at balance sheet date | 1,845 | 1,066 |
| Dividend proposed per share | 4.00p | 3.75p |

10. 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. Adjusted earnings per share has been calculated to exclude the effect of exceptional operating costs and actuarial accounting adjustments. The Directors believe this gives a more meaningful measure of the underlying performance of the Group.

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.

| | 15 months ended 31 March 2014 | Year ended 31 December 2012 <i>restated</i> |
|--|--|---|
| Weighted average number of ordinary shares in issue (No.) | 33,769,106 | 25,788,461 |
| Dilutive potential ordinary shares: Employee share options (No.) | 398,334 | 539,804 |
| Profit after tax (£) | 2,134,700 | 4,766,600 |
| Pension service cost (net of tax) | 420,864 | 236,300 |
| Cost of share options (net of tax) | 188,000 | 108,000 |
| Exceptional operating costs (net of tax) | 1,746,668 | 300,200 |
| Adjusted profit after tax (£) | 4,490,232 | 5,411,100 |
| Basic earnings per share – pence per share (p) | 6.32p | 18.48p |
| Diluted earnings per share – pence per share (p) | 6.25p | 18.10p |
| Adjusted earnings per share – pence per share (p) | 13.30p | 20.98p |
| Adjusted diluted earnings per share – pence per share (p) | 13.14p | 20.55p |

Net assets per share, as disclosed in the financial highlights, are calculated using the net assets per the statement of financial position divided by the number of shares at 31 March 2014 per note 21.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

11. Intangible assets

| | Goodwill £'000 | Publishing rights £'000 | Computer Software £'000 | Customer Lists £'000 | Brands & trademarks £'000 | Total £'000 |
|----------------------------------|-------------------|-------------------------------|-------------------------------|----------------------------|---------------------------------|----------------|
| Cost | | | | | | |
| At 1 January 2012 | 376 | 4 | 1,775 | – | – | 2,155 |
| Additions | 36 | – | 588 | 150 | – | 774 |
| At 31 December 2012 | 412 | 4 | 2,363 | 150 | – | 2,929 |
| Additions | 23,894 | 15 | 1,528 | 2,615 | 3,442 | 31,494 |
| Assets written off in the period | – | – | (139) | – | – | (139) |
| At 31 March 2014 | 24,306 | 19 | 3,752 | 2,765 | 3,442 | 34,284 |
| Accumulated amortisation | | | | | | |
| At 1 January 2012 | – | – | 1,022 | – | – | 1,022 |
| Charge for the year | – | – | 184 | – | – | 184 |
| At 31 December 2012 | – | – | 1,206 | – | – | 1,206 |
| Charge for the period | – | – | 378 | 127 | 2 | 507 |
| At 31 March 2014 | – | – | 1,584 | 127 | 2 | 1,713 |
| Net book value | | | | | | |
| At 31 March 2014 | 24,306 | 19 | 2,168 | 2,638 | 3,440 | 32,571 |
| At 31 December 2012 | 412 | 4 | 1,157 | 150 | – | 1,723 |

The brought forward goodwill of £412,000 related to the acquisition of the magazine 'Philatelic Exporter' (£87,000), the album producer 'Frank Godden' (£23,000), the trade of an independent stamp dealer (£10,000), the acquisition of the Benham Group (£256,000) and the acquisition of Stampwants.com (£36,000).

On 21 November 2013 the Group purchased the shares of Noble Investments (UK) plc and on 31 January 2014 it purchased the shares of Murray Payne Limited. Details of these acquisitions are outlined in note 30.

Goodwill has undergone an impairment review with reference to expected future cash flows generated by these business units. Management looks at nine year projections, using its current cost of capital, 7.9%, when determining if any impairment is likely. The key assumptions used by management derived from current budgets and forecast are the growth in revenue of 9% for the next two years decreasing to 5% over the periods to 2023 and cost increases of between 2% to 3% per annum. No reasonably possible changes in assumptions are expected to trigger a requirement for an impairment. It was calculated that no impairment of the carrying value of goodwill was required as at 31 March 2014.

Publishing rights represent the cost paid to third parties to acquire copyright of publications.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

12. Property, plant and equipment

| | Reference collection £'000 | Freehold land and buildings £'000 | Leasehold improvements £'000 | Fixtures, fittings, tools and equipment £'000 | Vehicles, plant and machinery £'000 | Total £'000 |
|---------------------------------|-------------------------------|--------------------------------------|---------------------------------|--|--|----------------|
| Cost or valuation | | | | | | |
| At 1 January 2012 | 912 | 147 | 1,475 | 599 | 732 | 3,865 |
| Additions | 37 | – | 211 | 12 | 108 | 368 |
| Revaluation | – | – | – | – | – | – |
| At 31 December 2012 | 949 | 147 | 1,686 | 611 | 840 | 4,233 |
| Acquired on acquisition | 497 | 2,954 | – | 634 | 3 | 4,088 |
| Additions | 81 | 86 | 163 | 82 | 124 | 536 |
| At 31 March 2014 | 1,527 | 3,187 | 1,849 | 1,327 | 967 | 8,857 |
| Accumulated depreciation | | | | | | |
| At 1 January 2012 | 150 | 29 | 576 | 510 | 568 | 1,833 |
| Charge for the year | – | 3 | 140 | 30 | 82 | 255 |
| At 31 December 2012 | 150 | 32 | 716 | 540 | 650 | 2,088 |
| Charge for the period | – | 24 | 219 | 114 | 118 | 475 |
| At 31 March 2014 | 150 | 56 | 935 | 654 | 768 | 2,563 |
| Net book value | | | | | | |
| At 31 March 2014 | 1,377 | 3,131 | 914 | 673 | 199 | 6,294 |
| At 31 December 2012 | 799 | 115 | 970 | 71 | 190 | 2,145 |

The reference collection is subject to a full valuation every five years by a qualified external valuer and an interim valuation is carried out in year three by the Group's expert stamp dealers.

The last independent valuation of the reference collection was carried out in November 2011 by A F Norris, Philatelic Consultant. The basis of the revaluation used was replacement value. The surplus of £65,000 was transferred to the revaluation reserve less a deferred tax provision of £12,000.

The revalued element of the reference collection is £344,000 (2012: £344,000). All other fixed assets are stated at historic cost. If the reference collection had not been revalued it would have been included at a net book value based on historic cost of £529,000 (2012: £455,000).

Fully written down Property, Plant and Equipment with a cost of £783,000 (2012: £695,000) remains in use by the Group.

13. Inventories

| | 31 March 2014 £'000 | 31 December 2012 £'000 |
|-------------------------------------|------------------------|---------------------------|
| Raw materials and consumables | 50 | 104 |
| Work in progress | 10,289 | 2,234 |
| Finished goods and goods for resale | 31,779 | 18,390 |
| | 42,118 | 20,728 |

Work in progress predominantly comprises philatelic material which has been acquired but which has not yet been described by our philatelic experts and therefore is unavailable for sale at the balance sheet date.

During the period, the Company scrapped £208,000 of stock following a stock rationalisation exercise. £28,937,000 (2012: £20,031,000) was recognised as a cost of sales expense in the statement of comprehensive income.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

14. Current trade and other receivables

| | 31 March 2014 | 31 December 2012 |
|--|---------------|------------------|
| | £'000 | £'000 |
| Amounts falling due within one year | | |
| Trade receivables | 12,713 | 10,871 |
| Other receivables | 248 | 193 |
| Prepayments and accrued income | 1,183 | 604 |
| | 14,144 | 11,668 |

15. Non-current trade and other receivables

| | 31 March 2014 | 31 December 2012 |
|---|---------------|------------------|
| | £'000 | £'000 |
| Amounts falling due after more than one year | | |
| Trade receivables | – | 229 |

The carrying values of trade and other receivables are a reasonable approximation of their fair values. Fair values of long term receivables have been discounted where the time value of money is material.

16. Provision for impairment of receivables and collateral held

A provision is established for irrecoverable amounts where there is objective evidence that amounts due under the original payment terms will not be collected. Indications that the trade receivable may become irrecoverable would include financial difficulties of the debtor, likelihood of the debtor's insolvency and default or significant failure of payment.

Provision for impairment of receivables

| | 31 March 2014 | 31 December 2012 |
|---------------------------|---------------|------------------|
| | £'000 | £'000 |
| Balance at the period end | 4 | 109 |

As at 31 March 2014, £528,000 (2012: £130,000) of trade receivables, excluding those provided for by the impairment provision, were past their due settlement date but not impaired. The ageing analysis of these trade receivables is as follows:

| | 31 March 2014 | 31 December 2012 |
|-------------------------|---------------|------------------|
| | £'000 | £'000 |
| Up to 3 months past due | 161 | 63 |
| 3 to 6 months past due | 277 | 52 |
| Over 6 months past due | 90 | 15 |
| | 528 | 130 |

The Group retains possession of the material sold under extended payment terms, thus limiting any credit risk from entering into such arrangements. In most cases the customers sign a formal credit agreement and pay a minimum 10% non-refundable deposit. The balances fall due a maximum of 24 months in the future although the option to settle early does exist. There was an outstanding balance of £4,858,000 at 31 March 2014 (31 December 2012: £4,788,000) in respect of such extended payment plans. No other receivables have had their terms renegotiated and the group has not had to call upon its security due to default by customers at any time during the year.

Trade receivables that are neither past due nor impaired are considered to be fully recoverable.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

17. Current trade and other payables

| | 31 March 2014 | 31 December 2012 |
|---------------------------------|---------------|------------------|
| | £'000 | £'000 |
| Trade payables | 13,696 | 7,167 |
| Other payables | 196 | 107 |
| Other taxes and social security | 1,083 | 277 |
| Accruals and deferred income | 953 | 628 |
| | 15,928 | 8,179 |

18. Borrowings

| | 31 March 2014 | 31 December 2012 |
|--------------------|---------------|------------------|
| | £'000 | £'000 |
| Current | | |
| Bank loan | 276 | 188 |
| Non-current | | |
| Bank loan | 528 | – |

The bank loan outstanding at 31 March 2014 is repayable in quarterly instalments over three years commencing April 2014. Interest is charged at 1.5% above LIBOR.

The bank loan outstanding as at 31 December 2012 was repaid in full during 2013.

The borrowings are secured by a fixed and floating charge over the assets of the Group.

19. Deferred tax assets and liabilities

| | Assets | | | Liabilities | | |
|--|--------------|------------|------------|-------------|------------|------------|
| | 2014 | 2012 | 2011 | 2014 | 2012 | 2011 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Defined benefit pension scheme (note 26) | 756 | 735 | 732 | – | – | – |
| Unutilised tax assets | 260 | – | – | – | – | – |
| Deferred tax on revaluation of reference collection | – | – | – | 90 | 90 | 90 |
| Accelerated capital allowances & business combinations | – | – | – | 670 | 143 | 123 |
| Full provision | 1,016 | 735 | 732 | 760 | 233 | 213 |

20. Provisions

| | |
|---|------------|
| At 1 January 2013 | £'000 |
| Used during the period | 360 |
| Provided during the period | (107) |
| Released during the period | 119 |
| Movement on the effect of discount rate | (28) |
| | 31 |
| At 31 March 2014 | 375 |

Provisions relate to the potential liability arising from the sale of stamps and autographs under guaranteed minimum return fixed term contracts in prior periods. Each contract is reviewed on a regular basis and provision made for any difference between the guaranteed return and the underlying value of the portfolio. There have been no decreases in value in the year in the underlying values of the portfolios.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

20 Provisions (continued)

The provision at 31 March 2014 is calculated with the assumption of a 2.6% increase in the underlying value of the portfolios. However, if the portfolio values remained static or had fallen during the financial year, the result would have been:

| | No growth | 5% fall | 10% fall |
|--|-----------|---------|----------|
| | £'000 | £'000 | £'000 |
| Increase in provision (before discounting) | 88 | 782 | 1,476 |

These portfolios consist of individual non-correlated assets, in practice, it would be highly unlikely for there to be linearity in any price movement.

Future provisions

The provision is released upon expiration of each individual contract. The contracts expire between April 2014 and July 2028. In 2014, should stamp and autograph values remain static, the guaranteed element of the provision would require an increase of £407,000 (2012 : £863,000). However, growth in certain portfolios has already exceeded the guaranteed element and this potential increase of £407,000 would therefore be reduced by this excess growth, estimated to be approximately £322,000 (2012: approximately £300,000).

The discount rate applied to the provision at 31 March 2014 was 2.1% (2012: 4.5%), in line with the cost of borrowings to the Group. Additional information regarding these guarantees can be found in the Directors' Report on page 8.

21. Called up share capital

| | 31 March 2014 | 31 December 2012 |
|--|---------------|------------------|
| | £'000 | £'000 |
| Authorised | | |
| 50,000,000 (2012: 50,000,000) ordinary shares of 1p each | 500 | 500 |
| Allotted, issued and fully paid (all equity): | | |
| 46,597,859 (2012: 28,421,499) ordinary shares of 1p each | 466 | 284 |

During the fifteen months to 31 March 2014, 309,837 and 446,220 ordinary shares were issued at £1.27 and £1.235 respectively to satisfy the exercise of options.

13,559,322 ordinary shares were issued at £2.95 ("the placing price") on 22 November 2013 following a placing and fundraising to finance the acquisition of Noble Investments (UK) Plc. The market value of the shares on that day was £3.13 and 3,758,878 ordinary shares were issued to the shareholders of Noble at this price representing £11.7m of the purchase consideration.

38,633 ordinary shares were issued at £3.13 on 20 December 2013 to satisfy deferred consideration obligations of Noble Investments (UK) Plc following their acquisition of The Fine Art Auction Group Limited on 18 December 2012.

63,470 ordinary shares were issued at £3.69 on 6 February 2014 as part of the purchase consideration for Murray Payne Limited.

Capital risk management

Capital is managed to ensure that the entities within the Group will be able to continue as a going concern whilst maximising the returns to stakeholders through the optimisation of debt and equity balances. Detail of the capital structure of the Group is presented in the Statement of Financial Position. Notes 22 and 23 provide details on equity. Details of loans and overdrafts at the year end are disclosed on page 5 in the Financial Review and further disclosure can be found in note 18 and note 28. There are no externally imposed capital requirements on the Group. Further detail on capital risk management can be found in the Operating and Financial reviews on pages 3 to 5. There were no changes to the Group's overall approach to capital management during the year.

22. Options in shares of The Stanley Gibbons Group plc

Executive Share options are granted to Directors and other employees on a phased basis. The value of those options ensures that this spreads any reward over a number of years, allied to growth in shareholder value over the long term. Options granted under the Inland Revenue approved UK Executive Share Option Scheme and the Jersey Executive Share Option Scheme are exercisable between the third and tenth anniversaries of the date of grant. Options granted are not normally exercisable unless the performance target is satisfied.

Prior to 2009 the target was that the average annual increase in the Company's share price over a period of three consecutive financial periods of the Company (commencing no earlier than one year prior to the date of grant) is at least 5%.

Options issued in 2009 had the target of a minimum earnings per share (EPS) of 17.5 pence for the year ended 31 December 2011. 25% of the granted options vest if this target is reached, rising on a straight line basis to 100% of options granted to vest if an EPS of 21 pence is achieved.

Options issued in 2010 had the target of a minimum EPS of 17.3 pence for the year ended 31 December 2012. 25% of the granted options vest if this target is reached, rising on a straight line basis to 100% of options granted to vest if an EPS of 21.5 pence is achieved.

Options issued in 2011 had the target of a minimum EPS of 19.2 pence for the year ended 31 December 2013. 25% of the granted

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

22 Options in the shares of The Stanley Gibbons Group plc (continued)

options vest if this target is reached, rising on a straight line basis to 100% of options granted to vest if an EPS of 22.7 pence is achieved.

Options issued in 2012 had the target of a minimum EPS of 21.8 pence for the year ended 31 December 2014.

25% of the granted options vest if this target is reached rising on a straight line basis to 100% of options granted to vest if an EPS of 25.7 pence is achieved.

Options issued in 2014 require that the Company's compound average Total Shareholder Return (TSR) growth over the performance period must match or exceed 8% per annum. The options shall vest over a number of shares determined as follows:

| Compound average annual TSR growth over the performance period | Percentage of Option which vests (with straight line vesting between each point) |
|--|--|
| Less than 8% | 0% |
| 8% | 25% |
| 15% or more | 100% |

In addition to the Directors' share options disclosed in the Report on Remuneration, detailed below are options which have been granted to employees together with the periods in which they may be exercised:

| Date of grant | Earliest exercise date | Expiry Date | Exercise price (1p shares) | Number at 31 Dec 2012 | Granted in period | Exercised in period | Forfeited In period | Number at 31 March 2014 |
|---------------|------------------------|-------------|----------------------------|-----------------------|-------------------|---------------------|---------------------|-------------------------|
| 13/9/07 | 13/9/10 | 12/9/17 | 231p | 7,500 | – | – | (7,500) | – |
| 12/8/09 | 12/8/12 | 11/8/19 | 127p | 9,448 | – | (5,135) | (4,313) | – |
| 01/6/10 | 01/6/13 | 31/5/20 | 123.5p | 89,392 | – | (65,722) | (770) | 22,900 |
| 06/5/11 | 06/5/14 | 05/5/21 | 179p | 298,710 | – | – | – | 298,710 |
| 06/12/11 | 06/12/14 | 05/12/21 | 165p | 25,000 | – | – | – | 25,000 |
| 04/5/12 | 04/5/15 | 03/5/22 | 227.5p | 163,958 | – | – | – | 163,958 |
| 06/11/12 | 06/11/15 | 05/11/22 | 220.5p | 170,493 | – | – | – | 170,493 |
| 27/01/14 | 27/01/17 | 26/01/24 | 363.0p | – | 591,401 | – | – | 591,401 |
| | | | | 764,501 | 591,401 | (70,857) | (12,583) | 1,272,462 |

Since the year end, options over 175,865 shares were granted to staff at 316.50 pence per share with identical performance criteria as that for Directors as specified on page 6.

Movements in the number of share options outstanding including Directors share options and their related weighted average exercise prices are as follows:

| | 31 March 2014 Average exercise price per share | 31 March 2014 Options (thousands) | 31 December 2012 Average exercise price per share | 31 December 2012 Options (thousands) |
|-----------------------------|---|--------------------------------------|--|---|
| At 1 January | 163p | 2,195 | 145p | 1,841 |
| Granted | 363p | 1,028 | 225p | 488 |
| Forfeited/lapsed | 129p | (313) | 156p | (72) |
| Exercised | 125p | (756) | 127p | (62) |
| At 31 March/December | 276p | 2,154 | 163p | 2,195 |

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

22 Options in the shares of The Stanley Gibbons Group plc (continued)

Share options outstanding at the end of the period have the following expiry date and exercise price:

| Expiry date | Exercise Price per share | Options (thousands) 31 March 2014 | Options (thousands) 31 December 2012 |
|-------------------|--------------------------|-----------------------------------|--------------------------------------|
| 2 March 2016 | 119.75p | – | 40 |
| 12 September 2017 | 231p | – | 7 |
| 11 August 2019 | 127p | – | 570 |
| 31 May 2020 | 123.5p | 29 | 481 |
| 5 May 2021 | 179p | 584 | 584 |
| 5 December 2021 | 165p | 25 | 25 |
| 3 May 2022 | 227.5p | 317 | 317 |
| 5 November 2022 | 220.5p | 171 | 171 |
| 26 January 2024 | 363.0p | 1,028 | – |
| | | 2,154 | 2,195 |

Binomial and Black-Scholes models have been used to value the awards. The awards issued in the fifteen months ended 31 March 2014 and the year ended 31 December 2012 are set out below:

| Dates of grant | 27/01/14 | 06/11/12 | 04/5/12 | 06/12/11 | 06/5/11 |
|--|-----------|-----------|-----------|-----------|-----------|
| Number of options granted | 1,028,039 | 170,493 | 317,070 | 25,000 | 593,710 |
| Weighted average fair value at date of grant (per share) | 55.12p | 55.06p | 55.76p | 40.88p | 48.45p |
| Weighted average share price on date of grant | 370.5p | 220.5p | 227.5p | 167p | 175p |
| Weighted average exercise price | 363.0p | 220.5p | 227.5p | 165p | 179p |
| Expected term (from date of grant) | 6.5 years | 6.5 years | 6.5 years | 6.5 years | 6.5 years |
| Expected volatility | 19.3% | 35.5% | 35.5% | 35.5% | 36.6% |
| Expected dividend yield | 2.26% | 3.45% | 3.45% | 3.45% | 3.15% |
| Risk-free interest rate | 1.08% | 1.28% | 1.28% | 1.28% | 2.67% |

Expected volatility was determined by calculating historical volatility of the Group's share price over a minimum 10 year period.

23. Share premium and reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at a premium.

Share compensation reserve

The share compensation reserve relates to the fair value of options granted which has been charged to the statement of comprehensive income over the vesting period of the options.

Shares to be issued

This represents the deferred consideration on acquisitions which has not been paid at the balance sheet date.

Revaluation reserve

The revaluation reserve relates to the reserve movement in respect of the revaluation of property, plant and equipment and available for sale financial assets.

Capital redemption reserve

The capital redemption reserve represents the cumulative par value of all shares bought back and cancelled by the Group.

Retained earnings

Retained earnings represents the accumulated profits not distributed to shareholders.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

24. Cash (consumed)/generated from operations

| | 15 months to 31 March 2014 £'000 | Year ended 31 December 2012 £'000 |
|---|---|--|
| Operating profit | 2,354 | 5,363 |
| Depreciation | 475 | 255 |
| Amortisation | 507 | 184 |
| Writeoff of intangibles | 139 | – |
| Increase/(decrease) in provisions | 139 | (216) |
| Cost of share options | 188 | 108 |
| Increase in inventories | (10,280) | (3,927) |
| Decrease/(increase) in trade and other receivables | 5,774 | (2,299) |
| (Decrease)/increase in trade and other payables (less deferred consideration) | (3,200) | 1,539 |
| Cash (consumed)/generated from operations | (3,904) | 1,007 |

25. Capital and other commitments

Lease commitments

At 31 March 2014 the Group had future minimum lease payments under non-cancellable operating leases as follows:

| <i>Date of lease termination:</i> | Land and Buildings 31 March 2014 £'000 | Land and Buildings 31 December 2012 £'000 |
|-----------------------------------|---|---|
| Within one year | 1,281 | 606 |
| Between two and five years | 2,625 | 689 |
| In five years or more | 33 | 83 |
| | 3,939 | 1,378 |

These figures represent the aggregate payable until expiration of all non-cancellable operating leases.

At 31 March 2014 the Group had future minimum rental payments receivable under non-cancellable operating leases as follows:

| <i>Date of lease termination:</i> | Land and Buildings 31 March 2014 £'000 | Land and Buildings 31 December 2012 £'000 |
|-----------------------------------|---|---|
| Within one year | 129 | 132 |
| Between two and five years | 518 | 175 |
| | 647 | 307 |

These operating leases are all sub leases and the lease terms are coterminous with those of the company. The above rentals relate to the sub lease at premises in Strand, London.

26. Retirement benefits

The Stanley Gibbons Group of Companies (incorporating Stanley Gibbons Holdings PLC and its wholly owned subsidiaries) operates the Stanley Gibbons Holdings PLC Pension and Assurance Scheme ('the Scheme') to which the employer and certain employees contribute. The scheme closed to new members with effect from 1 September 2002. All employer costs are borne by Stanley Gibbons Holdings PLC. The scheme is a defined benefit scheme. The assets of the scheme are held under the provisions of a trust deed and are invested in AAA rated Corporate Bonds and unitised equity funds managed by two UK institutions. This investment policy mitigates the actuarial risks that the scheme is exposed to such as longevity, interest rate, inflation and investment risks. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The Scheme is funded with the assets held in separate trustee administered funds. Employees are entitled to retirement benefits based on their final pensionable salary and length of service.

The costs of insurance of the death-in-service benefits and certain administration expenses are paid for by the scheme.

The IAS19 disclosures for the period to 31 March 2014 are based on an approximate roll forward of liability calculations that are broadly equivalent to a triennial valuation as at 12 December 2012, allowing for known cashflows over the period. However, as for previous disclosures, the results will not have undergone the same degree for scrutiny and review that would be undertaken as part of a formal valuation exercise.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

26 Retirement benefits (continued)

An actuarial valuation of the Scheme is due as at 30 June 2012 however the results are not currently available. Previous valuations were based on roll forwards of the Scheme's actuarial valuation as at 30 June 2009.

The Trustees recently undertook an exercise to quantify the additional liabilities to the Scheme due to ineffective documentation in regard to historic benefit changes. The changes to the Scheme data arising from this exercise has resulted in an additional £500,000 of scheme liabilities which has been reflected in these financial statements.

Scheme assets are stated at their market value at 31 March 2014. The Group currently pays deficit reduction contributions of £44,000 per annum.

The amounts recognised in the statement of financial position are as follows:

| | 31 March 2014 | 31 December 2012 | 31 December 2011 |
|--|----------------|------------------|------------------|
| | £'000 | £'000 | £'000 |
| Present value of funded obligation | (10,579) | (9,941) | (8,942) |
| Fair value of scheme assets | 7,294 | 6,780 | 6,181 |
| Net obligation | (3,285) | (3,161) | (2,761) |
| Deferred tax asset | 756 | 735 | 732 |
| Retirement benefit obligation | (2,529) | (2,426) | (2,029) |
| | £'000 | £'000 | £'000 |
| | | <i>restated</i> | |
| Cumulative amount of actuarial losses recognised in other comprehensive income | (806) | (1,053) | (933) |

The amounts recognised in the statement of comprehensive income for the period are as follows:

| | 31 March 2014 | 31 December 2012 | 31 December 2011 |
|---|---------------|------------------|------------------|
| | £'000 | £'000 | £'000 |
| | | <i>restated</i> | |
| Current service cost | 375 | 260 | 182 |
| Interest cost on net benefit obligations | 173 | 170 | 458 |
| Expected return on scheme assets | - | - | (414) |
| Total included in employee benefit expense | 548 | 430 | 226 |
| Actual return on scheme assets | 180 | 847 | (78) |

The amounts recognised in other comprehensive income are as follows:

| | 31 March 2014 | 31 December 2012 | 31 December 2011 |
|------------------------------|---------------|------------------|------------------|
| | £'000 | £'000 | £'000 |
| | | <i>restated</i> | |
| Remeasurement gains/(losses) | 247 | (120) | (834) |

Changes in the present value of the defined benefit obligation are as follows:

| | 31 March 2014 | 31 December 2012 | 31 December 2011 |
|---|---------------|------------------|------------------|
| | £'000 | £'000 | £'000 |
| Present value of obligations at start of period/year | 9,941 | 8,942 | 8,326 |
| Current service cost | 375 | 260 | 182 |
| Interest cost | 520 | 426 | 458 |
| Contributions by employees | 28 | 27 | 25 |
| Remeasurement (gains)/losses | (614) | 664 | 342 |
| Experience adjustment on benefit obligation amounts | 911 | - | - |
| Charges paid | (206) | (68) | - |
| Benefits paid | (376) | (310) | (391) |
| Present value of obligations at end of period/year | 10,579 | 9,941 | 8,942 |

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

26 Retirement benefits (continued)

Changes in the fair value of scheme assets are as follows:

| | 31 March 2014 | 31 December 2012 | 31 December 2011 |
|--|---------------|------------------|------------------|
| | £'000 | £'000 | £'000 |
| | | <i>restated</i> | |
| Fair value of scheme assets at start of period/year | 6,780 | 6,181 | 6,477 |
| Expected return on scheme assets | 347 | 256 | 414 |
| Remeasurement gains/(losses) | 544 | 544 | (492) |
| Contributions by employees | 28 | 27 | 25 |
| Contributions by company | 177 | 150 | 148 |
| Charges paid | (206) | (68) | – |
| Benefits paid | (376) | (310) | (391) |
| Fair value of scheme assets at end of period/year | 7,294 | 6,780 | 6,181 |

The experience adjustment on benefit obligation amounts can be analysed as follows:

| | 31 March 2014 | 31 December 2012 | 31 December 2011 |
|--|---------------|------------------|------------------|
| | £'000 | £'000 | £'000 |
| Change in scheme data | 500 | – | – |
| Approximate methodology used in previous disclosures | 385 | – | – |
| Experience over period to 31 March 2014 | 26 | – | – |
| Total actuarial loss from financial assumptions and scheme experience | 911 | – | – |

The Group expects to contribute £122,000 to its defined benefit scheme in the financial year to 31 March 2015.

The major categories of scheme assets as a percentage of the fair value of total scheme assets are as follows:

| | 31 March 2014 | 31 December 2012 |
|-----------------|---------------|------------------|
| | % | % |
| Equities | 52.9 | 47.7 |
| Corporate bonds | 38.6 | 37.1 |
| Gilts / cash | 8.5 | 15.2 |

Principal actuarial assumptions at the reporting date:

| | 31 March 2014 | 31 December 2012 |
|--|---------------|------------------|
| Future salary increases | 3.20% | 2.80% |
| Price inflation – RPI | 3.20% | 2.80% |
| Price inflation – CPI | 2.20% | 2.00% |
| Future pension increases – pension accrued before 6 April 1997 (per annum) | 0.00% | 0.00% |
| Future pension increases – pension accrued after 6 April 1997 (per annum) | 2.20% | 2.00% |
| Discount rate | 4.45% | 4.20% |
| Equities (long term expected rate of return) | 4.45% | 4.20% |
| Corporate bonds (long term expected rate of return) | 4.45% | 4.20% |
| Fixed interest gilts (long term expected rate of return) | 4.45% | 4.20% |
| Cash (long term expected rate of return) | 4.45% | 4.20% |

Mortality Assumptions

The mortality trends of the scheme were assessed at 31 March 2014 by the actuary using the mortality tables SAPS projected by birth year, with an allowance for medium cohort mortality improvements, and an underpin of 1%. The Directors consider that, statistically, this table gives the best indicators of the life expectancy of pension scheme members taking into account their employment history, lifestyle and job location.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

26 Retirement benefits (continued)

The mortality assumptions imply the following life expectation:

| | 31 March 2014 | 31 December 2012 |
|--|----------------------|------------------|
| | In years | In years |
| Retiring at 60 at reporting date | | |
| Male | 27.1 | 26.9 |
| Female | 29.7 | 29.5 |
| Retiring at 60 at reporting date + 20 years | | |
| Male | 29.1 | 28.9 |
| Female | 31.7 | 31.5 |

Sensitivity of results

The value placed on the benefit obligation is particularly sensitive to changes in some of the key assumptions as detailed below:

| | Change in the benefit Obligation – % | (Deficit) £'000 |
|---|---|----------------------------|
| Assumption as per IAS 19 disclosures | n/a | (3,285) |
| 0.25% p.a. reduction in discount rate | 3.5% | (3,652) |
| 0.25% increase in RPI inflation | 1.9% | (3,490) |
| Pensions payable for 1 year longer due to mortality assumptions | 1.9% | (3,490) |
| RPI assumed for revaluation in deferment | 2.2% | (3,521) |

Amounts for the current and previous four periods are as follows:

| | 31 March 2014 | 31 December 2012 | 31 December 2011 | 31 December 2010 | 31 December 2009 |
|---|--------------------------|---------------------|---------------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Present value of defined benefit obligations | (10,579) | (9,941) | (8,942) | (8,326) | (7,714) |
| Fair value of scheme assets | 7,294 | 6,780 | 6,181 | 6,477 | 5,839 |
| Deficit | (3,285) | (3,161) | (2,761) | (1,849) | (1,875) |
| Experience adjustments on scheme assets | 544 | 544 | (492) | 363 | 187 |
| Experience adjustments on benefit obligations | – | – | – | – | – |
| Effects of changes in the demographic and financial assumptions underlying scheme liabilities | | | | | |
| Amount | (297) | (664) | (342) | (177) | (666) |
| Percentage of benefit obligation | -2.80% | -6.68% | -3.83% | -2.13% | -8.63% |

Future profile of the Stanley Gibbons Holdings PLC Pension Scheme

The Stanley Gibbons Holdings PLC Pension Assurance Scheme closed to new members with effect from 1 September 2002. This will result in the age profile of the active membership rising over time and hence, under the method required to calculate IAS 19 liabilities, the future cost in relation to this Scheme will rise in the long-term.

The Group has considered the impact of the IAS 19 deficit in respect of the Group, its employees and pensioners. The deficit has increased from £3,161,000 at 31 December 2012 to £3,285,000 at 31 March 2014 principally arising from changes in scheme data and a change from the approximate methodology used in previous disclosures. In the context of the overall net assets of the Group, the Group remains in a strong position to manage this long-term liability.

27. Contingent liabilities

There are no Group contingent liabilities as at 31 March 2014 (31 December 2012: £Nil).

28. Financial instruments

The Group's financial instruments comprise cash and liquid resources, and various items such as trade receivables and trade payables which arise directly from operations. The Group financed part of its operations with a bank loan and new shareholder equity during the year. Details of the loan facility can be found in note 18. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group's policies and procedures in managing these risks are detailed in the Financial Review on page 5.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

28 Financial Instruments (continued)

Summary of financial assets and liabilities by category

| | 31 March 2014 | 31 December 2012 |
|---|---------------|------------------|
| | £'000 | £'000 |
| Loans and receivables | | <i>restated</i> |
| Available for sale financial assets | 1,473 | – |
| Trade and other receivables | 12,437 | 11,064 |
| Cash at bank | 9,499 | 6,766 |
| | 23,409 | 17,830 |
| Financial liabilities measured at amortised cost | | |
| Trade and other payables | 12,636 | 7,274 |
| Borrowings | 804 | 188 |
| | 13,440 | 7,462 |
| | 9,969 | 10,368 |

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised in the balance sheet as noted in the above table.

The Directors of the Company consider that all the above financial assets for each of the balance sheet dates under review are of a good credit quality, including those past due settlement dates. See note 16 for more information on financial assets that are past due settlement dates.

The Group's principal financial assets are cash deposits and trade receivables. Risks associated with cash deposits are limited as the banks used have high credit ratings assigned by international credit rating agencies.

The principal credit risk lies with trade receivables. In order to manage risk the Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of any exposure to any individual counterparty is subject to a limit which is regularly reviewed by the Directors.

Interest rate risk

With the exception of the borrowings in respect of the bank loan (see note 18), the Group finances its operations through the generation of cash from operating activities and has no interest rate exposure on any other financial liabilities.

The finance charge of the Group for the fifteen months to 31 March 2014 of £173,000 (31 December 2012: £211,000 as restated) comprised bank interest of £nil (31 December 2012: £41,000) and net finance costs from its defined benefit pension scheme liabilities of £173,000 (31 December 2012: £170,000 as restated).

The bank loan is linked to LIBOR. A 5% movement in LIBOR would have resulted in an additional interest charge of £2,000 (2012 : £13,000).

Foreign exchange risk

The Group had no material exposure to foreign exchange risk in the period ended 31 March 2014. The Directors are assessing the foreign exchange risk associated with the cash flows of the enlarged USA operation and are managing them accordingly.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

The Group's financial liabilities have contractual maturities as summarised below:

| | Within 6 months £'000 | Between 6 and 12 months £'000 | Between 1 and 5 years £'000 |
|----------------------------|-----------------------------|-------------------------------------|-----------------------------------|
| At 31 March 2014 | | | |
| Trade and other payables | 15,146 | – | – |
| Borrowings | – | 276 | 528 |
| | 15,146 | 276 | 528 |
| At 31 December 2012 | | | |
| Trade and other payables | 6,327 | 1,468 | – |
| Borrowings | 125 | 63 | – |
| | 6,452 | 1,531 | – |

All cash at bank earns interest at floating rate as detailed in the Financial Review on page 5.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

29. Related party transactions

Identity of related parties

The Company has a controlling related party relationship with its subsidiary companies (see note 32). The Group also had a related party relationship with its Directors.

Transactions between parent and subsidiaries

The parent company charged management fees of £3,448,000 in the fifteen months to 31 March 2014 (31 December 2012: £2,544,000) to its subsidiaries.

Transactions with Directors and key management personnel

The remuneration of the Directors and details of share options granted are disclosed in the Report on Remuneration and in note 6. There are no key management personnel, as defined in IAS 24, aside from the Directors.

15 months ended 31 March 2014

As part of the share placing regarding the acquisition of Noble Investments (UK) plc, the Directors of the Company acquired Ordinary 1p shares as detailed below at a price of 2.95p per share.

| | No. of shares acquired |
|----------------|------------------------|
| Mr M Bralsford | 67,800 |
| Mr M Hall | 33,894 |
| Mr J Byfield | 33,900 |
| Mr D Duff | 16,950 |
| Mr S Perrée | 33,900 |
| Mr M P Magee | 6,780 |

Mr Hall & Mr Duff exercised share options during the 15 months to 31 March 2014 as follows:

| | Shares acquired | | Shares disposed | |
|-----------|-----------------|--------|-----------------|--------|
| | No | Price | No | Price |
| Mr M Hall | 79,185 | 127.0p | 79,185 | 246.0p |
| | 296,389 | 123.5p | 250,000 | 365.0p |
| Mr D Duff | 192,613 | 127.0p | 152,613 | 246.0p |
| | 60,728 | 123.5p | 27,028 | 365.0p |

Details of share options granted in the financial year are outlined in the Report on Remuneration on page 7.

On 22 January 2014, I Goldbart sold 27,965 Ordinary 1p shares at £3.65. On 31 March 2014, Mr Goldbart transferred 25,000 Ordinary 1p shares to his daughter at nil consideration.

M Hall, Director, had a purchase ledger balance of £8,333 at the period end. Mr Hall disposed of some autograph memorabilia during the year, for which the Company received commission of £1,250. He also purchased two stock items from the Company on an arms length basis for £1,539.

Mr J Byfield, Director, purchased goods to the value of £432,968 during the period. This was to be settled by the realisation of some of his other investment portfolios. There was £400,991 outstanding from Mr Byfield at the period end.

Relatives of Mr I G Goldbart, Director, purchased coins from AH Baldwin & Sons Limited to the value of £18,897 during the period. There was £2,118 owed by AH Baldwin & Sons Limited to relatives of Mr Goldbart at the period end.

Year ended 31 December 2012

Mr D M Bralsford, Non-Executive Chairman and Director, redeemed investment portfolios to the value of £170,505 during the year. This was paid in full by the year end.

M Hall, Director, had a sales ledger balance of £523 at the year end. Mr Hall also disposed of some autograph memorabilia to the Company during the year for £15,371. This was settled in full after the year end.

D Duff, Director, redeemed investment portfolios to the value of £20,216 during the year.

Mr J Byfield, Director, purchased goods to the value of £100,000 during the year. This was to be settled by the realisation of some of his other investment portfolios and is due to be settled in full by June 2013. There was £52,078 outstanding from Mr Byfield at the year end.

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

30. Acquisitions

On 21 November 2013 and 31 January 2014, the Group purchased 100% of Noble Investments (UK) plc ("Noble") and Murray Payne Limited ("Murray Payne") respectively.

Noble's business is the trading and auctioning of collectibles including ancient, English and world coins, commemorative medals and tokens, banknotes and paper ephemera, military orders & decorations, autographs, world stamps, fine arts, antiques & jewellery. It also deals in and auctions rare and valuable books, manuscripts and contemporary works on paper. Formed in 2003 as a rare coin trading company, the acquisitions of A.H. Baldwin & Sons Limited in 2005, of Apex Philatelics in 2008 and The Fine Art Auction Group Limited in 2012 (which operates through the Dreweatts & Bloomsbury Auctions brands) have resulted in Noble becoming an important player in the global collectibles market. The Board has therefore considered the acquisition an essential strategic step towards building a global online collectibles community.

The Murray Payne business was founded in 1990 and is a leading and well respected dealer in British Commonwealth King George VI stamps with a long history of profitability. The acquisition is in line with the strategic goal of growing market share in the rare collectibles auction market.

The fair value of the assets acquired and consideration given was as follows:

| At date of acquisition | Noble £000 | Murray Payne £'000 | Total £'000 |
|---|---------------|-----------------------|------------------------|
| Property, plant & equipment | 2,170 | 168 | 2,338 |
| Intangible assets | – | 15 | 15 |
| Financial assets | 1,374 | – | 1,374 |
| Inventories | 10,607 | 503 | 11,110 |
| Trade debtors | 5,549 | 7 | 5,556 |
| Other debtors | 2,465 | – | 2,465 |
| Cash | 6,264 | (26) | 6,238 |
| Trade payables | (10,957) | (66) | (11,023) |
| Deferred consideration | (2,153) | – | (2,153) |
| Tax | 80 | (28) | 52 |
| Borrowings | (27) | – | (27) |
| Deferred taxes | (252) | – | (252) |
| Book value of net assets at acquisition date | 15,120 | 573 | 15,693 |
| Fair value adjustments | | | |
| Increase in market value of freehold property | 1,750 | – | 1,750 |
| Customer relationships | 2,472 | 143 | 2,615 |
| Brands | 3,305 | 72 | 3,377 |
| Trademarks | 65 | – | 65 |
| | 7,592 | 215 | 7,807 |
| Goodwill | 23,682 | 212 | 23,894 |
| | 46,394 | 1,000 | 47,394 |
| Satisfied by: | | | |
| Cash | 34,508 | 766 | 35,274 |
| Issue of shares – 3,797,511/63,470 shares @ 313p/369p | 11,886 | 234 | 12,120 |
| | 46,394 | 1,000 | 47,394 |

The goodwill of £23,682,000 relating to Noble and £212,000 relating to Murray Payne reflects anticipated benefits from access to a wider market of rare collectibles and synergies from the increased buying power of the enlarged group.

The non-recurring fair value adjustments for intangibles and property in relation to the acquisition have been valued on level 3 and 2 of the fair value hierarchy respectively. Property has been valued using a market approach using the sale value of comparable properties.

Brand names and customer lists have been valued using relief from royalty and discounted cash flow basis respectively. The discount rate applied is the Group's cost of capital of 7.9% plus an additional risk premium specific to each element.

Key unobservable inputs in relation to the brand name relief from royalty basis are:

| | Baldwins | Apex | TFAAG |
|--------------|----------|------|-------|
| Sales growth | 4.0% | 4.0% | 4.0% |
| Royalty rate | 3.0% | 1.0% | 1.5% |
| Risk premium | 3.0% | 4.0% | 5.0% |

In relation to the discounted cash flow basis for the valuation of customer lists management have assumed the following:

| | Baldwins | Apex | TFAAG |
|----------------|----------|-------|-------|
| Attrition rate | 12.5% | 12.5% | 12.5% |
| Risk premium | 4.0% | 5.0% | 6.0% |

Notes to the financial statements

FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2014

30 Acquisitions (continued)

Noble has contributed £5,952,000 and £468,000 to the Group's revenues and profit respectively from the acquisition date to 31 March 2014. Had the acquisition occurred on 1 January 2012, the Group's revenue for the period to 31 December 2012 would have been £57.6m and the Group's profit for the period would have been £8.3m. These amounts have been determined by applying the Group's accounting policies and adjusting the results of Noble to reflect additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had been applied from 1 January 2012.

Deferred consideration is the amount, in the opinion of the Directors, of additional consideration that will be paid in cash or satisfied by the issue of shares in respect of the acquisition of The Fine Art Auction Group Limited ("TFAAG") by Noble Investments (UK) plc on December 2012. The exact amount payable will be determined and settled if appropriate in the final quarter of 2014 and is measured at level 2 of the fair value hierarchy based on the estimated payments required and number of shares which will be issued and the value of those shares.

The results of Murray Payne are immaterial in the context of the Group's net assets and profit levels and have therefore not been disclosed.

31. Prior year adjustment

The Company adopted the new accounting standard IAS 19 (Amendment), Employee benefits which became effective for accounting periods beginning on or after 1 January 2013.

The impact of this new accounting standard on the previously reported figures for the year ended 31 December 2012 was:

- an increase in the net interest costs of £117,000 and therefore a reduction in profit before tax by the same amount
- a reduction in the actuarial losses of £117,000 reported within other comprehensive income
- a reduction in basic earnings per share from 18.94p to 18.48p
- a reduction in diluted earnings per share from 18.55p to 18.10p

The tax charge for the prior year has not been adjusted due to the immateriality of the sums involved. Net assets are unaffected by this prior year adjustment. Comparator figures for the years up to and including 31 December 2011 have not been restated to reflect this new accounting standard.

32. Principal subsidiaries

The principal subsidiary undertakings of the Company, all of which are 100% owned, are as follows:

| Name | Country of incorporation | Description of shares held | Principal activity |
|-------------------------------------|--------------------------|---|--|
| Stanley Gibbons (Guernsey) Limited | Guernsey | Ordinary £1 shares | Philatelic dealer and dealer in memorabilia |
| Stanley Gibbons (Jersey) Limited | Jersey | Ordinary £1 shares | Philatelic dealer and dealer in memorabilia |
| Stanley Gibbons E-commerce Limited | Jersey | Ordinary £1 shares | E-commerce retailing |
| Stanley Gibbons Holdings PLC* | England | Ordinary £0.25 shares | Holding Company |
| Stanley Gibbons Limited* | England | Ordinary £1 shares | Philatelic dealer and retailer, and dealer in memorabilia |
| Stanley Gibbons (Asia) Limited | Hong Kong | Ordinary HK\$1 shares | Philatelic dealer and dealer in memorabilia |
| Stanley Gibbons (SEA) Pte Limited | Singapore | Ordinary S\$1 shares | Philatelic dealer and dealer in memorabilia |
| Stanley Gibbons US, Inc* | United States | Common stock US\$0.0001 | Web development |
| Benham (Jersey) Limited | Jersey | Ordinary £1 shares | First day cover dealer |
| Benham Collectibles Limited | England | Ordinary £1 shares | First day cover dealer |
| Murray Payne Limited | England | Ordinary £1 shares | Philatelic dealer and auctioneer |
| Noble Investments (UK) PLC | England | Ordinary 1p shares | Holding Company |
| AH Baldwin & Sons Limited* | England | Ordinary £1 shares | Dealer and auctioneer in rare coins and other collectibles |
| Greenfield Auctions Limited* | England | Ordinary £1 shares | Auctioneers of works on paper |
| The Fine Art Auction Group Limited* | England | Ordinary £0.45 shares Preferred £1 shares Preferred £0.25 shares Deferred £0.25 shares | Auctioneers and valuers of art, antiques and collectibles |

* Indirect holding

Directors' Biographical Details

David Martin Bralsford MSc, FCA, FCT

Non-Executive Chairman – Independent

Date of birth: 1 January 1948.

Date of appointment as Director: 1 November 2007

Martin qualified as a Chartered Accountant in 1970, before obtaining a Masters degree in Economics at the London Business School in 1974.

He is Chairman of Channel Islands based portfolio management, stockbroking and funds business Collins Stewart (CI) Ltd. He was formerly Chief Executive of C.I. Traders Ltd, the largest corporate employer in the Channel Islands, which was AIM quoted prior to its take-over by a private equity consortium in July 2007. He was previously Chief Executive of Le Riche Group Ltd, before its acquisition by C.I. Traders in 2002 and a former Group MD of Premier Brands Ltd.

Martin has also served as President of the Jersey Chamber of Commerce and as Chairman of the Training and Employment Partnership in Jersey. He chairs the Nomination Committee. He is also on the Boards of a number of other listed or private companies.

Michael Robert Montague Hall B.Acc, CA

Chief Executive

Date of birth: 9 August 1970.

Date of appointment as Director: 7 August 2000

In 1995 Michael qualified as a Chartered Accountant in Scotland and joined Coopers and Lybrand (now PricewaterhouseCoopers) in Jersey. As a manager, Michael worked on both audit and corporate finance assignments for a variety of listed companies including Flying Flowers. Michael joined Flying Flowers as financial controller of the Collectibles division in July 1999. He was appointed Finance Director of Communitie.com in August 2000 and Chief Executive of The Stanley Gibbons Group Limited from 1 July 2003. Michael is a member of the Nomination Committee.

Donal Peter James Duff, BAAF, FCA, AMCT

Chief Finance Officer

Date of birth: 11 November 1967.

Date of appointment as Director: 6 August 2009

After gaining a degree in accounting and finance, Donal qualified as a Chartered Accountant with Coopers & Lybrand in Ireland in 1991, transferring to its Jersey office (now PricewaterhouseCoopers) in 1993 to work on a wide range of audit and corporate finance assignments.

Donal joined Le Riche Group Limited, a listed company, as Group Financial Controller in June 1996, became Company Secretary in 1999 and Director of Finance in 2000, positions he held until the company was acquired in 2002 by C.I. Traders Limited, an AIM listed company which became the largest corporate employer in the Channel Islands. Donal was Director of Finance and Company Secretary of C.I. Traders until its subsequent acquisition by private equity investors in 2007, staying on until 2008. Donal was appointed Chief Operating Officer of The Stanley Gibbons Group plc on 17 March 2009 and became responsible for the Group's Finance function on 4 November 2011. He is also a Non-Executive Director of Jersey Post International Limited.

Ian Gregory Goldbart

Managing Director – Dealing and Auctions

Date of birth: 25 April 1963.

Date of appointment as Director: 21 November 2013

Ian Goldbart was a partner at stockbrokers Townsley & Co until 1999 when it was acquired by the Insinger de Beaufort Group and he was subsequently appointed Director of Institutional Sales. Ian has been a collector of coins for over 35 years. During this period he built up a network of contacts with many of the major numismatic firms throughout the world. He launched Noble Investment (UK) plc in 2003 and became Managing Director on completion of the acquisition of leading coin dealer AH Baldwin & Sons Limited in 2005. In 2012 Noble acquired The Fine Art Auction Group Limited which operates through the Dreweatts and Bloomsbury Auctions brands. Ian was appointed Managing Director – Dealing and Auction following Noble's acquisition by Stanley Gibbons in November 2013.

John Byfield

Corporate Development Director

Date of birth: 7 November 1951.

Date of appointment as Director: 28 April 2010

John Byfield qualified as a Solicitor in 1978 and was senior partner of a substantial law practice for some 20 years. During that time he specialised in company and commercial law and advised many boards of both private and public companies. John acted as executive Chairman of Essentially Group, formerly AIM listed, from 2002 until the company was sold in October 2009. John joined the Board as a Non-Executive Director on 28 April 2010. On 1 February 2012 he became an Executive Director in a new role as Corporate Development Director.

Martin Paul Magee, CA

Non-Executive – Independent

Date of birth: 26 June 1960.

Date of appointment as Director: 1 August 2012

Martin qualified as a Chartered Accountant in Scotland in 1984. Following qualification he worked for nine years with Stakis plc, (now part of the Hilton Hotels Group) and then with Scottish Power plc in a variety of senior finance roles. In 2002 he was appointed Finance Director of Jersey Electricity plc. He is also Chairman of Jersey Deep Freeze Limited, a Director of the Channel Islands Electricity Grid Limited and Non-Executive Chairman of the Standard Life Offshore Strategy Fund Limited. Martin was a member of the States of Jersey Public Accounts Committee until 2011. He is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

Simon Perré

Non-Executive – Independent

Date of birth: 21 June 1970.

Date of appointment as Director: 1 May 2013

Simon was born and is resident in Jersey. He co-founded online retailer Play.com in 1998. Play.com quickly became the largest private online retailer in the UK, with over 7 million customers and a catalogue of over 8 million products. After selling Play.com in 2011, Simon founded venture capital company NetCap and has since invested in several online businesses. With over 14 years' experience in e-commerce, he has an in-depth knowledge of internet technology, operations and online marketing. Simon is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

Clive Stanley Jones

Non-Executive – Senior Independent Director

Date of birth: 27 November 1946.

Date of appointment as Director: 28 March 2014

Clive was Chairman of the Jersey Financial Services Commission, the unitary financial services regulator in Jersey, for four years prior to his retirement from the role in October 2013.

He has spent his whole career in the banking and finance industry. From April 1996 to June 2007 he was Country Officer for Citigroup in the Channel Islands. During this period amongst other roles, he acted as Chairman and Managing Director of Citibank (Channel Islands) and managed the Private Banking business with \$7 billion banking assets under management.

Clive has also previously held the roles of President of the Jersey Bankers Association, Chairman of the Jersey Finance Industry Association and founder and board member of Jersey Finance Limited. He has been appointed Senior Independent Director and is a member of both the Audit and Remuneration Committees.

Five Year Summary

| | For the period ended 31 March 2014 £'000 | For the year ended 31 Dec 2012 £'000 <i>restated</i> | For the year ended 31 Dec 2011 £'000 | For the year ended 31 Dec 2010 £'000 | For the year ended 31 Dec 2009 £'000 |
|-------------------------------------|---|---|--|--|--|
| Turnover | 51,772 | 35,599 | 35,704 | 26,429 | 23,365 |
| Cost of sales | (28,937) | (20,031) | (21,872) | (14,859) | (13,345) |
| Gross Margin | 22,835 | 15,568 | 13,832 | 11,570 | 10,020 |
| Gross Margin % | 44.1% | 43.7% | 38.7% | 43.8% | 42.9% |
| Administration expenses | (7,779) | (3,332) | (2,793) | (2,321) | (1,817) |
| Selling and distribution expenses | (10,621) | (6,524) | (5,882) | (4,864) | (4,074) |
| Exceptional operating costs | (2,081) | (349) | (112) | (150) | - |
| Operating profit | 2,354 | 5,363 | 5,045 | 4,235 | 4,129 |
| Net interest receivable / (payable) | (141) | (208) | (99) | (64) | (16) |
| Profit before taxation | 2,213 | 5,155 | 4,946 | 4,171 | 4,113 |
| Taxation | (78) | (389) | (415) | (436) | (413) |
| Profit for the financial year | 2,135 | 4,766 | 4,531 | 3,735 | 3,700 |
| Earnings per share | 6.32p | 18.48p | 17.97p | 14.83p | 14.70p |
| Adjusted earnings per share | 13.30p | 20.98p | 19.40p | 16.23p | 14.70p |
| Diluted earnings per share | 6.25p | 18.10p | 17.74p | 14.78p | 14.69p |
| Net assets | 83,945 | 31,704 | 22,418 | 19,739 | 18,157 |
| Ordinary dividend per share (p) | 7.0p | 6.5p | 6.0p | 5.5p | 5.0p |
| Share Price | 340.0p | 235.5p | 167.0p | 165.0p | 135.5p |



www.stanleygibbons.com

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www.benham.co.uk

Notice of Annual General Meeting

THE STANLEY GIBBONS GROUP PLC

Notice is hereby given that the Annual General Meeting of The Stanley Gibbons Group plc ("**Company**") will be held at Banjo Jersey, 8 Beresford Street, St Helier, Jersey JE2 4WN on Wednesday 30 July 2014 at 11 am for the purpose of considering and, if thought fit, adopting the following resolutions relating to the ordinary and special business of the Company at the Annual General Meeting or any adjournment thereof:

Ordinary Business

To consider, and if thought fit, to pass the following resolutions as Ordinary Resolutions:

1. "THAT the Company's audited accounts for the period ended 31 March 2014 and the Directors' and Auditors' Reports thereon be approved and adopted."
2. "THAT S Perrée, who retires in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."
3. "THAT IG Goldbart, who retires in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."
4. "THAT CS Jones, who retires in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."
5. "THAT MRM Hall, who retires by rotation in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."
6. "THAT J Byfield, who retires by rotation in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."
7. "THAT Nexia Smith & Williamson be re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix the Auditors' remuneration."

Special Business

To consider, and if thought fit, to pass the following resolutions as Special Resolutions:

Authority to purchase own shares

8. "THAT the Company be generally and unconditionally authorised to make one or more market purchases of its own shares, such purchases to be of Ordinary Shares of one pence (1p) each in the capital of the Company ("**Ordinary Shares**") on the London Stock Exchange, provided that:
 - (a) the maximum number of Ordinary Shares authorised to be purchased shall be 6,900,000 Ordinary Shares, being approximately 15 per cent of the issued capital of the Company; and
 - (b) the minimum price which may be paid for any such Ordinary Shares shall be 1p per Ordinary Share (exclusive of expenses); and
 - (c) the maximum price which may be paid for such Ordinary Shares shall be an amount equal to 5 per cent above the average middle market quotations as derived from the Daily Official List of the UKLA for the five business days immediately preceding the day on which any such Ordinary Shares are purchased or contracted to be purchased;
 - (d) unless otherwise varied renewed or revoked the authority hereby conferred shall expire at the earlier of 31 October

2015 and the conclusion of the Annual General Meeting of the Company to be held in 2015; and

- (e) prior to expiry of the authority hereby conferred the Company may enter into a contract or contracts for the purchase of Ordinary Shares which may be executed in whole or in part after such expiry and may purchase Ordinary Shares pursuant to such contract or contracts as if the authority hereby conferred had not so expired."

Increase in authorised share capital

9. "THAT, pursuant to Article 38(1)(a) of the Companies (Jersey) Law 1991, as amended, the authorised share capital of the Company be increased from £500,000 (made up of 50,000,000 Ordinary Shares of 1p each) to £750,000 (made up of 75,000,000 Ordinary Shares of 1p each)."

Amendment of Articles

10. "THAT the Company's articles of association be and are hereby amended as follows:
 - (a) Article 2.2(a) shall be deleted and replaced by a new Article 2.2(a) as follows:

"Subject to the Law (in particular articles 38 and 52 of the Law and the other provisions of these Articles) the Directors may exercise the power of the Company to issue Shares, to grant rights to subscribe for, or convert any security into Shares or otherwise dispose of Shares to such persons, at such times and on such terms as they think fit provided that any Share may be issued with such rights or restrictions as to issuance as the Company may by Ordinary Resolution determine."
 - (b) Article 2.2(b) shall be deleted and replaced by a new Article as follows:

"Subject to the Law and subject and without prejudice to the other provisions of these Articles, the Directors are generally and unconditionally authorised to exercise all powers of the Company to issue, grant rights to subscribe for, or to convert any securities into, or otherwise dispose of, up to such number of Shares as the Company may from time to time by Ordinary Resolution determine. Subject to the provisions of article 36 of the Law, no Shares may be issued by the Company at a discount."
 - (c) A new Article 2.7 shall be inserted as follows:

"2.7 Pre-emption rights

- (a) Unless otherwise authorised by a Special Resolution, the Company shall not allot any Shares (the "**offer shares**") to a person on any terms unless:
 - (1) it has first made an offer to each Member to allot to him on the same or more favourable terms a proportion of the offer shares that is as nearly as practicable equal to the proportion in nominal value held by him of the ordinary share capital of the Company, subject always to such exclusions or other arrangements as the Board, in its absolute discretion, deems necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any regulatory body or stock exchange in, any country or jurisdiction;
 - (2) the offer referred to in Article 2.7(a)(1) above (the "**offer notice**") may be made in either hard copy form or by electronic form and:
 - (A) must state a period during which it may be accepted

which must be a period of at least 10 business days beginning:

- (a) in the case of an offer made in hard copy form, with the date on which the offer is sent or supplied; or
 - (b) in the case of an offer made by way of electronic form, with the date on which the offer is sent, and the offer shall not be withdrawn before the end of that period; and
- (B) shall be made from the Directors specifying the number and price of the offer shares and shall invite each relevant Member to state in writing within a period whether they are willing to accept any offer shares and, if so, the maximum number of offer shares they are willing to take;
- (3) at the expiration of the period specified for acceptance in the offer notice the Directors shall allocate the offer shares to or amongst the relevant Members who shall have notified to the Directors their willingness to take any of the offer shares but so that no relevant Member shall be obliged to take more than the maximum number of shares notified by him under Article 2.7(a) (2) (B) above;
- (4) if any offer shares remain unallocated after the offer, the Directors shall be entitled to allot, grant options over or otherwise dispose of those shares to such persons on such terms and in such manner as they think fit save that those shares shall not be disposed of on terms which are more favourable to their subscribers than the terms on which they were offered to the relevant Members.
- (b) The provisions of Article 2.7(a) above shall not apply to the allotment of, or the grant of rights to subscribe for:
- (1) bonus shares;
 - (2) equity securities if these are, or are to be, wholly or partly paid up otherwise than in cash; or
 - (3) equity securities under or pursuant to an Employee Share Scheme.
- (c) Unless the context requires otherwise, references in this Article 2.7 to the allotment of equity securities shall include the sale of shares in the Company which immediately before the sale are held by the Company as treasury shares."
- (d) Article 16.2(e)(2)(A) shall be amended by the insertion of the words "and that person has not revoked such agreement" after the words "delivered to him)" on the third line.
- (e) New Articles 16.2(h), 16.2(i), 16.2(j), 16.2(k) and 16.2(l) shall be inserted as follows:
- "(h) Any document sent or supplied by means of a website must be made available in a form, and by a means, that the Company reasonably considers will enable the person to read it and to retain a copy of it. For this purpose, any document can be read only if it can be read with the naked eye, or to the extent it consists of images (for example photographs) it can be seen with the naked eye.
- (i) If a person has been asked individually by the Company to agree that the Company may send or supply documents or information generally or specific documents to the person by means of a website and the Company does not within a period of 28 days beginning with the date on which the Company's request was sent (or such longer period as the Board may specify) receive a response indicating a refusal, such person will be deemed to have agreed to receive such documents by means of a website in accordance with Article 16.2(e)(2)(A) above (save in respect of any documents or information as may be required to be sent in hard copy form pursuant to the Law). A person

can revoke any such deemed election in accordance with Article 16.2(j) below.

- (j) Any amendment or revocation of a notification given to the Company or agreement (or deemed agreement) under this Article 16.2 shall only take effect if in writing, signed (or authenticated by electronic means) by the person and on actual receipt by the Company thereof.
- (k) Where these Articles require or permit a document to be authenticated by a person by electronic means, to be valid it must incorporate the electronic signature or personal identification details of that person, in such form as the Directors may approve, or be accompanied by such other evidence as the Directors may require to satisfy themselves that the document is genuine.
- (l) Any communication sent to the Company by electronic means shall not be treated as received by the Company if it is rejected by computer virus protection arrangements."
- (f) Article 17.4(c) shall be amended by the deletion of the term "Article 17.217.2(b)" and the substitution in its place of the term "Article 17.2(b)".
- (g) New Articles 17.4(h) and 17.4(i) shall be inserted as follows:
 - "(h) If the Company receives a delivery failure notification following a communication by electronic means in accordance with Article 17.4(c) above, the Company shall send or supply the notice or document in hard copy or electronic form (but not by electronic means) to the Member either personally or by post addressed to the Member at his registered address or by leaving it at that address. This shall not affect when the notice or document was deemed to be received in accordance with Article 17.4(c) above.
 - (i) Where a document or notice is sent or supplied by means of a website in accordance with Article 16.2, it shall be deemed to have been received: when the material was first made available on the website; or if later, when the recipient was deemed to have received notice of the fact that the material was available on the website."

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

Authority to allot Shares

11. "THAT, subject to the passing of the special resolution numbered 10 in this notice of Annual General Meeting, the Directors be generally and unconditionally authorised to exercise all powers of the Company to issue or grant equity securities (as defined in the articles of association of the Company (as amended by the passing of the special resolution numbered 10 in this notice of Annual General Meeting) (the "**Articles**")) in accordance with article 2.2(b) of the Articles:
- (a) up to a maximum number of 31,000,000 ordinary shares of 1p each ("**ordinary shares**") (such number to be reduced by the number of ordinary shares allotted pursuant to the authority in sub-paragraph (b) below) in connection with an offer by way of a rights issue:
 - (1) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - (2) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,
 but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, record dates, legal or practical problems in or under the laws of any territory

or the requirements of any regulatory body or stock exchange; and

- (b) in any other case, up to a maximum of 15,500,000 ordinary shares (such number to be reduced by the number any ordinary shares allotted pursuant to the authority in sub-paragraph (a) above in excess of 15,500,000), provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of 31 October 2015 and the conclusion of the Annual General Meeting of the Company to be held in 2015, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be issued or granted and the Directors may issue or grant equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.”

To consider, and if thought fit, to pass the following resolution as a Special Resolution:

Disapplication of pre-emption rights

12. “THAT, subject to the passing of the ordinary resolution numbered 11 in this notice of Annual General Meeting, the Directors be given the general power to allot or grant equity securities (as defined in the Articles) for cash either pursuant to the authority conferred by the ordinary resolution numbered 11 in this notice of Annual General Meeting or by way of a sale of treasury shares, as if the pre-emption rights contained in article 2.7(a) of the Articles did not apply to any such allotment or grant, provided that this power shall be limited to:

- (a) the allotment or grant of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under sub-paragraph (a) of the ordinary resolution numbered 11 in this notice of Annual General Meeting, by way of a rights issue only):

- (1) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
(2) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

- (b) the allotment or grant (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to a maximum of 4,600,000 ordinary shares.

The power granted by this resolution will expire on the earlier of 31 October 2015 and the conclusion of the Annual General Meeting of the Company to be held in 2015 (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted or granted after such expiry and the Directors may allot or grant equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.”

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

Approval of Value Creation Plan

13. “THAT the rules of the Stanley Gibbons Group plc Value Creation Plan (the “**Plan**”) referred to in the Explanatory Notes to the Notice of AGM and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised

to make such modifications to the Plan as they may consider appropriate to take account of the requirements of best practice, for obtaining or maintaining favourable tax treatment and for the implementation of the Plan and to adopt the Plan as so modified and to do all such other acts and things as they may consider appropriate to implement the Plan.”

by order of the board of Directors of
The Stanley Gibbons Group plc

RK Purkis,

Secretary

Dated: 26 June 2014

Registered Office Address:

2nd Floor, Minden House, Minden Place,
St Helier, Jersey JE2 4WQ, Channel Islands.

NOTES:

1. A member of the Company entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to attend and, on a poll, to vote in his/her place. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company.
2. An instrument for the purposes of appointing a proxy is enclosed. To be valid, the instrument and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be received by the Company’s registrars, Capita Registrars (Jersey) Limited, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF or at such other place as is specified for that purpose in the notice of meeting issued by the Company not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, before the time appointed for taking the poll and, in default, the instrument shall not be treated as valid.
3. Completion of the instrument appointing a proxy does not preclude a member from subsequently attending and voting at the meeting in person if he/she so wishes.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.
5. Pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, the Company specifies that only those members entered on the register of members of the Company as at 11 a.m. on 28 July 2014 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 11a.m. on 28 July 2014 or, if the meeting is adjourned, on the register of members 48 hours before the time fixed for the adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. A copy of the draft rules of the Stanley Gibbons Group plc Value Creation Plan will be available for inspection at the Company’s registered offices and at the offices of New Bridge Street at 10 Devonshire Square, London EC2M 4YP during normal business hours on any weekday (public holidays excepted) until the close of the meeting and at the place of the meeting for at least 15 minutes prior to and during the meeting.

EXPLANATORY NOTES

Resolution 8: Authority for Company to purchase its own shares

The previous authority granted by the shareholders to the Directors for the Company to purchase its own limited ordinary shares will shortly expire and the Directors recommend that a further authority in this respect be obtained.

Resolution 9: Increase in authorised share capital

The Company's capital is currently £500,000 divided into 50,000,000 Ordinary Shares of 1p each. In order to achieve the Company's combined strategy of delivering organic growth and growth through suitable, complementary acquisitions, the Directors believe that the Company requires further headroom in its capital which will help to facilitate the financing of acquisitions should they arise. The Directors recommend that increasing the Company's capital to £750,000 divided into 75,000,000 Ordinary Shares of one 1p each will give the headroom required to support the strategy for the foreseeable future.

Resolution 10: Amendment of Articles

It is proposed to amend the Articles to (a) give shareholders the power by passing an ordinary resolution to that effect at a general meeting to limit the number of new shares that may be issued by the Company from time to time; (b) give pre-emption rights to shareholders in respect of the issue of new shares (other than in certain specified circumstances) which may be disapplied by a special resolution of the shareholders at a general meeting; and (c) allow electronic communication to reduce the Company's printing costs for distributing hard copy accounts given the increased number of shareholders in the Company.

Resolution 11: Authority to allot shares

This resolution deals with the Directors' authority to allot shares in accordance with new article 2.2(b) of the Articles (as amended by resolution 10) and will, if passed, authorise the Directors to allot: (a) in relation to a pre-emptive rights issue only, up to a maximum of 31,000,000 ordinary shares (which represents approximately two-thirds of the Company's issued ordinary shares as at the date of this notice). This maximum is reduced by the number of ordinary shares allotted under the authority referred to in sub-paragraph (b) below; and (b) in any other case, up to a maximum of 15,500,000 ordinary shares (which represents approximately one-third of the Company's issued ordinary shares as at the date of this notice). This maximum is reduced by the number of ordinary shares allotted under the authority referred to in sub-paragraph (a) above in excess of 15,500,000 ordinary shares. Therefore, the maximum number of ordinary shares which may be allotted under this resolution is 31,000,000 ordinary shares. The authority granted by this resolution will expire on the earlier of 31 October 2015 and the conclusion of the next Annual General Meeting of the Company.

Resolution 12: Disapplication of pre-emption rights

This resolution will, if passed, give the Directors power, pursuant to the authority to allot granted by resolution 11, to allot ordinary shares or sell treasury shares for cash without first offering them to existing shareholders in proportion to their existing holdings: (a) in relation to pre-emptive offers, up to a maximum of 15,500,000 ordinary shares (which represents approximately one-third of the Company's issued ordinary shares as at the date of this notice) and, in relation to rights issues only, up to a maximum additional of 15,000,000 ordinary shares (which represents approximately one-third of the Company's issued ordinary shares as at the date of this notice); and (b) in any other case, up to a maximum of 4,600,000 ordinary shares (which represents approximately 10% of the Company's issued ordinary shares as at the date of this notice). The power granted by this resolution will expire on the earlier of 31 October 2015 and the conclusion of the next Annual General Meeting of the Company.

Resolution 13: Adoption of Value Creation Plan

The Remuneration Committee of the Board of Directors (the "Committee") has reviewed the Company's current long-term incentive arrangements and has determined that a change in approach is needed to support the Company's long-term strategy to transform the Company from a stamp and collectibles trader generating steady growth to a leading online marketplace and global auction house for collectibles with far greater growth potential.

The Committee considers that the introduction of the proposed Stanley Gibbons Group plc Value Creation Plan (the "Plan") would provide a strong incentive for the Executive Directors to implement the Board's current strategy and deliver materially higher long term rates of growth. This, in turn, has the potential to generate significant returns to shareholders.

Under the Plan, participants would be granted awards over shares equal to a percentage of the Company's issued share capital. Following the end of a three year performance period, dependent on the extent to which total shareholder return growth targets are achieved (with total shareholder return the basis on which the value created is to be assessed), the awards will either be capable of exercise as to the full number of shares comprised within the awards or a reduced number.

Assuming the Plan is approved by shareholders, the Committee does not intend to make further awards to Executive Directors under the Company's existing long term incentive plan (the 2010 Share Option Plan) before 2017 at the earliest.

A summary of the principal terms of the Plan is set out below.

Operation

The Committee will supervise the operation of the Plan.

Participants

Participation in the Plan will be limited to the Company's four Executive Directors.

The Plan will be launched and awards granted within six weeks of shareholder approval of the Plan or as soon as reasonably practicable thereafter.

Award structure – Nil cost options

Participants in the Plan will each be granted an award, structured as a nil or nominal cost option (an "Option"), over a number of ordinary shares in the capital of the Company equal to a percentage of the Company's issued share capital as follows:

| Participant | Number of shares under Option as a % of Company's issued share capital |
|---|--|
| Chief Executive | 1.2% (representing 30% of 4% issued share capital of the Company) |
| Corporate Development Director | 1.2% (representing 30% of 4% issued share capital of the Company) |
| Chief Finance Officer | 0.8% (representing 20% of 4% of issued share capital of the Company) |
| Managing Director, Dealing and Auctions | 0.8% (representing 20% of 4% of issued share capital of the Company) |

No payment is required for the grant of an Option. Options are not transferable, except on death, and are not pensionable.

The above awards represent the maximum number of shares each individual can benefit from with the size of such award actually vesting dependent on total shareholder return created as described below and subject to continued service.

The Plan may be operated with an employee benefit trust to enable awards to be structured in a tax efficient manner.

Assessment of Value Created: Three-year TSR growth (the "Performance Condition")

The number of shares comprised within the Options to be granted that will ultimately vest subject to the terms of the Plan will be determined based on the level of total shareholder return ("TSR Growth") achieved over a three year measurement period

commencing on the grant of the Options (the "Performance Period").

The measure of TSR Growth will in effect assess share price growth plus dividends paid in the Performance Period (with dividends assumed to be reinvested into the company's shares on the ex-dividend date) and be determined as the result of a measure of "Start Value" subtracted from a measure of "End Value".

Start Value will be determined as the Company's average market capitalisation over the 90 days prior to the start of the Performance Period aggregated with any dividends payable during such period (by reference to the date the shares go ex-div).

End Value will be determined as the Company's average market capitalisation over the last 90 days of the Performance Period aggregated with total dividends payable during the Performance Period (by reference to the date the shares go ex-div).

A Plan Pool will be determined. No value to the Plan Pool will arise unless TSR Growth equates to at least 7% per annum growth in the Company's total shareholder return over the Performance Period calculated by reference to the Start Value increased by 7% p.a. over the three year performance period less Start Value ("Threshold TSR"). Subject to such threshold performance, the Plan Pool will be determined as follows:

| TSR Growth over the Performance Period | Pool Value |
|--|--|
| 7% p.a. to 15.5% p.a. | 2.5% of TSR Growth minus Threshold TSR |
| 15.5% p.a. to 24% p.a. | 5% of TSR Growth minus Threshold TSR |
| 24% per annum | 7.5% of TSR Growth minus Threshold TSR |

The Committee will retain discretion to adjust the Start Value or End Value and the basis of the assessment of performance against the Performance Condition generally in such manner as it considers appropriate to take account of any changes in the Company's issued share capital over the Performance Period or otherwise if any other event occurs which causes the Committee to consider that it would be appropriate to make such adjustments, provided that the Committee considers that the varied calculation is reasonable and not materially less challenging in the circumstances than those described above.

Following the end of the Performance Period, the Committee will then determine the number of shares that may remain comprised within each Option as follows:

- **Step 1:** The Committee shall determine the Pool Value as detailed above.
- **Step 2:** Determine the maximum number of shares (the "Maximum Share Number") that may remain comprised within the Options as the result of the lower of (i) the Pool Value divided by the closing middle market quotation of a share on the dealing day immediately following the end of the Performance Period and (ii) 4% of the Company's issued share capital as at the end of the Performance Period.
- **Step 3:** Determine the corresponding maximum share number for each participant's Option as follows:
 - Chief Executive – 30% of the Maximum Share Number;
 - Corporate Development Director – 30% of the Maximum Share Number;
 - Chief Finance Officer - 20% of the Maximum Share Number; and
 - Managing Director, Dealing and Auctions - 20% of the Maximum Share Number
- **Step 4:** Determine the number of shares that may remain subject to each participant's Option as the result of the lower of the (i) number of shares comprised within their Option at the time of grant (or such adjusted number as may apply under the Plan) and (ii) their Maximum Share Number determined under Step 3.

The following table illustrates the potential return (i.e. the Plan Pool) for participants and shareholders for various levels of growth in TSR over the three-year period (based on the current market capitalisation of £144m):

| | Benefit assuming annual growth in TSR over the three-year period of: | | | | |
|--|--|--|--|---|---|
| | 7% p.a. (22.5% over three years) | 15.5% p.a. (54.1% over three years) | 24% p.a. (90% over three years) | 30% p.a. (120% over three years) | 40% p.a. (174% over three years) |
| Illustrative opening market cap (in practice this will be the Start Value calculated as detailed above) | £144m | £144m | £144m | £144m | £144m |
| Closing market cap (in practice this will be the End Value calculated as detailed above) | £177m | £222m | £275m | £316m | £395m |
| Management Share of the Pool Value | £0 (The pool is funded based on value created above a 7% hurdle rate of return) | 5% of £45m (£222m - £177m): £2.25m | 7.5% of £98m (£275m - £177m): £7.35m | 7.5% of £139m (£316m - £177m): £10.425m | 7.5% of £218m (£395 - £177m): £16.35m Capped at settlement at 4% of Issued Share Capital so pool restricted to £15.8m |
| Chief Executive (30%) | £0 | £675,000 | £2,205,000 | £3,128,000 | £4,740,000 |
| Corporate Development Director (30%) | £0 | £675,000 | £2,205,000 | £3,128,000 | £4,740,000 |
| Chief Finance Officer (20%) | £0 | £450,000 | £1,470,000 | £2,085,000 | £3,160,000 |
| MD, Dealing and Auctions (20%) | £0 | £450,000 | £1,470,000 | £2,085,000 | £3,160,000 |
| Total (100%) | £0 | £2.25m | £7.35m | £10.425m | £15.8m |
| % of Issued Share capital used to settle management proportion of pool (capped at 4%) | 0% | 1% | 2.7% | 3.3% | 4.0% (cap applies*) |
| Shareholder value created above management pool | £32m | £75.75m | £123.65m | £162.58 | £235.2m |

*Cap relates to the value of 4% of the issued share capital at the time of vesting using the closing middle market quotation of a share on the dealing day immediately following the end of the Performance Period.

Exercise of Options

Each Option shall comprise three tranches each relating to a separate one third of the total number of shares remaining comprised within the Option.

Options may be exercised as to one tranche as from the later of the expiry of the Performance Period and assessment by the Committee of the Company's TSR performance. The second and third tranches may be exercised as from the fourth and fifth anniversary of the date of grant respectively.

Once exercisable each tranche will ordinarily remain exercisable until the sixth anniversary of the grant of the Option.

Leaving employment

Cessation of employment during the Performance Period

As a general rule, if a participant ceases to hold employment or be a director prior to the end of the Performance Period his Option will normally lapse.

However, if a participant so ceases to be an employee or a

director because of death, ill-health, retirement, redundancy or in other circumstances at the discretion of the Committee, then his Option may be capable of vesting and exercise on normal timetable.

The extent to which an Option will vest in these situations will depend upon two factors: (i) the extent of achievement against the Performance Condition measured over the full Performance Period and (ii) pro-rating of the Option to reflect the reduced period of time served in the Performance Period, although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

To the extent a good leaver's Option vests a 12 month exercise period will apply in the case of each tranche commencing at the time the tranche first becomes exercisable.

Cessation of employment after the Performance Period

Unexercised tranches of Options held at the time of cessation will remain capable of exercise (or of becoming capable of exercise as relevant on normal timetable). The Committee has discretion to decide that in respect of any tranche of an Option that has not yet become capable of exercise, that tranche shall become exercisable on the date of cessation of employment or office. Unless shorter periods would otherwise apply under the Plan, exercise periods in such circumstances shall be 12 months from the time of cessation of employment or office in the case of tranches already capable of exercise or 12 months from the time the tranches become exercisable as relevant.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) during the Performance Period, the Performance Period will come to an end early and the Performance Condition (and the resulting remaining number of shares comprised with the Options) assessed early by reference to performance over the curtailed period.

A one month exercise period will apply in relation to Options which in such circumstances shall comprise a single part that is immediately exercisable.

The share price used to set the number of shares that vest in such circumstances will be based on the offer price rather than the closing price on the dealing day immediately following the end of the Performance Period. The offer price may also be used for the purposes of testing the Performance Condition.

The default position is that the Option will be subject to a time pro-rata reduction to reflect the reduced duration of the Performance Period, although the Committee has discretion to disapply this if it considers such a reduction to be inappropriate.

Options already otherwise held at the time of the change of control will remain exercisable or become exercisable as relevant in relation to all subsisting tranches for a period of one month.

In the event of an internal corporate reorganisation Options will be replaced by equivalent new awards in relation to shares in a new holding company unless the Committee decides that Options should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of shares to a material extent and would, in the opinion of the Committee mean that it would not be appropriate to continue to operate the Plan as originally intended, then the Committee may decide that Options will vest on such basis as it reasonably decides.

Settlement of Options

Options may be settled with new issue shares, from issuance from treasury or with shares purchased in the market.

Any shares allotted when an award vests or is exercised will rank equally with shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Options will not confer any shareholder rights until the Options have been exercised and the participants have received their shares.

Options may be cash settled at the discretion of the Committee, although there is currently no intention to use this feature of the Plan.

Options under the Plan will count towards the dilution limit constraints of the Company's long-term incentive arrangements as to the use of newly issued and/or treasury shares as required under relevant provisions of such arrangements.

Duration

The Committee may not grant Options under the Plan after the commencement of the Performance Period.

Dividend equivalents on second and third tranches of Options

In relation to the second and third tranches comprised within each Option, participants will receive additional Shares (or cash) of value equivalent to the dividends that would have been payable on the underlying shares subject to the second and third tranche of the Option from the date of vesting to the fifth anniversary of the date of grant of the Option or, if earlier, to the exercise of the Option.

Variation of capital

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the shares, the Committee may make such adjustment as it considers appropriate to Options and/or the 4% of issued share capital cap limit for the purposes of the Plan.

Alterations to the Plan

The Committee may, at any time, amend the Plan in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the shares or cash to be acquired and the adjustment of Options.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

Prior shareholder approval will not be required in relation to changes to the Performance Condition provided it is adjusted within the scope of the parameters described earlier in these notes.