THE STANLEY GIBBONS GROUP PLC

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

Audited Results for the year ended 31 March 2015

The Stanley Gibbons Group plc today announced its audited results for the year ended 31 March 2015.

Key Financial Highlights

- Sales of £56.9m for the year ended 31 March 2015 (fifteen months ended 31 March 2014: £51.8m)
- Online Gross Merchandise Value ("GMV") in the year ended 31 March 2015 up 22% to £13.9m (fifteen months ended 31 March 2014: £11.5m)
- Gross margin for the year ended 31 March 2015 of 56.7% (fifteen months ended 31 March 2014: 44.1%)
- Trading profits* for the year ended 31 March 2015 of £8.8m (fifteen months ended 31 March 2014: £7.0m)
- Adjusted profit before tax** for the year ended 31 March 2015 of £7.5m (fifteen months ended 31 March 2014: £5.2m)
- Adjusted earnings per share for the year ended 31 March 2015 of 12.91p (fifteen months ended 31 March 2014: 13.30p)
- Total dividend for the year ended 31 March 2015 of 5.00p per share (fifteen months ended 31 March 2014: 7.00p)
- Net debt of £11.7m at 31 March 2015 (31 March 2014: net cash balances of £8.7m)
- Stock at 31 March 2015 stated at carrying value of £53.8m (31 March 2014: £42.1m)

*****Excludes investment on internet development, exceptional operating charges, pension service and share option charges and amortisation of customer lists
******Excludes exceptional operating charges, pension service and share option charges and amortisation of customer lists

Key Operational Highlights

- Successful launch of the Stanley Gibbons Online Marketplace on 21 May 2015. With the launch of the Stanley Gibbons Marketplace, our flagship website: *www.stanleygibbons.com* now offers over 5m collectibles for sale, representing c.£120m in retail value from Stanley Gibbons and over 400 trusted Marketplace vendors
- Contribution from the recent acquisitions of Noble Investments (UK) plc ("Noble") and Mallett plc ("Mallett") in line with expectations
- Trading in core philatelic dealing affected by a number of anticipated high value sales failing to complete within the financial year
- Progress made in the past financial year in restructuring and rationalisation of recent acquisitions resulting in a reduced overall cost base to increase future profitability of combined businesses
- Auction business benefited from some strong realisations being achieved from a number of single owner estate properties in the year. Auction sales transacted exclusively online increased in the year by 33% to over £8m, in line with plan
- Advantage taken in the past financial year from a number of exceptional opportunities to purchase high value quality collections

Outlook

- The quality of our stockholding provides the opportunity to deliver growth in sales and profits in the current year
- One of the high value sales, which failed to complete by the year end, was completed in April 2015
- Following the launch of the Stanley Gibbons Online Marketplace on 21 May 2015 growth in visitor numbers and GMV has been encouraging. We are focussed on delivering material growth in GMV and will be in a better position to report on the performance of our new website when our interim results are announced in November
- The market for rare collectibles and fine and decorative arts remains buoyant evidenced by some high profile realisations, which included the highest price realised for the sale of a single stamp in June 2014, the 1c magenta from British Guiana, for $9.5m

Martin Bralsford, Chairman, commented:

“The successful launch of the Stanley Gibbons Online Marketplace in May this year represented a key milestone towards delivery of the Group’s long term strategy. The launch marks the beginning of our mission to provide people with the best marketplace for collectibles, built on a community of honest and knowledgeable collectors.

Our recent acquisitions provide the Group with a breadth and depth of internal expert knowledge and trusted brands in their respective fields providing the base from which to deliver on our stated strategy to become a global auction house supported by a professional online auction platform.

The Board therefore remains confident that the strength of the market twinned with the expected return from the delivery of our strategy, particularly from the commercialisation of our recently launched Online Marketplace, provides material profit growth potential in the current financial year and beyond.”

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Chairman's Statement

Introduction

This Annual Report includes the audited results for the year ended 31 March 2015. As a result of last year's change in the Company's financial period end from 31 December to 31 March, the prior period comparative figures relate to the audited results for the fifteen months ended 31 March 2014.

Trading

Turnover for the twelve months ended 31 March 2015 was £56.9m compared to £51.8m for the fifteen months ended 31 March 2014. Trading profits, as detailed in the Operating Review, were £8.8m for the year ended 31 March 2015 compared to £7.0m in the fifteen months ended 31 March 2014.

The Group delivered strong growth in sales and profits as a result of the contribution from recent acquisitions. However, trading in core philatelic dealing was affected by a number of anticipated high value sales failing to complete within the financial year. Consequently, adjusted earnings per share did not achieve the growth planned for the year.

Significant progress was made in delivering our strategic objectives to underpin the Group's future growth potential. This included the successful completion of the acquisition of Mallett plc ("Mallett") on 20 October 2014 for a total cash consideration of £8.6m, excluding deal costs, together with net debt in the Mallett business of £1.2m.

A number of restructuring and rationalisation initiatives to integrate our recent acquisitions should increase the future profits of the enlarged Group. We intend to focus on our customer database management in the current financial year to gain cross-selling benefits across our combined total of almost 500,000 clients worldwide.

We now have breadth and depth of in-house expert knowledge and trusted brands in their respective fields to deliver our aspiration to become a global auction house supported by a professional online auction platform.

The Group now has direct access to a much larger international client base of high net worth individuals and can provide a comprehensive service to sellers of high value estates of decorative arts and collectibles. Our auction business benefited from some strong realisations being achieved from a number of single owner estate properties in the year. It was also very encouraging to see auction sales transacted exclusively online grow within the year by 33% to over £8m, in line with our plan.

A long anticipated milestone in the history of Stanley Gibbons was reached soon after the year end on 21 May 2015 with the successful launch of the Stanley Gibbons Online Marketplace. Our flagship website: *www.stanleygibbons.com* now offers over five million collectible items for sale, representing c.£120 million in retail value from both in-house and over 400 trusted, third party Online Marketplace vendors.

Dividend

The Board recommends a final dividend for the year ended 31 March 2015 of 1.75p per share. Together with the interim dividend of 3.25p per share paid on 12 January 2015, the total dividend for the year will be 5.00p per share (fifteen months ended 31 March 2014: 7.00p). The dividend is covered 2.6 times by adjusted earnings for the year. The dividend level recommended reflects the Board's continued commitment to returning an element of earnings to shareholders whilst taking into account the substantial opportunity to reinvest earnings into future growth, particularly in our online marketplace. Subject to receiving shareholder approval at the Annual General Meeting on 29 July 2015, the final dividend will be paid on 17 August 2015 to shareholders on the register at the close of business on 10 July 2015 (ex dividend date: 9 July 2015).

Our People

We are committed to providing the best service possible within our industry, based principally on the extensive expert knowledge of our dedicated professionals delivering customer service levels that exceed our clients' expectations and supported by our teams of passionate people. Our brand names, which continue to command respect and recognition worldwide, are backed up by our growing team of specialists and senior management, further augmenting the quality and range of services we can offer.

I would like to thank all our employees for their hard work in the past year and for their understanding during the recent restructuring process.

Board Change

Ian Goldbart, executive Director stepped down from the Board on 3 February 2015. Ian was CEO of Noble Investments (UK) plc ("Noble") which was acquired by Stanley Gibbons in 2013. Noble has subsequently been successfully integrated into Stanley Gibbons, with the consolidation of the Baldwin's team into 399 Strand, London, completing in late 2014. The Board is grateful to Ian for his contribution to its deliberations during that time.

Outlook

We have taken advantage of a number of exceptional opportunities to purchase high value quality collections, resulting in the Group holding significant unrealised profit within its stockholding of rare collectibles as at the year end. The quality of our stockholding provides the opportunity to deliver growth in sales and profits in the current year ahead.

One of the high value sales, which failed to complete by the year end, was completed in April 2015. This, along with a strong auction pipeline, provides some impetus for the first half performance this year.

Following the launch of the Stanley Gibbons Online Marketplace on 21 May 2015, we are focussed on delivering material growth in Gross Merchandise Value (“GMV”). We will be in a better position to report on the performance of our new website in more detail when our interim results are announced in November.

The market for rare collectibles and fine and decorative arts remains buoyant evidenced by some high profile realisations, which included the highest price realised for the sale of a single stamp in June 2014, the 1c magenta from British Guiana, for $9.5m. The Board therefore remains confident that, given the continuing strength of the market twinned with the expected return from the sound execution of our strategy, material profit growth is achievable in the current financial year and beyond.

Martin Bralsford, Chairman
25 June 2015

Operating Review

	12 months to 31 March		15 months to 31 March		12 months to 31 December	
	2015	**2015**	2014	2014	2012	2012
	Sales	**Profit**	Sales	Profit	Sales	Profit
	£'000	**£'000**	£'000	£'000	£'000	£'000
						restated
Philatelic trading and retail operations	**23,866**	**6,679**	33,413	7,628	26,341	7,099
Publishing and philatelic accessories	**2,976**	**795**	3,617	764	3,148	782
Coins and military medals	**11,882**	**3,073**	6,981	1,225	1,045	239
Dealing in other collectibles	**17,949**	**1,707**	7,480	982	4,987	877
Corporate overheads	-	**(3,228)**	-	(3,653)	-	(2,615)
Finance charges	**-**	**(254)**	-	33	-	(38)
Trading sales and profits	**56,673**	**8,772**	51,491	6,979	35,521	6,344
Internet development	**192**	**(1,321)**	281	(1,822)	78	(302)
Adjusted sales and profit before tax	**56,865**	**7,451**	51,772	5,157	35,599	6,042
Amortisation of customer lists and brands	**-**	**(360)**	-	(127)	-	-
Pension service and share option charges	**-**	**(518)**	-	(563)	-	(368)
Finance charges related to pensions	**-**	**(170)**	-	(173)	-	(170)
Exceptional operating charges	-	**(3,255)**	-	(2,081)	-	(349)
Group total sales and profit before tax	**56,865**	**3,148**	51,772	2,213	35,599	5,155

Overview

Group turnover for the year ended 31 March 2015 was £56.9m (fifteen months ended 31 March 2014: £51.8m). Turnover, excluding acquisitions in the current and prior period, was £30.2m for the year ended 31 March 2015 compared to £45.5m for the fifteen months ended 31 March 2014.

The gross margin percentage for the year ended 31 March 2015 was 56.7% compared to 44.1% for the fifteen months ended 31 March 2014. The change in gross margin percentage is affected by a large proportion of turnover from acquisitions relating to auction commissions with no cost of sales attached. Like-for-like gross margin, excluding acquisitions in the current and prior period, was 51.5% (fifteen months ended 31 March 2014: 41.3%). The underlying gross margin benefited substantially from high margin sales of material sold from purchases of major collections in the year.

Underlying trading profits, before internet development costs, were £8.8m for the year ended 31 March 2015 (fifteen months ended 31 March 2014: £7.0m). Recent acquisitions contributed trading profits of £4.5m in the year ended 31 March 2015 (fifteen months ended 31 March 2014: £0.6m). The valuable contribution from these acquisitions in the year was unfortunately accompanied by lower than expected profits from philatelic trading, principally the result of a substantial reduction in high value sales made in the year to top spending clients.

Adjusted profit before tax for the year ended 31 March 2015, after charging internet development costs, but before exceptional operating charges, actuarial accounting charges and amortisation of customer lists, was £7.5m (fifteen months ended 31 March 2014: £5.2m). Profit before tax for the year ended 31 March 2015 was £3.1m (fifteen months ended 31 March 2014: £2.2m).

Adjusted earnings per share for the year ended 31 March 2015 were 12.91p (fifteen months ended 31 March 2014: 13.30p).

Philatelic Trading and Retail Operations

Philatelic trading and retail sales for the year ended 31 March 2015 were £23.9m (fifteen months ended 31 March 2014: £33.4m) with profit contribution of £6.7m (2014: £7.6m). Acquisitions contributed £0.2m to profits from philatelic trading and retail operations in the year.

Philatelic trading achieved a strong performance in the first half of the year with a profit contribution of £4.9m. Profit contribution in the second half of the year fell to £1.8m. Trading performance in philatelic dealing is largely influenced by high value sales made to key high net worth clients. A number of high value sales, which were expected to complete in the second half of the year, failed to materialise. The largest client in the year ended 31 March 2015 accounted for sales of £3.0m, all of which were conducted in the first half of the year, compared to £5.3m in the fifteen months ended 31 March 2014.

Our offices in Asia (Hong Kong and Singapore) contributed sales in the year of £2.3m and profits of £0.6m.

Publishing and Philatelic Accessories

Publishing and philatelic accessory sales for the year ended 31 March 2015 were £3.0m (fifteen months ended 31 March 2014: £3.6m) with profit contribution of £0.8m (2014: £0.8m).

Sales of our printed publishing titles, associated advertising revenue, stamp albums and accessories remain consistent with good progress being made on stock clearance to continue to reduce inventory levels and increase return on capital employed. At the same time, we continued to exert tight control over costs with further overhead savings of £0.1m being made in the year.

The distribution of our stamp catalogues worldwide represents the most important element of the Stanley Gibbons brand, contributing to the respect and recognition our name commands. The ability to access our catalogue data online through our new online marketplace will further enhance the Group's respected reputation and improve the ease of access to our catalogue information to the worldwide audience of stamp collectors and traders.

Coins and military medals

Sales of coins and military medals for the year ended 31 March 2015 were £11.9m (fifteen months ended 31 March 2014: £7.0m) with profit contribution of £3.1m (2014: £1.2m). The increase in sales and profits from coins and military medals relates to a full year's contribution from Baldwin's, following the acquisition of Noble in November 2013. Baldwin's contributed sales of £9.5m in the year (2014: £2.5m) and profits of £2.4m (2014: £0.2m).

Baldwin's auctions showed a strong performance in the year that included the final part of the Ake Linden collection of world coins. Another auction highlight, during the year, was the sale in May 2014, of an excessively rare Edward VIII, 1937 Sovereign for £533,000 that was part of The Hemisphere Sovereign Collection, setting an auction record for an English coin.

Retail sales benefitted from the sale of the 13th century Henry III, Brussels Hoard of silver pennies, included within the Baldwin's inventory in the Noble acquisition and the sale of two Victoria Cross medals. Retail sales further benefitted from cross selling to Stanley Gibbons clients in the year.

Dealing in Other Collectibles

Dealing in other collectibles can be further analysed as follows:

	12 months to 31 March		15 months to 31 March		12 months to 31 December	
	2015 Sales £000	**2015 Profit £000**	2014 Sales £000	2014 Profit £000	2012 Sales £000	2012 Profit £000
Dealing in autographs, historical documents, memorabilia, rare books and records	**5,009**	**436**	3,135	154	1,615	150
Dealing in antiques, watches, fine wine, jewellery and other collectibles	**11,354**	**1,122**	1,535	255	-	-
Benham first day covers	**1,586**	**149**	2,810	573	3,372	727
Total sales and profit contribution	**17,949**	**1,707**	7,480	982	4,987	877

Sales of other collectibles for the year ended 31 March 2015 were £17.9m (fifteen months ended 31 March 2014: £7.5m) with profit contribution of £1.7m (2014: £1.0m). The increase in sales and profits from other collectibles relates to the contribution from Dreweatts & Bloomsbury auctions and Mallett Antiques.

Autographs, historical documents, memorabilia, rare books and record sales for the year ended 31 March 2015 were £5.0m (fifteen months ended 31 March 2014: £3.1m) with profit contribution of £0.4m (2014: £0.2m). The integration of Fraser's autographs with Bloomsbury auctions has proved successful resulting in an increase in auction revenues at the same time as reducing historic inventories of autographs and memorabilia within the Fraser's business.

Sales of antiques, watches, fine wine, jewellery and other collectibles include auction commission revenue from Dreweatts as part of the Noble acquisition in November 2013 and sales of antiques from Mallett since acquisition in October 2014. The Dreweatts business delivered a sound performance in line with expectations in the year including some high profile sales of rare Beatles and NASA photographs, significant pieces of 20th century signed jewellery and antique clocks.

Mallett delivered a strong return in the short period since acquisition contributing sales of £6.4m and profits of £0.5m, despite the restructuring costs incurred in the period as a result of the integration with the Dreweatts & Bloomsbury business. Stock levels have been reduced in line with our original plans on acquisition and further integration cost savings are expected in the current financial year. In the current year we expect to continue to benefit from the stronger auction proposition the combined businesses offer and the respect the Mallett brand carries in antiques enabling the securement of further valuable single owner estates.

Benham first day covers and other collectibles sales for the year ended 31 March 2015 were £1.6m (fifteen months ended 31 March 2014: £2.8m) with profit contribution of £0.1m (2014: £0.6m). Performance suffered in the year from an absence of any lucrative commemorative events. Furthermore, as the decision was taken in the second half of the year to dispose of the Benham first day covers business, the distractions in preparing the business for sale resulted in a reduced performance.

Corporate Overheads

Corporate overheads for the year ended 31 March 2015 were £3.2m (fifteen months ended 31 March 2014: £3.7m). Corporate overheads relate mainly to the necessary support functions in managing the Group including Finance, HR and Group Marketing.

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 retail and auction revenues through our trading websites are reported within the respective trading departments.

To provide a better understanding of performance in the year, the table below provides a comparison of website visitor numbers and GMV for the years ended 31 March 2015 and 31 March 2014:

	Year ended 31-Mar-15	**Year ended 31-Mar-14**	**% change**	**Year ended 31-Mar-15**	**Year ended 31-Mar-14**	**% Change**
	Visitors	**Visitors**		**GMV**	**GMV**	
	No.	**No.**		**£000**	**£000**	
Stanley Gibbons	1,259,611	1,100,463	14%	1,206	1,248	-3%
bidStart	2,533,599	3,509,025	-28%	1,234	1,615	-24%
Stanley Gibbons Investments	47,614	29,225	63%	-	-	See note below
Dreweatts & Bloomsbury	715,324	350,612	104%	8,264	6,236	33%
Baldwin's	341,319	272,045	25%	2,815	2,374	19%
Mallett	68,309	-	100%	421	-	100%
Total	**4,965,776**	**5,261,370**	**-6%**	**13,940**	**11,473**	**22%**

Visitor numbers across all our websites were down 6% to just under 5 million in the year due to the 28% reduction in visitors to bidStart. The fall in visitor numbers was expected due to the absence of any marketing spend or promotional work in the year as this website is to be replaced by the Stanley Gibbons Online Marketplace, which was launched after the year end, in May 2015. Growth in visitor numbers and GMV has been encouraging in the short period since launch of the new online marketplace.

Total GMV through our websites was up 22% in the year to £13.9m benefitting mainly from the 33% increase in online auction revenues from Dreweatts & Bloomsbury auctions. We have recently successfully launched an in-house bidding platform with encouraging early indications providing us with confidence that online auction revenues will form a fundamental element of future growth in this part of the business.

It was also encouraging to see visitor numbers to the Stanley Gibbons Investment website up by 63% since being redesigned and the implementation of improved online marketing techniques to drive traffic to the site in the second half of the year. No sales are reported due to the high value nature of such clients meaning that such sales are not transacted online. However, it is clear that our investment website represents the most important means of recruiting new high net worth clients, many of whom progress to becoming specialised collectors.

Overheads expensed in the year ended 31 March 2015 were £1.5m (fifteen months ended 31 March 2014: £2.1m) relating mainly to the on-going salary costs of software engineers making up our internet development team in Raleigh, US and the online marketing and customer services team in Jersey, CI and London, UK.

The Stanley Gibbons Online Marketplace was soft launched in November 2014, with the intention to move to hard launch by March 2015. However, based on continued feedback both from internal and external users, additional features were worked on and completed before releasing the Marketplace to the general public in May 2015.

The key features of the Stanley Gibbons Marketplace at launch, which were developed over the past financial year, include:

- Advanced browsing and searching built upon Stanley Gibbons catalogue data
- Streamlined and unified checkout process across all sellers
- Local currency support for buyers (currently supporting 10 currencies)
- Stanley Gibbons Marketplace "Buyer Guarantee"
- Customisable stores for third-party sellers, including "Pro Stores"
- Bulk Lister and Ebay Sync (powered through bidStart)
- 4 Million stamp listings automatically linked to catalogue data
- Buyer and seller dashboards
- Blogs and community forums

Further exciting features will be developed over the current financial year in furtherance of our online mission to provide the best marketplace for collectibles, built on a community of honest and knowledgeable collectors. Focus on growing GMV in the current year is based on a combination of such features being launched, an increase in marketing investment and from an increased number of sellers recruited by our seller account management team.

Other Accounting Adjustments & Finance Charges related to pensions

Other accounting charges, totalling £1.0m (fifteen months ended 31 March 2014: £0.9m) include pension service and share option charges, amortisation of customer lists and finance charges related to pensions. In the opinion of the Directors, such accounting charges do not form part of the operating performance of the Group.

Exceptional Operating Charges

Exceptional operating charges can be further analysed as follows:

	12 months to 31 March 2015 £000	15 months to 31 March 2014 £000
Loss on sale of business	**2,331**	-
Legal costs in respect of defined benefit pension scheme	**895**	820
Acquisition costs	**939**	503
Impairment provision against receivable	**500**	-
Sale of freehold property	**(1,543)**	-
Creation of long term incentive plans	**140**	-
Deferred consideration	**(363)**	-
Aborted IT system development costs	**-**	139
Aborted overseas offices opening costs	**-**	121
Re-organisation and restructuring costs	**-**	290
Stock rationalisation	**225**	208
Other	**131**	-
Total exceptional operating charges	**3,255**	2,081

The senior management team carried out a review of all areas of the Group's business during the year and concluded that some of its current activities were no longer core to its long term strategy. As a result, it was decided to dispose of a number of business activities and to outsource some services that can be provided in a more cost effective manner by third parties.

To focus on the Group's core strengths and to become more cost effective, efficient and reduce the number of disparate functions and locations, the Group disposed of the Benham first day cover and other general collectibles business, the Plastic Wax retail business and the general auction business of Dreweatts, based in Bristol. The sale was completed after the financial year end on 7 May 2015.

The loss on the sale of business of £2.3m relates to the write down of assets to fair value, which at the balance sheet date of 31 March 2015 were awaiting sale. The write down reflects the difference between the net asset value and the sales consideration of £2.0m, comprising £1.8m in capital payments over a five year period and interest payments of £0.2m. The disposal streamlines our operations and achieved a significant reduction in the fixed cost base of the Group.

Legal costs in respect of the defined benefit pension scheme incurred in the year ended 31 March 2015 of £0.9m (fifteen months ended 31 March 2014: £0.8m) relate to legal action for recovery against the professional advisers in respect of the Company's defined benefit pension scheme.

Acquisition costs incurred in the year ended 31 March 2015 of £0.9m relate to legal and professional fees in respect of the acquisition of Mallett plc. Acquisition costs in the fifteen months ended 31 March 2014 of £0.5m related to the acquisition of Noble.

The impairment provision against receivable of £0.5m relates to a prudent assessment of the recoverability of an overdue debt, which is dependent on our ability to sell stamps owned by the client, the proceeds of which are to be used to settle the outstanding amount..

The profit on the sale of freehold property in the year of £1.5m relates to the disposal of the Group's freehold property, Adelphi Terrace, London following the relocation of the Baldwin's team to the Stanley Gibbons premises at 399 Strand, London.

Michael Hall, Chief Executive
25 June 2015

Financial Review

Statement of Financial Position

Net assets at the year end were £82.4m equating to 174.9p per share of which £37.8m or 80p per share relates to intangible assets.

The Group's inventories, which are carried at the lower of cost and net realisable value, represented 65% of net assets at 31 March 2015 (31 March 2014: 50%), details of which are summarised below:

	At 31 March 2015 £000	At 31 March 2014 £000
Philatelic rarities	**32,569**	19,891
Philatelic (general)	**4,226**	4,212
Coins and medals	**6,626**	7,888
Autographs, historical documents and related memorabilia	**4,946**	5,341
Antiques	**4,229**	-
First day covers & other collectibles	**-**	3,379
Publications, albums and accessories	**1,226**	1,407
	53,822	42,118

The Group has continued to take advantage of opportunities to acquire key collections of philatelic rarities providing an excellent platform from which to deliver future growth in sales and profits. The antiques inventory was acquired through the acquisition of Mallett in October 2014. First day covers and other collectibles are included within "Assets in disposal group held for sale" in the consolidated statement of financial position.

The acquisition of Mallett was funded entirely by debt finance from The Royal Bank of Scotland plc. As a result, together with the investment in major purchases of key philatelic collections, the Group has borrowings at 31 March 2015 of £11.7m (31 March 2014 net cash: £8.7m).

Cash Flow

EBITDA and exceptionals for the year ended 31 March 2015 was up £3.0m to £9.1m. A summary is given below:

	12 months to 31 March 2015 £000	15 months to 31 March 2014 £000
Operating profit	**3,572**	2,354
Exceptional items	**3,255**	2,081
Depreciation/amortisation/asset writeoffs	**1,795**	1,121
IAS 19 employee benefit costs	**368**	375
IFRS2 accounting charge for share options	**150**	188
EBITDA and exceptionals	**9,140**	6,119

Included within borrowings is a net bank overdraft of £1.2m at 31 March 2015, compared to net cash of £9.5m at 31 March 2014. 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 reduction in cash during the year ended 31 March 2015 of £10.7m (fifteen months ended 31 March 2014: increase of £2.7m) is net of dividends paid of £3.4m (2014: £1.9m), tax paid of £0.4m (2014: £0.4m) and a net drawdown of borrowings in respect of Mallett of £9.7m (2014: £0.6m). Cash was reduced in the year as a result of the overdraft balances acquired on the acquisition of Mallett of £1.2m and benefited from net funds raised from the disposal of the Group's freehold property at Adelphi Terrace, London for £4.4m in November 2014.

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.

The Group invested £4.1m (2014: £2.1m) in capital expenditure, excluding assets acquired as part of the Mallett acquisition during the period, and this can be analysed as follows:

	12 months ended 31 March 2015	15 months ended 31 March 2014
	£000	£000
System upgrades	**522**	489
Refurbishment of offices	**1,128**	235
Website development costs	**2,170**	1,047
Reference collection	**38**	74
Other tangible and intangible capital expenditure	**276**	219
Total capital expenditure in the year/period	**4,134**	2,064

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 costs

Finance costs comprise loan interest and charges on the finance facilities with Natwest of £258,000 (period ended 31 March 2014: £nil) plus a cost of £170,000 (period ended 31 March 2014: £173,000), representing the interest on net defined benefit liabilities under IAS19 (Amendment) "Employee Benefits".

Taxation

The tax charge for the year to 31 March 2015 (excluding deferred taxation & capital gains tax) was £0.4m (period ended 31 March 2014: £0.2m) incurred on UK and overseas profits, resulting in an effective rate of 13.3% (31 March 2014: 8.2%). A capital gains tax charge of £0.5m arose from the sale of Adelphi Terrace in November 2014. Profits from Channel Island trading companies are currently subject to tax at 0%.

Dividend

The Board has declared total dividends of 5.00p for the twelve months to 31 March 2015 (fifteen months ended 31 March 2014: 7.00p) which is covered 2.6 times by adjusted earnings for the year.

Donal Duff, Chief Finance Officer
25 June 2015

Consolidated statement of comprehensive income
for the year ended 31 March 2015

	Notes	Year ended 31 March 2015 £'000	15 months ended 31 March 2014 £'000
Revenue		**56,865**	51,772
Cost of sales		**(24,600)**	(28,937)
Gross Profit		**32,265**	22,835
Administrative expenses before defined benefit pension service costs and exceptional operating costs		**(3,768)**	(7,404)
Defined benefit pension service costs		**(368)**	(375)
Exceptional operating charges		**(3,255)**	(2,081)
Total administrative expenses		**(7,391)**	(9,860)
Selling and distribution expenses		**(21,302)**	(10,621)
Operating Profit		**3,572**	2,354
Finance income		**4**	32
Finance costs		**(428)**	(173)
Profit before tax		**3,148**	2,213
Taxation		**(1,197)**	(78)
Profit for the financial year/period		**1,951**	2,135
Other comprehensive income:			
Exchange differences on translation of foreign operations		**(165)**	-
Actuarial (losses)/gains recognised in the pension scheme		**(1,074)**	247
Tax on actuarial (losses)/gains recognised in the pension scheme		**178**	(98)
Revaluation of financial assets for sale		**(109)**	99
Other comprehensive (loss)/income for the year/period, net of tax		**(1,170)**	248
Total comprehensive income for the year/period		**781**	2,383
Basic earnings per Ordinary share	*3*	**4.17p**	6.32p
Diluted earnings per Ordinary share	*3*	**3.98p**	6.25p

Consolidated statement of financial position as at 31 March 2015

	31 March 2015 £'000	31 March 2014 £'000
Non-current assets		
Intangible assets	**37,846**	32,571
Property, plant and equipment	**6,528**	6,294
Deferred tax asset	**4,063**	1,016
Available for sale financial assets	**1,364**	1,473
	49,801	41,354
Current Assets		
Inventories	**53,822**	42,118
Trade and other receivables	**19,604**	14,144
Assets in disposal group held for sale	**1,800**	-
Current tax receivable	**-**	135
Cash and cash equivalents	**-**	9,499
	75,226	65,896
Total assets	**125,027**	107,250
Current liabilities		
Trade and other payables	**22,363**	15,928
Deferred consideration	**-**	2,153
Borrowings	**2,522**	276
Current tax payable	**569**	-
	25,454	18,357
Non-current liabilities		
Trade and other payables	**450**	-
Retirement benefit obligations	**5,816**	3,285
Borrowings	**9,173**	528
Deferred tax liabilities	**1,424**	760
Provisions	**306**	375
	17,169	4,948
Total liabilities	**42,623**	23,305
Net assets	**82,404**	83,945
Equity		
Called up share capital	**471**	466
Share premium account	**63,682**	62,565
Shares to be issued	**-**	209
Share compensation reserve	**798**	648
Capital redemption reserve	**38**	38
Revaluation reserve	**244**	353
Retained earnings	**17,171**	19,666
Equity shareholders' funds	**82,404**	83,945

Consolidated statement of changes in equity
for the year ended 31 March 2015

	Called up share capital	Share premium account	Shares to be issued	Share compensation reserve	Revaluation reserve	Capital redemption reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2014	466	62,565	209	648	353	38	19,666	83,945
Profit for the financial year	-	-	-	-	-	-	1,951	1,951
Amounts which may be subsequently reclassified to profit & loss								
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(165)	(165)
Revaluation of financial asset	-	-	-	-	(109)	-	-	(109)
Amounts which will not be subsequently reclassified to profit & loss								
Remeasurement of pension scheme net of deferred tax	-	-	-	-	-	-	(896)	(896)
Total comprehensive income	-	-	-	-	(109)	-	890	781
Dividends	-	-	-	-	-	-	(3,385)	(3,385)
Cost of share options	-	-	-	150	-	-	-	150
Share options exercised	3	541	-	-	-	-	-	544
Shares issued as deferred consideration	2	576	(209)	-	-	-	-	369
At 31 March 2015	**471**	**63,682**	**-**	**798**	**244**	**38**	**17,171**	**82,404**
At 1 January 2013	284	11,137	209	460	254	38	19,322	31,704
Profit for the financial period/year	-	-	-	-	-	-	2,135	2,135
Amounts which may be subsequently reclassified to profit & loss								
Revaluation of financial asset	-	-	-	-	99	-	-	99
Amounts which will not be subsequently reclassified to profit & loss								
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**

Consolidated statement of cash flows for the year ended 31 March 2015

	Notes	Year ended 31 March 2015 £'000	Fifteen months ended 31 March 2014 £'000
Cash consumed from operations	4	**(7,400)**	(3,904)
Interest paid		**(258)**	(4)
Taxes paid		**(367)**	(433)
Net cash consumed from operating activities		**(8,025)**	(4,341)
Investing activities			
Purchase of property, plant and equipment		**(1,442)**	(536)
Purchase of intangible assets		**(2,692)**	(1,528)
Overdraft acquired with subsidiary		**(1,190)**	-
Acquisition of business		**(8,615)**	(29,036)
Sale of freehold property		**4,411**	-
Interest received		**4**	36
Net cash used in investing activities		**(9,524)**	(31,064)
Financing activities			
Proceeds from issue of ordinary share capital		**544**	39,490
Dividends paid to company shareholders		**(3,385)**	(1,940)
Net borrowings		**9,652**	588
Net cash generated from financing activities		**6,811**	38,138
Net (decrease)/increase in cash and cash equivalents		**(10,738)**	2,733
Cash and cash equivalents at start of year/period		**9,499**	6,766
Cash and cash equivalents at end of year/period		**(1,239)**	9,499

1. Basis of preparation

The financial information set out in this announcement does not comprise the Group's statutory financial statements for the year ended 31 March 2015 or the period ended 31 March 2014.

The preliminary financial information has been extracted from the Annual Report and audited financial statements for the year ended 31 March 2015, which will be posted to shareholders in due course and will be delivered to the Registrar of Companies following the Annual General Meeting of the Company. These audited Financial Statements include the auditors' report which, whilst unqualified, contains reference to the disclosures concerning the realisations of receivables.

2. Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as approved for use in the European Union and IFRS Interpretations Committee interpretations. There have been no changes to the accounting policies adopted since the last consolidated financial statements were published.

3. 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, pension service costs, share option charges and the amortisation of customer lists. 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.

	Year ended 31 March 2015	Fifteen months ended 31 March 2014
Weighted average number of ordinary shares in issue (No.)	**46,774,755**	33,769,106
Dilutive potential ordinary shares: Employee share options (No.)	**2,293,308**	398,334
Profit after tax (£)	**1,951,000**	2,134,700
Pension service cost (net of tax)	**425,020**	420,864
Cost of share options (net of tax)	**150,000**	188,000
Amortisation of customer lists	**360,000**	-
Exceptional operating costs (net of tax)	**3,152,014**	1,746,668
Adjusted profit after tax (£)	**6,038,034**	4,490,232
Basic earnings per share – pence per share (p)	**4.17p**	6.32p
Diluted earnings per share – pence per share (p)	**3.98p**	6.25p
Adjusted earnings per share – pence per share (p)	**12.91p**	13.30p
Adjusted diluted earnings per share – pence per share (p)	**12.31p**	13.14p

4. Cash consumed from operations

	Year ended 31 March 2015 £'000	15 months to 31 March 2014 £'000
Operating profit	**3,572**	**2,354**
Profit on sale of property	**(1,613)**	**-**
Impairment of tangibles assets	**70**	**-**
Depreciation	**778**	**475**
Amortisation	**761**	**507**
Writeoff of intangibles	**156**	**139**
Increase/(decrease) in provisions	**(69)**	**139**
Cost of share options	**150**	**188**
Increase in inventories	**(7,887)**	**(10,280)**
(Increase)/decrease in trade and other receivables	**(4,166)**	**5,774**
Increase/(decrease) in trade and other payables (less deferred consideration)	**848**	**(3,200)**
Cash consumed from operations	**(7,400)**	**(3,904)**

5. Annual report and accounts

The Annual Report and Accounts for the year ended 31 March 2015 will be posted to shareholders shortly. Further copies can be obtained from the Company Secretary at 2nd Floor, Minden House, Minden Place, St Helier, Jersey, JE2 4WQ, or the Company's Broker, Peel Hunt LLP at Moor House, 120 London Wall, London EC2Y 5ET or can be viewed on the Company's website at www.stanleygibbons.com.