

**MOWBRAY COLLECTABLES GROUP
ANNUAL REPORT
2007**



**MOWBRAY
COLLECTABLES**

Company Profile

NEW ZEALAND

1. J R MOWBRAY PHILATELIST

Main Highway, Otaki. Telephone 06 364 8270

Dealers in stamps. Monthly postal auctions are held and catalogues posted to thousands of collectors worldwide. The company is a major buyer of collections internationally.

2. JOHN MOWBRAY INTERNATIONAL

P O Box 80 Wellington.

We hold New Zealand's largest stamp auction annually, with an international clientele.

3. HOUSE OF STAMPS

P O Box 12 Paraparaumu.

Retail and wholesale mail order dealer in New Zealand stamps and philatelic accessories. Agents for various producers including Stanley Gibbons, Davo, Prinz, Scott.

4. WORLD WIDE FUND FOR NATURE STAMP PROGRAM

P O Box 444, Wellington.

New Zealand agent for WWF stamps worldwide, selling by continuity programmes.

AUSTRALIA

5. STANLEY GIBBONS (AUSTRALIA) PTY LTD

36 Clarence Street, Sydney Phone 0061 2 9299 1300

334 Little Collins Street, Melbourne Phone 0061 3 9670 0086

Auctioneers of stamps and coins. Four sales held by each office annually. The company operates under licence to Stanley Gibbons PLC of London.

6. WILDLIFE PHILATELIC COLLECTIONS PTY LTD

P O Box 107, Rosebery, Sydney.

Australian agent for the World Wide Fund for Nature Stamp Program, selling by continuity programmes.

INVESTMENTS

7. PETER WEBB GALLERIES LTD

18 Manukau Road, Newmarket, Auckland.

We own 49% of this business, New Zealand's premier art auction house.

8. BONHAMS & GOODMAN

7 Anderson Street, Double Bay, Sydney. Offices also in Melbourne and Adelaide.

We own 20% of this business, Australia's fourth largest auction house.

Front cover: 2006 Kapa Haka issue scheduled for issue June 2006. Sold by John Mowbray International for NZ\$13,800

ANNUAL REPORT & FINANCIAL STATEMENTS

The directors are pleased to present the Annual Report, Financial Statement and Group Financial Statements of Mowbray Collectables Limited for the year ended 31 March 2007.



Murray Radford
Director



John Mowbray
Director

20 June 2007

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DIRECTORS' REPORT

The directors present to shareholders the seventh annual report of the Mowbray Collectables Ltd group. This report covers the activities of the group for the year to 31 March 2007.

FINANCIAL RESULTS

The directors are pleased with the trading result for the year.



Victoria Cross

*Captain Shout. VC. Gallipoli
Sold by Bonhams & Goodman
In 2006 for A\$1.2m*

	Notes	Group	
		2007	2006
		\$	\$
Operating revenue	1	4,464,653	4,145,754
Surplus (deficit) before interest, taxation, depreciation and amortisation		347,622	360,347
Depreciation	10	28,357	26,331
Amortisation	11	160,719	160,719
Surplus (deficit) before interest and taxation		158,546	173,297
Interest income	1	22,179	35,073
Interest expense		(44,276)	(45,109)
Surplus (deficit) before income tax	2	136,449	163,261
Taxation	3	97,933	99,990
		38,516	63,271
Associates share of net surplus (deficit)	13	(225,307)	(214,797)
Net surplus (deficit) after taxation		<u>(186,791)</u>	<u>(151,526)</u>

Since incorporation, the company has amortised goodwill on acquisitions of subsidiaries and associates acquired to a total of \$2million, including \$566,885 for this year. Under the new international financial reporting standards (IFRS) to be adopted this year, amortisation of goodwill will cease and instead all assets and investments will be subject to an annual impairment test.

DIVIDEND

For the current year we paid an interim dividend of 1.5 cents per share and have declared a final dividend of 2.5 cents per share. The total dividend of 4 cents a share compares with the 4.5 cents paid last year.



*Union Bank of Australia 1905
Sequential one pound notes
Sold by John Mowbray International
for NZ\$7600*

TRADING

J R MOWBRAY PHILATELIST

The buoyancy in the stamp market continued through the 2006-7 fiscal year with very good results from our monthly postal auctions. Growth in export clientele was evident during the year despite a strengthening of the New Zealand dollar.

Internationally, auction prices did reach high levels. Following the purchase in 2005 of the Stirling & Co stock in Christchurch we were able to source and purchase the 900 plus volume worldwide collection of Ray Walkham of Ashburton. This collection is catalogued at \$7 million. Ray, who has been a collector for almost 70 years, is well known as the Postal Sales Officer of the NZ Postal History Society.

Both these recent purchases are reflected in our inventories, which record considerable growth over the last two years.

Auction inventory:

2007	\$1,508,594
2006	\$1,384,031
2005	\$965,000

As reported last year the expectation of these quality acquisitions has underpinned a very robust trading year and we expect this to continue into the new financial year. We continue our conservative valuation policy by holding these stamp stocks at cost, (or 30% of the estimated auction value when finally processed for auction.)

Our Otaki premises have been increased by 50% and our offices revamped to cope with this increased activity.

During 2006, we sponsored a client's collection for display in the Court of Honour at Kiwipex, 2006. This marked the centenary of the 1906-07 Christchurch International Exhibition for which New Zealand's first commemorative stamps were released.

John Mowbray attended two of the eleven Sir Gawaine Baillie sales held by Sothebys in London. We were successful in obtaining significant items for clients and our own auctions from what has proved to be one of the world's great collectors.

JOHN MOWBRAY INTERNATIONAL

We attended the Washington 2006 World Stamp Exhibition with a private treaty catalogue offered. The John Mowbray International 14th annual auction of stamps, coins and bank notes held in October 2006 recorded hammer sales exceeding \$1 million, which made a significant contribution to the year's trading result.

Planning for the 15th sale in October is well underway with significant material already consigned. The current strength of the market is giving confidence to vendors to consign quality items for this sale, the only one of its kind in New Zealand.

HOUSE OF STAMPS

This division had a steady year. Malcolm Turner, the manager, has extended the activities of the House of Stamps to embrace coins and notes, which form the basis of the John Mowbray International coins & bank notes auction. These products have been included in the JR Mowbray Philatelist monthly postal auction. There are considerable growth prospects in the market provided we can source consignments which currently are going overseas.



1855 Penny Carmine Mint
Sold by John Mowbray
International in 2006
For NZ\$46,000



1855 Twopenny Blue Mint
Sold by John Mowbray
International in 2006
For NZ\$41,000



1855 One Shilling Green Mint
Sold by John Mowbray
International in 2006
For NZ\$23,000



China 1962 Mei Lan Feng Sheets x 5
Sold by Stanley Gibbons Australia
For A\$26,800

WILDLIFE PHILATELIC COLLECTIONS PTY LTD (WORLD WIDE FUND FOR NATURE STAMP PROGRAM)

The promotional and marketing activity during the year generated an extremely good result. The result for the coming year looks promising due to a major Australian Post promotion and the development of TV marketing, with some initial very encouraging results. Thanks to management services provided by Andrew Pitt (Barlow International Ltd) under contract.

WORLD WIDE FUND FOR NATURE STAMP PROGRAM

The New Zealand stamp program had similar sales activity to 2006 and profit generated was steady. Marketing opportunities are limited compared with those in Australia but we will adopt TV marketing if it continues to prove successful in Australia.

STANLEY GIBBONS (AUSTRALIA) PTY LTD

The overall performance of Stanley Gibbons Australia was disappointing. Auction results did not achieve budget despite Melbourne recording a record sale during the year. Sourcing material from all States in Australia is a labour intensive exercise and increased direct costs contributed to a disappointing result.

Tony Corbisiero, has been appointed General Manager for Australia and a restructured management team is confident of a profitable year ahead.

As we anticipated when we purchased Stanley Gibbons Australia, the licence to operate under that name had a finite term. This will be relinquished in December 2007 due to an international strategy by Stanley Gibbons plc to withdraw from licensing arrangements. The constraints imposed by the licensor, particularly the inability to use the internet, were not practicable in this present internet age.

Stanley Gibbons Australia will be rebranded under the Mowbray name, similar to the most successful rebranding when the Stanley Gibbons licence expired in New Zealand in 1999. Given the existing market that Mowbray Collectables already has in Australia, we believe this will be a positive change for the group. A major introductory sale under the Mowbray brand will be held in Melbourne in February 2008, which should ensure the successful launch of the new brand.



Pat Hanly "Girl on Couch"
Sold by Peter Webb Galleries in 2006
For NZ\$107,000

PETER WEBB GALLERIES LTD (49% owned)

Despite a slowing New Zealand art market, Peter Webb Galleries Limited enjoyed another good year.

Webb's management has restructured operations following the resignation of three senior staff to form a new auction company. Under the leadership of General Manager, Sophie Coupland, and Peter Webb, Chairman, staff have reacted positively to the opportunity to step up to advance their careers. Together with the recent appointment of Emma Fox to head the Art Department this business is well placed in the competitive Auckland environment.

A rescheduling of the last Peter Webb Galleries major sale, from the last week of March to the first week of April, affected the excellent result for the year but will of course be a positive for 2008.

BONHAMS & GOODMAN (20% owned)

Bonhams & Goodman consolidated their position in the Australian market with a major expansion into Melbourne in early 2007. The planned March auction launching was postponed until April 2007 due to delays in their building fit out. The profit generated from the \$7 million auction sales of this inaugural auction would have added considerably to our year end result.

With the establishment of a state of the art Melbourne base in fashionable Paharan, considered to be the focal point of art sales in Australia, we will see a much more robust company as it develops a brand awareness and new customer base. With offices in Sydney, Melbourne and Adelaide, its goal is to become the largest art/collectables auction house in Australia.

STAFF

The results for the year would not be possible without the dedication of all our staff, and the directors appreciate their commitment to the Mowbray Collectables group. In particular, as our activities grow, we should recognise David Heather, Finance Director. His appointment to the Board last year has proved to be a most rewarding one; both for the company and the support he has given.

CORPORATE GOVERNANCE

The Board of Directors of Mowbray Collectables Ltd is elected by shareholders to supervise and direct the management of the business and the affairs of the company. The Board currently comprises two executive directors, John Mowbray and David Heather, and two non - executive directors, Murray Radford and Ian Halsted. The Board has determined that the non executive are independent directors as defined by the NZX Listing Rules.

The Board of Directors delegates to the managing director (John Mowbray) the day to day management of the business and affairs of the company.

The Board has adopted a Corporate Governance Code and has constituted an Audit, Nominations and Remuneration Committee of the non executive directors.

At each annual meeting one director, by rotation, must retire. This year Murray Radford retires and offers himself for re-election.

During the year all directors attended each directors' meeting. The shareholdings and dealings of the directors are detailed on page 23

OUTLOOK

The rebranding of Stanley Gibbons Australia, the repositioning of Peter Webb Galleries and Bonhams & Goodman have absorbed considerable management time during the past year. The outlook is very promising for the year ahead. Post balance date auctions within our core business in New Zealand, Peter Webb Galleries and Bonhams & Goodman have provided an encouraging start to the year.

We continue to explore other appropriate investment opportunities for the group.

For and on behalf of the Board of Directors.



Murray Radford
Chairman



John Mowbray
Managing Director



Albert Tucker's "Flirtation" 1954
Sold by Bonhams & Goodman in 2007
For A\$840,000.
A record for the artist.



A 1943 Rolex 3525 oyster chronograph watch,
ex prisoner of war.
Sold by Bonhams & Goodman
in 2006 for A\$65,000

Statement of Financial Performance

for the year ended 31 March 2007

	Notes	Group		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
Operating revenue	1	4,464,653	4,145,754	387,033	32,082
Surplus (deficit) before interest, taxation, depreciation and amortisation		<u>347,622</u>	<u>360,347</u>	<u>(21,226)</u>	<u>(382,576)</u>
Depreciation	10	28,357	26,331	222	406
Amortisation	11	160,719	160,719	-	-
Surplus (deficit) before interest, share of associates net surplus (deficit) and taxation		<u>158,546</u>	<u>173,297</u>	<u>(21,448)</u>	<u>(382,982)</u>
Interest income	1	22,179	35,073	145,837	123,245
Interest expense		<u>(44,276)</u>	<u>(45,109)</u>	<u>(2,501)</u>	<u>(11,773)</u>
Surplus (deficit) before share of associates net surplus (deficit) and taxation	2	<u>136,449</u>	<u>163,261</u>	<u>121,888</u>	<u>(271,510)</u>
Associates share of net surplus (deficit)	13	<u>(225,307)</u>	<u>(214,797)</u>	<u>85,404</u>	<u>53,513</u>
Surplus (deficit) before income tax		<u>(88,858)</u>	<u>(51,536)</u>	<u>207,292</u>	<u>(217,997)</u>
Taxation	3	<u>97,933</u>	<u>99,990</u>	<u>(3,225)</u>	<u>979</u>
Net surplus (deficit) after taxation		<u>(186,791)</u>	<u>(151,526)</u>	<u>210,517</u>	<u>(218,976)</u>

Statement of Movements in Equity

for the year ended 31 March 2007

	Notes	Group		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
Equity at beginning of year		4,499,407	4,882,925	4,165,889	4,681,993
Recognised revenues and expenses					
Surplus (deficit) after taxation		(186,791)	(151,526)	210,517	(218,976)
Movement in foreign currency translation reserve	5	<u>(26,429)</u>	<u>65,136</u>	-	-
Total recognised revenues and expenses		<u>(213,220)</u>	<u>(86,390)</u>	<u>210,517</u>	<u>(218,976)</u>
Distributions to shareholders		<u>(492,082)</u>	<u>(297,128)</u>	<u>(492,082)</u>	<u>(297,128)</u>
Equity at end of year		<u>3,794,105</u>	<u>4,499,407</u>	<u>3,884,324</u>	<u>4,165,889</u>

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements.

Statement of Financial Position

as at 31 March 2007

	Notes	Group		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
EQUITY					
Share capital	4	5,582,099	5,582,099	5,582,099	5,582,099
Accumulated deficit	6	(1,733,969)	(1,055,096)	(1,697,775)	(1,416,210)
Foreign currency translation reserve	5	(54,025)	(27,596)	-	-
Total Equity		3,794,105	4,499,407	3,884,324	4,165,889
Represented by:					
CURRENT ASSETS					
Bank accounts & deposits		214,080	555,905	15,591	2,451
Receivables & prepayments		843,933	1,104,474	6,669	2,750
Taxation refundable	3	4	(45,499)	9,389	1,596
Other current assets		-	75,000	-	75,000
Inventory	7	1,800,137	1,567,857	-	-
Total Current Assets		2,858,154	3,257,737	31,649	81,797
CURRENT LIABILITIES					
Trade creditors		809,213	1,019,416	23,369	13,835
Other payables & accruals	9	260,378	311,027	118,316	130,884
Current portion of Loan	14	139,811	139,811	-	-
Current portion of hire purchase	15	2,233	4,136	-	-
Total Current Liabilities		1,211,635	1,474,390	141,685	144,719
WORKING CAPITAL		1,646,519	1,783,347	(110,036)	(62,922)
NON-CURRENT ASSETS					
Deferred tax	3	52,012	61,392	17,393	14,168
Plant & equipment	10	116,701	81,022	274	496
Goodwill	11	535,753	696,472	-	-
Investment in associates	13	1,763,591	2,235,565	1,192,463	1,353,726
Investment in subsidiaries	12	-	-	2,762,857	2,762,857
Related party receivables	8	70,382	20,454	21,373	97,564
Total Non-Current Assets		2,538,439	3,094,905	3,994,360	4,228,811
NON-CURRENT LIABILITIES					
Non-current creditors		112,500	-	-	-
Non-current portion of loan	14	278,353	376,611	-	-
Non-current portion of hire purchase	15	-	2,234	-	-
Total Non-Current Liabilities		390,853	378,845	-	-
NET ASSETS		3,794,105	4,499,407	3,884,324	4,165,889

For and on behalf of the Board of Directors



J. R. Mowbray
Managing Director



M. C. Radford
Chairman

20 June 2007

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements.

Statement of Cash Flows

for the year ended 31 March 2007

	Notes	Group		Parent	
		2007	2006	2007	2006
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from (applied to)					
Receipts from customers		4,676,153	4,072,703	-	7,991
Interest received		22,179	35,076	6,589	4,092
Dividends received		246,667	49,333	246,667	49,333
Payments to suppliers & employees		(4,448,622)	(3,978,542)	(415,314)	(401,729)
Interest paid		(44,276)	(45,109)	(2,502)	(11,773)
Taxation paid		(134,056)	(37,609)	(7,793)	(4,272)
Net cash flow from operating activities	17	318,045	95,852	(172,353)	(356,358)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from (applied to)					
Proceeds from sale of plant & equipment		-	699,998	-	-
Purchase of plant & equipment		(64,036)	(633,974)	-	-
Net cash flows from investing activities		(64,036)	66,024	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from (applied to)					
Dividend paid		(492,082)	(297,128)	(492,082)	(297,128)
Loans received/(repaid)		(77,323)	248,805	677,575	652,467
Net cash flow from financing activities		(569,405)	(48,323)	185,493	355,339
Net increase/(decrease) in cash held		(315,396)	113,553	13,140	(1,019)
Cash at beginning of year		555,905	377,216	2,451	3,470
Effect of exchange rate change on foreign currency balance	5	(26,429)	65,136	-	-
Cash at end of year		214,080	555,905	15,591	2,451
Comprising:					
Cash at bank - New Zealand		86,529	105,551	15,287	2,451
- Australia		127,551	450,354	304	-
		214,080	555,905	15,591	2,451

The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements.

Statement of Accounting Policies

for the year ended 31 March 2007

The Financial Statements have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993.

REPORTING ENTITY & PERIOD

For the results to 31 March 2007 the Mowbray Collectables Limited Group comprises the following entities:

- Mowbray Collectables Limited (Parent)
- Mowbray Bethunes Limited
- World Wide Fund for Nature Stamp Program (New Zealand Agency)
- Auction Investments Limited
- Stanley Gibbons (Australia) Pty Limited
- Wildlife Philatelic Collections Pty Limited

BASIS FOR PREPARATION

The accounting principles recognised as appropriate for the measurement and reporting of financial position on a historical cost basis are followed by the group.

SPECIFIC ACCOUNTING POLICIES

The specific accounting policies used in the preparation of the Financial Statements are as follows:

a) Consolidation of Subsidiaries

The group financial statements incorporate the financial statements of the Company and its subsidiaries, which have been consolidated using the purchase method.

All inter-company transactions, balances and unrealised profits are eliminated on consolidation.

The Australian subsidiaries Statement of Financial Performance is translated half yearly using the half yearly average exchange rate and the Statement of Financial Position is translated at the closing exchange rate as at 31 March. Exchange differences on foreign currency balances are recognised in the Statement of Financial Performance.

b) Equity Accounting of Associate Entities

Equity accounting has been applied in respect of associate entities. Associate entities are those entities in which the Company holds an interest in the equity and exercise significant influence but not control. These financial statements incorporate the Company's share of the associate entity's surplus or deficit, adjusted for goodwill and any additional depreciation in relation to the fair value of the associate entity's fixed assets. The Company's interest in the associate is carried at an amount which reflects fair value of the net assets at acquisition adjusted as above.

Dividends received from associates are recognised directly against the carrying value of the investment.

c) Goodwill

Goodwill on acquisition of subsidiaries is recognised as an asset and separately identified. Goodwill is amortised on a straight line basis over the period of expected benefits, which the directors have determined to be 10 years.

The excess cost of the fair value at the date of acquisition of the assets of the associate entities is capitalised as goodwill and amortised on a straight line basis over the period of expected benefit. This period has been assessed as 10 years for Peter Webb Galleries Ltd and 5 years for First East Auction Holdings Pty Ltd from the date of acquisition. The carrying value of goodwill is reviewed annually and adjusted as considered necessary.

d) Receivables

Accounts receivable are stated at their estimated realisable value after making provision for any debts considered uncollectable.

e) Inventory

Inventory is valued at the lower of cost or net realisable value. Cost is the acquisition cost for each item of inventory purchased.

In circumstances where cost cannot be separately identified, the lower of cost or net realisable value is determined by using a percentage of face value or estimated selling value.

An obsolescence provision of 20% is applied to auction stock unsold after being available for sale in three auctions.

f) Plant & Equipment

Plant and equipment are recorded at historical cost less depreciation to date.

g) Depreciation

Depreciation has been calculated using the following rates:

Leasehold improvements	6% - 48% DV
Plant and equipment	10% - 80% DV
Furniture & fittings	14% - 40% DV
Computer equipment	40% - 60% DV

Rates applied to existing assets have been applied consistently over the life of the assets

h) Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis. GST payable at balance date is included in current liabilities. Receivables and payables are disclosed inclusive of GST if applicable.

i) Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date. Exchange differences on foreign currency balances are recognised in the Statement of Financial Performance.

j) Financial Instruments

The Mowbray Collectables is party to financial instruments in the form of bank accounts, accounts receivable and accounts payable as part of its operations. These are recognised in the Statement of Financial Position and all revenue and expenses in relation to the financial instruments are recognised in the Statement of Financial Performance. The financial instruments are recorded at net cost less any provisions for doubtful debts.

k) Taxation

Taxation charged against profits for the period is the estimated liability, using the comprehensive method of calculation, for both current and deferred taxation, adjusted by the amount of any under or over provision of taxation in respect of prior years.

l) Employee Entitlements

Employee entitlements to salaries and wages, annual and long service leave are recognised when they accrue to employees.

m) Translation of Financial Statements of Foreign Operations

Assets and liabilities of independent foreign operations are translated at the closing rate. Revenue and expense items are translated half yearly using the half yearly average exchange rate, as a surrogate for the spot rates at transaction dates. Exchange differences arising are taken to the foreign currency translation reserve and recognised in the Statement of Movements in Equity.

n) Comparative Figures

The comparative figures for the Financial Statements are for the year ended 31 March 2006.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the period.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Financial Performance.

Definitions of the terms used in the Statement of Cash Flows:

“Cash” includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings, such as bank overdrafts, used by the Company and the Group and those activities relating to the cost of servicing the Company’s and the Group’s equity capital.

“Investing Activities” are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

“Financing Activities” are those activities relating to changes in the equity and debt capital structure of the Company and the Group and those activities relating to the cost of servicing the Company’s and the Group’s equity capital.

“Operating Activities” include all transactions and other events that are not investing or financing activities.

Notes to the Financial Statements

for the year ended 31 March 2007

	Group		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
1. Total Revenue				
Total revenue comprises:				
Turnover & auction commission	4,400,326	4,028,645	-	-
Management fees from subsidiaries	-	-	87,134	31,684
Dividends received	-	-	300,000	-
Surplus on disposal of property, plant & equipment	-	77,709	-	-
Miscellaneous income	64,327	39,400	(101)	398
Operating revenue	4,464,653	4,145,754	387,033	32,082
Interest income	22,179	35,073	145,837	123,245
	<u>4,486,832</u>	<u>4,180,827</u>	<u>532,870</u>	<u>155,327</u>
2. Surplus (Deficit) before Income Tax				
Included in the surplus (deficit) before income tax are the following				
Expenses				
Audit fees	47,254	62,752	47,254	62,752
Bad debts	5,921	3,938	-	-
Directors' fees	30,025	29,625	30,025	29,625
Legal fees	10,240	21,203	3,450	13,657
Operating lease rental expenses	270,198	198,660	-	-
3. Taxation				
Taxation expense				
Net surplus/(deficit) before taxation	136,449	163,261	121,888	(271,510)
Prima-facie tax	45,028	53,876	40,223	(89,598)
Adjustment for difference in NZ and Australian tax rates	(1,900)	(6,867)	-	-
Add/(less) taxation effect of permanent differences:				
Amortisation of intangible assets	53,037	53,037	-	-
Other non-deductible items	1,768	(56)	(100,978)	1,285
Taxation expense/(benefit of losses) for year	97,933	99,990	(60,755)	(88,313)
Group offsets	-	-	57,530	89,292
Underprovision for income tax last year	-	-	-	-
Taxation expense (benefit)	97,933	99,990	(3,225)	979
The taxation expense comprises:				
Current taxation	88,553	119,638	-	-
Underprovision for income tax last year	-	-	-	-
Future income tax benefit	9,380	(19,648)	(3,225)	979
	<u>97,933</u>	<u>99,990</u>	<u>(3,225)</u>	<u>979</u>

Notes to the Financial Statements

for the year ended 31 March 2007

	Group		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
3. Taxation continued				
Taxation payable/(refundable)				
Balance at beginning of year	45,499	(36,528)	(1,596)	(22,712)
Adjustment for foreign exchange movement on opening balance	(1,308)	(390)	-	-
Income tax (paid)/refunded	(44,623)	40,173	1,596	1,446
Provision for income tax for the current year	88,553	121,811	-	-
Foreign investors tax credit	(6,818)	(4,122)	(6,818)	(4,122)
Transfers to/from other taxes	-	-	-	-
Provisional tax paid	(79,107)	(73,808)	-	-
Income tax transferred	-	-	-	25,388
Interest use of money paid/(refunded)	433	-	-	-
Interest resident withholding tax	(2,633)	(1,637)	(2,571)	(1,596)
Balance at end of year	(4)	45,499	(9,389)	(1,596)
Deferred Tax				
Opening balance	(61,392)	(41,743)	(14,168)	(15,147)
Foreign Exchange movement	426	(2,327)	-	-
Current year charge	8,954	(17,322)	(3,225)	979
Balance at end of year	(52,012)	(61,392)	(17,393)	(14,168)
Imputation Credits				
Balance at beginning of year	187,090	306,734	33,139	150,389
Imputation credits attached to dividends received	121,493	24,299	269,254	24,299
Other credits	9,452	5,759	9,389	5,718
Imputation credits attached to dividends paid	(240,604)	(145,821)	(240,604)	(145,821)
Taxation paid	30,828	27,246	-	-
Taxation refunded	(1,596)	(31,127)	(1,596)	(1,446)
Balance at end of year	106,663	187,090	69,582	33,139
	2007		2006	
	Number	\$	Number	\$
4. Share Capital				
Company and Group				
Ordinary Shares – fully paid				
Balance at beginning of year	9,868,714	5,582,099	9,868,714	5,582,099
Bonus issue of shares	986,809	-	-	-
Share capital at end of year	10,855,523	5,582,099	9,868,714	5,582,099

All shares are fully paid and have equal voting rights. All shares participate equally in any dividend distribution or any surplus on the winding up of the Company.

Notes to the Financial Statements

for the year ended 31 March 2007

	Group		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
5. Foreign Currency Translation Reserve				
Balance at beginning of year	(27,596)	(92,732)	-	-
Arising on translation of independent foreign operations	(26,429)	65,136	-	-
Balance at end of year	(54,025)	(27,596)	-	-
6. Accumulated Surplus/(Deficit)				
Balance at beginning of year	(1,055,096)	(606,442)	(1,416,210)	(900,106)
Dividend paid to shareholders	(492,082)	(297,128)	(492,082)	(297,128)
Surplus/(deficit) for period after taxation	(186,791)	(151,526)	210,517	(218,976)
Accumulated surplus/(deficit) at end of year	(1,733,969)	(1,055,096)	(1,697,775)	(1,416,210)
7. Inventory				
Auction inventory	1,508,595	1,384,031	-	-
WWF Chapters on hand	173,787	62,182	-	-
Inventory in transit	19,488	26,923	-	-
Other	98,267	94,721	-	-
Total Inventory	1,800,137	1,567,857	-	-
8. Related Parties				
Transactions				
All transactions between companies within the group were conducted on an arm's length basis.				
Sales by the company to its subsidiaries totalled \$87,134 (2006: \$94,685) and comprised of management fees charged to the Australian subsidiaries. Interest was charged between Mowbray Collectables Limited and Auction Investments Limited \$139,248 (2006: \$119,153). A fully imputed dividend was paid from Mowbray Bethunes Limited to Mowbray Collectables Limited of \$447,761 (2006: \$Nil). There were no purchases from subsidiaries.				
Andrew Pitt, a director of Wildlife Philatelic Collections Pty Limited, provides management (\$33,540) and fulfilment services (\$66,185) to that company through Barlow International Pty Limited, on commercial terms negotiated with the managing director of Mowbray Collectables Limited. Wildlife Philatelic Collections Pty Limited also pays rent (\$18,308) to Barlow International Pty Limited.				

Notes to the Financial Statements

for the year ended 31 March 2007

	Group		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$

8. Related Parties continued

Outstanding balances

Amounts outstanding between the company and related parties are:

Mowbray Bethunes Limited	-	-	(774,323)	(771,538)
World Wide Fund for Nature Stamp Program	-	-	(73,681)	(81,834)
Stanley Gibbons (Australia) Pty Limited	-	-	(284,893)	(133,798)
Wildlife Philatelic Collections Pty Limited	-	-	(410,797)	(303,695)
Auction Investments Limited	-	-	1,546,150	1,406,902
First East Auction Holdings Pty Limited	39,144	2,397	39,144	2,397
Agencies	31,238	18,057	(20,227)	(20,870)
	<u>70,382</u>	<u>20,454</u>	<u>21,373</u>	<u>97,564</u>

The related party receivables/payables in the Parent Statement of Financial Position have no fixed terms of settlement. They are repayable/receivable on demand. The related party receivables in the Group Statement of Financial Position are receivables in respect of agencies held by the Group

The Group holds three agency agreements with Tokelau Philatelic Bureau (Tokelau), Children's Health Camp (CHC) and New Zealand Post (NZ Post) respectively.

The Group is entitled to a share of the profits derived under their agency agreements with Tokelau and CHC. In addition the Group charges management fees for administering these arrangements. The Group recognises the management fees and profit share under these arrangements in these financial statements.

The Group has an agreement to supply, at a reduced rate, chapters and albums to NZ Post. Under the agreement, the Group receives a share of the profits from sales made by NZ Post. The sales to NZ Post and the Group's profit share are recognised in these financial statements.

The National Bank has provided a guarantee of \$75,000 to New Zealand Exchange Limited on behalf of the Group. The bank holds a personal guarantee from John Mowbray to cover this obligation.

The premises in Otaki that are used by the Group are owned and leased from entities associated with John Mowbray. Rent was set by an independent valuer. Leases were signed by the directors on 18 December 2000.

	Group		Parent	
	2007	2006	2007	2006
	Rent paid was	59,192	45,885	-

	Group		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$

9. Other Payables and Accruals

In current liabilities the balance of other payables and accruals comprise:

Other payables and accruals	95,547	131,743	65,609	77,602
Employee entitlements	164,831	179,284	52,707	53,282
Total other payables and accruals	<u>260,378</u>	<u>311,027</u>	<u>118,316</u>	<u>130,884</u>

Notes to the Financial Statements

for the year ended 31 March 2007

	Group		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
10. Plant & Equipment				
Leasehold improvements				
Cost	48,209	18,617	-	-
Accumulated depreciation	(16,799)	(12,417)	-	-
	<u>31,410</u>	<u>6,200</u>	-	-
Office furniture and equipment				
Cost	148,860	136,904	-	-
Accumulated depreciation	(106,193)	(102,718)	-	-
	<u>42,667</u>	<u>34,186</u>	-	-
Plant & equipment				
Cost	166,680	151,596	-	-
Accumulated depreciation	(130,079)	(120,501)	-	-
	<u>36,601</u>	<u>31,095</u>	-	-
Computer equipment				
Cost	64,503	61,345	5,533	5,533
Accumulated depreciation	(58,480)	(51,804)	(5,259)	(5,037)
	<u>6,023</u>	<u>9,541</u>	<u>274</u>	<u>496</u>
Total cost	428,252	368,462	5,533	5,533
Total accumulated depreciation	(311,551)	(287,440)	(5,259)	(5,037)
	<u>116,701</u>	<u>81,022</u>	<u>274</u>	<u>496</u>
Depreciation Expense By Category				
Leasehold improvements	4,382	1,218	-	-
Office furniture and equipment	5,805	5,658	-	-
Plant & equipment	11,494	14,204	-	-
Computer equipment	6,676	5,251	222	406
	<u>28,357</u>	<u>26,331</u>	<u>222</u>	<u>406</u>
11. Goodwill				
On acquisition of subsidiaries	1,607,191	1,607,191	-	-
Accumulated amortisation	(1,071,438)	(910,719)	-	-
	<u>535,753</u>	<u>696,472</u>	-	-
On acquisition of subsidiaries				
Opening balance	1,607,191	1,607,191	-	-
Closing Balance	<u>1,607,191</u>	<u>1,607,191</u>	-	-
Accumulated amortisation				
Opening balance	(910,719)	(750,000)	-	-
Amortisation for year	(160,719)	(160,719)	-	-
Closing balance	<u>(1,071,438)</u>	<u>(910,719)</u>	-	-

12. Investment in Subsidiaries

Subsidiaries owned at 31 March 2007	% Holding at Balance Date		Principal Activities	Balance Date	Origin of Incorporation
	2007	2006			
Mowbray Bethunes Ltd	100%	100%	Stamp, philatelic, rare book dealer, retailer & auctioneer	31 March	New Zealand
World Wide Fund for Nature Stamp Program (New Zealand Agency)	100%	100%	International stamp program agency	31 March	New Zealand
Wildlife Philatelic Collections Pty Ltd	100%	100%	International stamp program agency	31 March	Australia
Stanley Gibbons (Australia) Pty Ltd	100%	100%	International stamp auctioneer	31 March	Australia
Auction Investments Ltd (incorporated 15 December 2005)	100%	100%	Holding company	31 March	New Zealand

13. Investment in Associates

Name of Company	Principal Activities	Ownership and Voting Interest		Carrying Amount	
		2007	2006	2007	2006
		%	%	\$000	\$000
Peter Webb Galleries Ltd	NZ auctioneer	49	49	1,193	1,354
First East Auction Holdings Pty Ltd	Australian auctioneer	20	20	571	882
				<u>1,764</u>	<u>2,236</u>

The reporting date of Peter Webb Galleries Ltd is 31 March, and the group's share of the results of operations for the year ended on that date has been included in the group financial statements. Peter Webb Galleries Ltd is incorporated in New Zealand.

The reporting date of First East Auction Holdings Pty Ltd is 30 June. First East Auction Holdings Pty Ltd is incorporated in Australia and trades as Bonhams & Goodman.

	Group		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Carrying amount of investment in associate				
Carrying amount at beginning of year	2,235,565	2,499,695	1,353,726	1,349,545
Share of net surplus	(225,307)	(214,797)	85,404	53,514
	<u>2,010,258</u>	<u>2,284,898</u>	<u>1,439,130</u>	<u>1,403,059</u>
Dividends received	(246,667)	(49,333)	(246,667)	(49,333)
Carrying amount at end of year	<u>1,763,591</u>	<u>2,235,565</u>	<u>1,192,463</u>	<u>1,353,726</u>
The carrying value is comprised of:				
Cost	146,769	146,769	328,361	328,361
Share of associate post acquisition reserves	48,897	112,707	89,544	131,137
Goodwill	<u>1,567,925</u>	<u>1,976,089</u>	<u>774,558</u>	<u>894,228</u>
	<u>1,763,591</u>	<u>2,235,565</u>	<u>1,192,463</u>	<u>1,353,726</u>

Notes to the Financial Statements

for the year ended 31 March 2007

13. Investment in Associates continued

	Group		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Goodwill				
Cost at beginning of year	2,639,178	2,639,178	1,196,694	1,196,694
Increase in goodwill	-	-	-	-
Cost at end of year	2,639,178	2,639,178	1,196,694	1,196,694
Accumulated Amortisation:				
At beginning of year	(663,089)	(212,752)	(302,466)	(182,797)
Amortisation expense for year	(408,164)	(450,337)	(119,670)	(119,669)
At end of year	(1,071,253)	(663,089)	(422,136)	(302,466)
Goodwill relating to associate at end of year	1,567,925	1,976,089	774,558	894,228
Associates Share of Net Surplus				
Share of surplus before taxation	286,428	320,729	308,643	258,372
Share of taxation expense	(103,569)	(85,189)	(103,569)	(85,189)
Share of net surplus	182,859	235,540	205,074	173,183
Amortisation of goodwill	(408,166)	(450,337)	(119,670)	(119,670)
Share of total recognised revenues and expenses	(225,307)	(214,797)	85,404	53,513

14. Loans

	2007	2006
	\$	\$
Loan from National Bank	418,164	516,422
Repayable as follows:		
Current	139,811	139,811
Non current	278,353	376,611
Total	418,164	516,422

The loan is a fixed loan, at an interest rate of 8.60% and is repayable in monthly instalments of \$11,650. The loan is secured by a First Priority General Security Agreement over all present and after acquired property of Mowbray Collectables Ltd.

15. Hire Purchase

	2007	2006
	\$	\$
Focus Capital Ltd – secured by Phone system, interest at 14%, repayable quarterly \$1,160.66, due 09/07	2,321	6,964
Less future finance charges	(88)	(594)
	2,233	6,370
Repayable as follows:		
Not later than one year	2,233	4,136
Later than one year and not later than two years	-	2,234
Later than two years and not later than five years	-	-
Total	2,233	6,370

Notes to the Financial Statements

for the year ended 31 March 2007

16. Directors' Remuneration

Directors' remuneration for the year was M. C. Radford \$18,000 and I. J. Halsted \$12,000. J. R. Mowbray, as managing director, received a salary of \$150,000 and D.K Heather, as finance director, received a salary of \$101,523.

17. Net Cash Flow from Operating Activities

Reconciliation of Statement of Financial Performance Surplus/(deficit)

with net cash flow from operating activities:

	Group		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Reported surplus/(deficit) after taxation	(186,791)	(151,526)	210,517	(218,976)
Non cash items:				
Loss on sale	-	-	-	-
Gain on sale	-	(77,709)	-	-
Depreciation	28,357	26,331	222	406
Amortisation	160,719	160,719	-	-
Deferred tax asset	9,380	(19,648)	(3,225)	979
Management fees	-	-	(87,134)	(31,685)
Interest	-	-	(139,248)	(119,153)
Dividends received	-	-	(300,000)	-
Income tax transferred	-	-	-	(25,388)
Associated share of net surplus	471,973	264,130	161,263	(4,180)
	670,429	353,823	(368,122)	(179,021)
Movements in working capital excluding				
Movements relating to purchase of subsidiaries				
(Increase)/decrease in inventories	(232,282)	(293,415)	-	-
(Increase)/decrease in receivables	260,545	(58,772)	312	8,292
Increase/(decrease) in payables	(97,704)	104,246	9,533	(13,948)
Increase/(decrease) in other payables & accruals	(50,649)	59,467	(16,800)	26,179
Increase/(decrease) in tax payable	(45,503)	82,029	(7,793)	21,116
	(165,593)	(106,445)	(14,748)	41,639
Net cash inflow/(outflow)	318,045	95,852	(172,353)	(356,358)

18. Operating Lease Commitments

Commitments in respect of non-cancellable operating leases:

Not later than one year	203,176	51,394	-	-
Later than one year and not later than two years	168,550	48,440	-	-
Later than two years and not later than five years	248,619	145,320	-	-
	620,345	245,154	-	-

Notes to the Financial Statements

for the year ended 31 March 2007

19. Segmental Information

	Total		New Zealand		Australia		Eliminations	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenue	4,464,653	4,145,754	2,061,787	1,754,490	2,490,000	2,485,949	(87,134)	(94,685)
Surplus/(deficit) before income tax	(88,858)	51,536	8,323	(119,722)	63,539	228,906	(160,720)	(160,720)
Taxation	97,933	99,990	77,062	31,797	20,871	68,193	-	-
Surplus/(deficit) after taxation	(186,791)	(151,526)	(68,739)	(151,519)	42,668	160,713	(160,720)	(160,720)
Total Assets	5,396,593	6,398,141	4,258,802	4,672,379	1,137,791	1,725,762	-	-

The group operates in wholesaling and auctioneering which the directors consider to be one industry segment.

20. Financial Instruments

The Group is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, accounts receivable and trade creditors.

Fair Values

Cash, Receivables, Trade Creditors, Payables

The fair value of all financial instruments is equivalent to their carrying value disclosed in the Statement of Financial Position.

Currency Risk

The Group is exposed to foreign exchange risk as a result of offshore funding activities and transactions denominated in foreign currencies, arising from normal trading activities. The NZ dollar equivalent of the unhedged net assets of the Group's Australian subsidiaries at balance date was \$453,768 (2006: \$660,439)

The Directors do not consider it necessary to utilise financial derivatives to mitigate this risk.

Interest Rate Risk

The Group and Company have only one loan incurring interest which is with the National Bank at a fixed interest rate. The Directors consider that they have very little exposure to interest rate risk.

Credit Risk

In the normal course of its business, the Group and Company incur credit risk from its counterparties. There is no significant concentration of credit risk.

In the normal course of its business, the Group and Company incur credit risk from trade debtors. A maximum of 30 days credit is available for most trading. The Group's turnover was \$4,400,326 and there were \$5,921 of bad debts (0.13%). The Group's credit policies are regarded as conservative and fiscally prudent.

21. Subsequent Events

The board of directors declared a dividend of \$271,388 on 30 May 2007. In accordance with FRS-5 Events After Balance Date this dividend has not been provided for in the Statement of Financial Position as at 31 March 2007.

22. Impacts of the adoption to New Zealand Equivalents to International Financial Reporting Standards

The consolidated entity intends to implement NZ IFRS in its annual financial statements for the year ending 31 March 2008. The transition to NZ IFRS will be accounted for in accordance with NZ IFRS-1 'First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards', with 1 April 2006 as the date of transition.

Transition Management

The Group has started a project to assess the key differences in accounting policies under NZ IFRS and current accounting policies, to determine the impacts on its financial statements from the transition date, and to put in place processes to manage any related business impacts. The first stage of this project, a business impact study carried out by Deloitte, has been completed.

Significant Differences

The key differences in accounting policies highlighted by that business impact study are outlined below. It should not be taken as a complete list of changes in accounting policies, arising from the transition to NZ IFRS as some decisions have not yet been made where choices of accounting policies are available.

NZ IFRS 3 – Business Combinations

It is likely that the consolidated entity will elect not to restate business combinations that occurred prior to the date of transition to NZ IFRS, and accordingly, the carrying amount of goodwill at the date of transition will not be changed.

NZ IAS 36 – Impairment of Assets

Goodwill, which was amortised under superseded policies, will not be amortised under NZ IFRS from the date of transition. Impairment tests on the balances at 1 April 2006 and annually thereafter are to be undertaken and these may give rise to significant adjustments.

These and other monetary effects of the transition to NZ IFRS have not been quantified. The Group intends to provide this information in the interim financial statements for the six months ended 30 September 2007.

The actual impact of adopting NZ IFRS may vary from the information presented above and this variation may be material.

23. Commitments

There are no known commitments at 31 March 2007 (2006: \$Nil)

24. Contingencies

There are no known contingencies at 31 March 2007 (2006: \$Nil)

Martin Jarvie PKF
Chartered Accountants



AUDIT REPORT TO THE SHAREHOLDERS OF MOWBRAY COLLECTABLES LIMITED

We have audited the financial report on pages 6 to 20. The financial report provides information about the past performance of Mowbray Collectables Limited and Group and its financial position as at 31 March 2007. This information is stated in accordance with the accounting policies set out on pages 9 and 10.

Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation of a financial report, which gives a true and fair view of the financial position of Mowbray Collectables Limited and Group as at 31 March 2007 and of the results of operations and cash flows for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial report presented by the Board of Directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial report; and
- whether the accounting policies are appropriate to the Company's and Group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial report.

Other than in our capacity as Auditors we have no relationship with or interest in Mowbray Collectables Limited or any of its subsidiaries.

Unqualified Opinion

We have obtained all the information and explanations that we have required.

In our opinion:

- proper accounting records have been kept by Mowbray Collectables Limited as far as appears from our examination of those records; and
- the financial report on pages 6 to 20:
 - complies with generally accepted accounting practice in New Zealand; and
 - gives a true and fair view of the financial position of Mowbray Collectables Limited and Group as at 31 March 2007 and the results of operations and cash flows for the year ended on that date.

Our audit was completed 20 June 2007 and our unqualified opinion is expressed as at that date.

Martin Jarvie PKF
Chartered Accountants
Wellington, New Zealand

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Martin Jarvie PKF is an independent member of PKF International

Statutory & Shareholder Information

Incorporation

Mowbray Collectables Limited was incorporated on 22 February 2000 under the Companies Act 1993 with company number WN1015212.

Directors

J. R. Mowbray was appointed a director on 22 February 2000.

M. C. Radford was appointed a director on 9 March 2000.

I. J. Halsted was appointed a director on 16 March 2000.

D.K. Heather was appointed a director on 21 March 2006

Stock Exchange Listing

The Company's ordinary shares are listed on the New Zealand Exchange with the security code "MOW".

Substantial Security Holders

The Company's register of substantial security holders, prepared in accordance with section 25 of the Securities Amendment Act 1988 recorded the following information as at 30 May 2007:

<i>Name</i>	<i>Number of Voting Securities</i>
J. R. Mowbray	4,843,560
J. I. Urquhart	1,035,000
R. A. Brierley	660,000
New Zealand Central Securities Depository Ltd	511,593

At 30 May 2007 the total issued voting securities was 10,855,523.

Largest Shareholders

The names of the 22 largest shareholders and their holdings as at 30 May 2007 were:

Name	Number of Shares Held	Percentage of Issued Shares
J. R. Mowbray	4,843,560	44.62%
J. I. Urquhart	1,035,000	9.53%
R. A. Brierley	660,000	6.08%
New Zealand Central Securities Depository Ltd	511,593	4.71%
S. M. Mowbray & R. F. Oldham	334,129	3.08%
Rotorua Trust Perpetual Capital Fund Ltd	325,000	2.99%
Hubbard Churcher Trust	242,280	2.23%
M. C. Radford	220,000	2.03%
Forsyth Barr Custodians Ltd	203,479	1.87%
Sinclair Long Term Holdings	156,750	1.44%
I. J. Halsted, S. D. Halsted & J. V. Halsted	126,500	1.17%
Dagger Nominees Ltd	83,466	0.77%
J. H. Oakley	77,000	0.71%
FNZ Custodians Ltd	73,066	0.67%
C. Biggs	70,087	0.65%
P.G. Gillespie, W.M. Gillespie & A.R. Short	70,000	0.64%
Private Nominees Ltd	52,729	0.49%
R J Dunlop & J M Dunlop	50,000	0.46%
PCS Investment Nominees Ltd	49,500	0.46%
A. Harris	41,800	0.39%
R.F. Orton	40,125	0.37%
C. J. Ashby & E. D. Ashby	39,325	0.36%
	9,305,389	85.72%

The total shares on issue at 30 May 2007 were 10,855,523.

Statutory & Shareholder Information

Spread of Shareholders

The spread of shareholders as at 30 May 2007 was:

Holding Range	No. of Holders	Total Shares	Percentage
1 - 1,000	13	8,201	0.08%
1,001 - 5,000	195	401,666	3.70%
5,001 - 10,000	44	312,853	2.88%
10,001 - 100,000	57	1,474,512	13.58%
100,001 - 5,000,000	11	8,658,291	79.76%
	<u>320</u>	<u>10,855,523</u>	<u>100.00%</u>

Directors' Shareholdings and Dealings

The number of shares held, acquired and disposed of by directors during the period were:

	Notes	2007 No of Shares	2006 No of Shares
J. R. Mowbray	1		
Opening balance		4,403,237	4,403,237
Movements - Bonus issue		440,323	-
Closing balance		<u>4,843,560</u>	<u>4,403,237</u>
I. J. Halsted	2		
Opening balance		31,250	51,250
Movements - Bonus issue		3,125	-
Sale of shares		-	(20,000)
Closing balance		<u>34,375</u>	<u>31,250</u>
M.C. Radford	3		
Opening balance		200,000	265,000
Movements - Bonus issue		20,000	-
Sale of shares		-	(65,000)
Closing balance		<u>220,000</u>	<u>200,000</u>
D.K. Heather	4		
Opening balance		-	-
Movements		-	-
Closing balance		<u>-</u>	<u>-</u>

Note 1 In the 2007 year, John Mowbray's shareholding increased by 440,323 due to the 1:10 bonus issue. In addition he has a beneficial interest of 49,500 shares.

Note 2 In the 2007 year, I.J Halsted's shareholding increased by 3,125 due to the 1:10 bonus issue. In addition he has a beneficial interest of 126,500 shares.

Note 3 In the 2007 year, M.C Radford's shareholding increased by 20,000 due to the 1:10 bonus issue.

Note 4 D.K. Heather does not hold any shares.

Directors' Remuneration

Directors' remuneration during the year was M. C. Radford \$18,000 and I. J. Halsted \$12,000. J. R. Mowbray, as managing director, received a salary of \$150,000 and D.K Heather, as finance director, received a salary of \$101,523.

Employees' Remuneration

During the year the following numbers of employees received remuneration of at least NZ\$100,000.

	2007	2006
\$100,000 - \$110,000	1	-
\$110,001 - \$120,000	-	-
\$120,001 - \$130,000	-	-
\$130,001 - \$140,000	-	-
\$130,001 - \$150,000	1	1
Total	2	1

Donations

No donations were made by the group during the period.

Audit Fees & Other Services

Fees paid, or accrued as payable, to Martin Jarvie PKF comprise:

	Group		Parent	
	2007	2006	2007	2006
	\$	\$	\$	\$
Martin Jarvie PKF				
Audit fees	47,254	62,752	47,254	67,752
Other fees	-	-	-	-

Board of Directors

MURRAY RADFORD BCA, CA – CHAIRMAN

Murray is Chairman and a shareholder of the company, holding 220,000 shares. He is a director of a number of private companies. Previously Murray worked in stockbroking for approximately 20 years and was a member of the Stock Exchange for 13 years.

JOHN MOWBRAY BCA – MANAGING DIRECTOR

John is the largest shareholder of the company, holding 4,843,560 shares. Since starting the business in 1963, John has made philately his career, specialising in the auctioning of stamps. He is president of the New Zealand Stamp Dealers Association, and a past president of the International Federation of Stamp Dealer Associations (IFSDA). From 1989 –1995 he was a director of Stanley Gibbons PLC Ltd London.

John is currently an executive member of the Auctioneers Association of NZ, member of the Board of Trustees – Wanganui Collegiate School, patron Waikanae rugby Club and Kapiti Philatelic Society and Chairman Horowhenua – Kapiti Rugby Union. Recently appointed a Director of the Hurricane's Rugby franchise.

IAN HALSTED – DIRECTOR

Ian is a director and shareholder in the company, holding a direct and indirect interest in 34,375 shares. He recently retired as Managing Director of Hedley Byrne NZ Ltd. He is a director of Mr Chips Ltd. Previous positions include director of Hallenstein Bros 1967-1989. Managing Director Hallenstein Glasson Ltd 1985-89, President of the Retailers Federation and president NZ Institute of Management, Otago Division. Ian was also a member of the Distribution Industry Advisory Group to Government.

DAVID HEATHER BCA – FINANCE DIRECTOR

David has previously worked in the transport sector as a director and Managing Director of Russell & Somers Wellington. He has also served in a number of voluntary appointments in the disability sector including as a trustee of the Royal NZ Foundation for the Blind and the Vision Education Agency of NZ.

Directors

John Reader Mowbray
54 Winara Avenue
Waikanae

Ian Jeffrey Halsted
19A Lucerne Road
Remuera
Auckland

Murray Charles Radford
10B Central Terrace
Kelburn
Wellington

David Keith Heather
29 Hona Street
Waikanae

Advisors to the Board (on Australian Operations)

Sir Ronald Brierley
Alan Pitt

Registered Office

247-253 Main Highway
Otaki

Communication Addresses

Postal: PO Box 80, Wellington
Telephone: (06) 364 8270
Facsimile: (06) 364 8252
E-mail: mowbray.stamps@xtra.co.nz
Website: www.mowbraycollectables.co.nz

Bankers

The National Bank of New Zealand
Waikanae

Auditors

Martin Jarvie PKF
Wellington

Solicitors

Gilbert Swan
Wellington

Share Registrar

Link Market Services
PO Box 384
Ashburton

